

Social Protection in the Nordic Countries, 2005

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Scope, Expenditure and Financing

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Schultz Information
Herstedvang 12
DK-2620 Albertslund
Tel: +45 70 26 26 36
Fax: +45 43 63 62 45
E-mail: schultz@schultz.dk
or at: www.nom-nos.dk

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Scope, expenditure and financing

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Islands Brygge 67, DK-2300 Copenhagen S

Tel. +45 72 22 76 25 • Fax +45 32 95 54 70

E-mail: mail@nom-nos.dk

Website: www.nom-nos.dk

Editor: Johannes Nielsen

Translated by: Lone Dalgaard

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

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

To navigate through the statistics, click on the 'Statistics' menu.

Preface

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

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

As from 2005, the Faroe Islands have full membership of the Committee, and data from the Faroe Islands are now also available in this publication. In its report, *Social Protection in the Nordic Countries*, NOSOSCO publishes its findings regarding current social developments.

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

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

Supplementary data concerning the tables in the various chapters that used to be included in the book can now be seen on NOSOSCO's homepage www.nom-nos.dk.

PREFACE

The Nordic Social Statistical Committee is currently composed as follows:

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Christina Liwendahl	Statistics Sweden
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Cathrina Ferrmark Hanno	National Social Security Office/
Leif Johansson	Statistics Sweden

* Members of the Editorial Group.

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

Nordic Social Statistical Committee, 2007

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Symbols Used in the Tables:

Data not available	..
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Nil (nothing to report)	-

Chapter 1

Changes in the Nordic Social Policies since 2005

DENMARK: During recent years, the Danish economy has been characterized by a recovery with a sharp increase in the employment rate and a large decrease in the unemployment rate. Economic growth was 3.2 per cent in 2006, but is anticipated to decrease to 2.2 per cent in 2007 and to 1.2 per cent in 2008. During recent years, the recovery has been powered by sharp growth in private consumption, investments and export, but growth is anticipated to become more moderate in future.

The employment rate has increased by 71 000 individuals from 2004 to 2006, corresponding to an improvement of 2.6 per cent. The unemployment rate dropped from 5.5 per cent in 2005 to 4.3 per cent in 2006, which is the lowest figure since 1974, and is anticipated to decrease further to 3.6 per cent in 2007, after which it will increase a little to 3.8 per cent in 2008.

The very low unemployment rate has led to a shortage of labour in a number of trades. The shortage especially makes itself felt within the building industry and in some public service sectors. The favourable situation on the labour market has increased the employment opportunities for those, who otherwise have a weaker affiliation to the labour market. Consequently, there has been an increase in the number of vacancies and also increased recruiting of foreign labour. As a result of the pressed labour market, wage increases are anticipated in 2007 and in 2008.

The surplus in the current account of the balance of payments amounted to 2.4 per cent of the GDP in 2006, and in 2007 and 2008 a surplus of 1.7 per cent and 1.6 per cent, respectively, is anticipated. The surplus in the overall public finances amounted in 2006 to 4.2 per cent of the GDP, and a surplus is also anticipated in the years to come. Public consumption in-

creased by 1.2 per cent in 2006, and the framework for growth in the overall public sector is 1 per cent in the years to come.

The Government has entered into a broad political agreement concerning a comprehensive welfare reform. One of the main points in the welfare reform is postponed retirement from the labour market. In the coming decades, the number of elderly people will increase, and the number of people of working age will decrease. The retirement system will be adjusted so that it becomes more robust to this development and the increasing life span. The alterations in the retirement system are to contribute to guaranteeing the financing of the future welfare society and to allow for higher expenses for health care and nursing, when the number of elderly goes up.

The voluntary early retirement age will gradually be raised from the present 60 years to 62 years from 2019 to 2022, and the retirement age will be gradually raised from 65 years to 67 years from 2024 to 2027. After that, the age limits will be indexed with the increasing life span. The alterations imply that the voluntary retirement period will still be five years, and at the same time the voluntary retirement scheme will be more flexible. Moreover, job opportunities for the elderly of 55 years and more will be enhanced as from 2007, e.g. by way of a special wage-supplement scheme and senior jobs at the same time as the special age-discrimination rules in the unemployment-benefit system will be abolished. Finally, the efforts with a view to preventing people from becoming worn out and to improving the work environment will be enhanced.

Another important element in the welfare reform is an enhanced effort to reduce the unemployment rate and to provide employment for more immigrants. The employment-promoting initiatives that will be implemented as from 2007, mainly aim at motivating and further qualifying those unemployed individuals who find it difficult to gain a foothold on the labour market, and to ensure that the unemployed in reality are available for the labour market.

The initiatives also include advance of the entitlement and the obligation to activation of unemployed people over 30 years from after 12 months to after 9 months. Furthermore, more intensive activation of unemployed recipients of daily-cash benefits after 30 months will be introduced. For long-term recipients of cash assistance a special wage-supplement scheme will be introduced, and all cash-assistance recipients will become embraced by entitlement and obligation to partake in repeated activation. In order to increase the focus of the unemployed on job-seeking, they must in future enter the *Jobnet* database (the job centres' job bank) at least once a week to look for new vacant jobs and to confirm that they are still looking for jobs. Munici-

palities with many immigrants will be granted financial support towards employment of more business-oriented job consultants with a view to enhancing the effort of finding jobs for unemployed immigrants.

The possibility of extending the payment of sickness benefits for the ill, who are undergoing or waiting for medical treatment, has as from April 2007 been extended by 52 weeks, so that the sickness benefits may now be extended by 2 times 52 weeks beyond the duration limitation of one year. At the same time, the employer period will be extended from the present 14 days to 15 days.

As to the elderly, improvements have been made on several fronts in connection with the Budget for 2007. Firstly, the maximum amount of the supplementary pension allowance ("pensioner's cheque") increased by DKK 1 300, and the pension allowance will be left out of the income basis for the adjustment of the housing benefits. Besides, special pool funds of DKK 100 million will be set aside in each of the years 2007 and 2008 to ensure better care for the elderly – the pool funds will be used for various projects according to the wishes of the elderly and staff.

The psychiatric sector has been supplied with DKK 115 million in each of the years 2007-2008 and DKK 130 million in each of the years 2009-2010 for a development of the offers for people suffering from mental disorders.

DKK 622 million have in 2007-2010 been earmarked for the Government's second action programme for the most vulnerable groups – The Common Responsibility II. This programme includes a number of measures, which are meant to ease the way for the socially exposed groups towards a more active life, in which the individual becomes part of a community and may get a place on the labour market.

In the housing sector, an agreement was entered into in the autumn 2006 to increase the investment framework for the renovation of subsidized housing. The agreement also implies that the Danish Construction Fund (Landsbyggefonden) will be able to grant subsidies to social housing activities and rent reductions in distressed housing areas within an annual framework of DKK 400 million in 2007-2010.

As part of the municipal reform, the National Organisation for Knowledge and Specialist Consultancy (VISO) was established as from 2007. The organisation gathers and passes on knowledge in the social area, and provides specialist consulting and explanation free of charge to local authorities and citizens in the most complicated cases. In connection with VISO, a Social Services Gateway was set up with an outline and detailed description of the various offers in the social area.

The health services' financial scope has in 2006 and 2007 been increased by about DKK 2.7 billion, primarily with a view to increasing the activity and reducing waiting times for examinations and treatment. The number of people, who have undergone some kind of operation, increased from 2001 to 2005 by about 96 000, corresponding to an increase of 20 per cent. Waiting times were reduced from 27 to a little less than 21 weeks in relation to 18 important operations from July 2002 to July 2006.

In respect of child-minding, DKK 2 billion have been earmarked over 4 years for the upgrading of the quality of child minding. Half of the amount has been spent on improvements.

In connection with the Budget for 2006, it was agreed to earmark DKK 400 million to children at risk, for management, food and exercise as well as for the promotion of nature kindergartens, evaluation of children's environment in all day-care facilities and better safety in the playgrounds. In the Budget for 2007, DKK 600 million were marked out for the development of supplementary training with a focus on learning, children at risk in day-care facilities and language evaluations, municipal pool funds of DKK 200 million and the Act on Day-Care Facilities. With this Act, a permanent evaluation unit was introduced, where day-care facilities may seek inspiration and guidelines for the evaluation and quality development in the day-care field.

The maximum share for parents to pay for day-care facilities was reduced from 33 per cent to 25 per cent for children under 3 years with effect from 1 January 2006, and from 1 January 2007 for children of the age group 3 years and until school age. About DKK 0.5 billion were spent in 2006 and DKK 1.1 billion annually in 2007 and on for the financing of the reduced parental payment.

THE FAROE ISLANDS: Apart from a slight decline in 2003-2005, the development in the Faroese economy has been favourable since the middle of the 1990s. The Faroese society has in 2006 been characterized by a boom with a growth rate of 10 per cent in relation to 2005. The incentive behind this growth in 2006 is to a high degree national demand with increased import (excluding fishing boats) of 20 per cent, while the export increased by 5 per cent. The development in the import and export has resulted in the surplus on the balance on payments, which has been seen since 1993, being turned to a slight deficit in 2006.

The economic growth is not anticipated to continue at the same rate in 2007, where the growth rate is anticipated to decrease to about 5 per cent.

Payroll costs increased in the first three months of 2007 by 10 per cent in relation to that same period in 2006, at the same time as the unemployment rate

of 1.6 per cent of the labour force is record low. There is a shortage of labour in most industries, which is deemed to be an impediment to continued growth.

Contributions to the special basic pension that is administered by the labour-market parties increased as per 1 January 2006 from 0.75 to 1 per cent of all payroll costs and again per 1 January 2007 from 1 to 1.5 per cent of all payroll costs. Thus the retirement pension for single people increased by 5.1 per cent as per 1 January 2006 and by 10.3 per cent in January 2007, while the increase for married pensioners was 5.9 per cent in 2006 and 11.7 per cent in 2007, respectively.

The increase in the social contributions has had a limited effect on a typical Faroese household's disposable income, as the Government has also implemented tax relief.

A new act on child welfare entered into force on 1 January 2006, in which a considerable part of the responsibility has been decentralized to the local authorities. A central child-welfare committee was set up with the aim of making decisions on the assumption of care, at the same time as the administration of the residential institutions will be maintained at the central level. The purpose of the new act is above all to improve children's and parents' legal rights.

The Government has decided to improve the financial circumstances for parents, who are receiving education. Parents receiving education will in future be granted a special child allowance at the same time as a scheme will be set up entitling parents to go on leave for a year, in which they will receive study grants.

The Faroese Parliament has in spring 2006 presented a Faroese public-health plan. With the public-health plan, Parliament wishes to focus on public health in general in the Faroe Islands, as well as on how to improve it. The public-health plan will be the basis for the future public-health policy in the Faroe Islands. The public-health plan is twofold: It deals partly with the gathering of information about the state of the public health in general in the Faroe Islands and the development in the area, and partly with specific health-promoting and illness-preventing measures, where focus is especially put on measures concerning food, exercise, smoking, alcohol and drug abuse.

In order to remedy part of the need for institutional places for the elderly, the Government has published a 3-year plan, in which resources have been allocated to the establishment of about 100 institutional places, corresponding to an increase in the number of places for the elderly of about 20 per cent.

FINLAND: The economic growth in Finland has continued at a brisk pace. The total production growth was 2.9 per cent in 2005 and is expected to rise to 4.5 per cent in 2006. After that it is expected to grow at a rate of 3.0

per cent per year. In the mid-long term, the economic growth is anticipated to be 2 per cent per year on average. The surplus in the public economy is expected to be nearly 3 per cent in ratio to the GDP. The surplus is largely due to the employment-pension funds.

The employment rate has recently increased more rapidly than expected, and the Government's goal to raise the number of employed persons by 100 000 from April 2003 to March 2007 was almost achieved. In 2007, the employment rate will exceed 69 per cent, and the unemployment rate will decrease to about 7 per cent. The employment rates for, in particular, people aged from 59 to 64 years have increased. The number of long-term unemployed people has fallen, but structural unemployment is still high. About 60 per cent of the long-term unemployed are over 50, and only a minor part of them can find jobs on the open labour market without special measures. The fertility rate has remained good, and the total fertility rate has risen to 1.84 per cent.

The total development of the social protection expenditure has been moderate despite the increased demand for pension security and social welfare and health-care services and the high unemployment rate. In 2005–2007, the ratio of social spending to the GDP continued to be 26–27 per cent, which is still below the EU average.

A comprehensive pension reform entered into force on 1 January 2005 and will be implemented gradually. The main aims of the reform are to secure the solvency of the earnings-related pension scheme as people live longer, to defer retirement by 2–3 years and to secure the availability of labour. The reform involves that the early pension alternatives are limited, the minimum qualifying age for a part-time pension is raised and the conditions for granting it are tightened. The age limit for a retirement pension was made flexible, and it is now possible to retire between the ages of 62 and 68 years. With a view to postponing retirement, the pension-accrual rate was raised according to age. From 2005, pension will accrue for all employment relationships starting from the age of 18, and also for periods of caring for young children and of studies. In the new pension system, steps are also taken to prepare for the longer life expectancy by introducing a so-called lifetime coefficient by which new pensions will be revised for the first time in 2010. The local-authority and state pensions are reformed according to the same principles. The reform appears to be effective, and people already retire at a later age than before.

Relative income differences between households have increased. The number of people on low incomes and of people, who earn low incomes for long pe-

riods of time, is somewhat higher than before. The Financial problems of people with low incomes are today of a more permanent nature than before.

The poverty rate of families with children began to decline in 2005, and it is lower than in regard to the total population. Before that, the proportion of low-income families with children had increased for several years, and the poverty rate of families with children exceeded that of the total population. In 2005, 11.6 per cent of those under 18 lived in low-income households. As regards the entire population, the incomes for 12.3 per cent of the entire population remained below the low-income limit. Those living alone and single parents were in the weakest position.

Several minimum benefits have been raised in order to improve the position of those with the most limited means. In 2005–2007, the minimum amounts of the sickness, maternity, paternity and parental benefits, child home-care allowance, private childcare allowance and national pensions have been increased markedly. In 2007, maternity benefits were raised to 90 per cent of earned income for the first 56 days (more than 9 weeks) up to annual earnings of EUR 45 000. In the same context, parental benefits were raised from 70 to 75 per cent of earned income for the first five weeks. Furthermore, the 7-per-cent reduction for the income-support recipients' housing costs was removed on 1 September 2006.

The reform of the financing of income support and labour-market support was implemented at the beginning of 2006. It encourages local authorities to employ long-term unemployed people. The reform has been as effective as expected – the number of both the labour-market support recipients and that of income-support recipients fell markedly.

In order to prevent prolongation of absences due to illness and continuous disability for work, a part-time sickness benefit was introduced at the beginning of 2007. Its purpose is to support rehabilitation and the return to work after an illness period of more than 60 sickness benefit days.

The financing of the health-insurance system was clarified in early 2006 by dividing this insurance into medical-care insurance and earnings-security insurance. At the same time, the relation between payments and benefits as well as the transparency of the system improved. The medicine-reimbursement system was also reformed with effect from the beginning of 2006. The aim of this reform is to simplify the reimbursement system by introducing a direct, percentage-based reimbursement. The client's co-payment per purchase was removed in the basic-refund category and in the lower special-refund category. A price cut of 5 per cent of the reasonable

wholesale prices was realised in the same context to curb the expenditure on reimbursement of medicines.

The reform concerning access to non-emergency care entered into force on 1 March 2005. As part of securing access to care, uniform criteria for non-emergency care were drawn up. The timeframes also apply to dental care. The reform has significantly reduced patients' waiting times. At the end of 2006, there were only 7 300 people who had waited for access to hospital care for more than six months, while they numbered 66 000 in October 2002.

As of 1 March 2006, people over 80 years of age have had a right to have their need for non-emergency services assessed within seven days.

In order to ensure the financing of municipal social welfare and health care, Central Government transfers to local authorities have been increased markedly in recent years. In 2002, the calculated grant paid by the State was 24.2 per cent, and in 2005 it increased to 33.3 per cent. The social-welfare and health-care expenditure constitutes about 53 per cent of the municipalities' total expenditure.

ICELAND: The economic development has been very favourable in Iceland from the mid-1990s with the exception of the year 2002. In the years 2004 and 2005, growth rates had reached 7.7 per cent and 7.5 per cent, respectively. In 2006, the growth rate was limited to 2.6 per cent and is anticipated to be 2.2 per cent in 2007 and 3.1 per cent in 2008. In the period 1995-2004, Iceland came sixth as to growth rates in the OECD.

According to the Ministry of Finance, the average inflation was 6.8 per cent from 2005 to 2006. One of the main reasons for the increase was the soaring prices of real property. Inflation is estimated to be 3.8 per cent in 2007, and in 2008, it is anticipated that the goal of the Central bank of keeping inflation under 2.5 per cent will be reached.

The unemployment rate dropped considerably in recent years and was on average 1.3 per cent in 2006, but is anticipated to be 2.0 per cent in 2007 and 3.3 per cent in 2008.

In 2006, the Government and the Federation of Trade Unions entered into an agreement concerning the older part of the labour force. Among other things, the agreement includes an increase in the general pension, enhanced possibilities for pensioners to partake in working life, flexible retirement, extended home service rather than institutional care, development of care for the elderly and measures to reduce waiting times. It was also agreed to continue the cooperation to realize these measures.

The Government decided to give priority to projects aiming at establishing housing and services in 2006-2010 to people with learning difficulties. These

measures concern above all people who have limited possibilities of living on their own, take on employment and partake actively in social life. A large part of this initiative is financed through the sale of The State Telephone Company. Moreover, a number of comprehensive policy programmes are in the making for the benefit of children and adults with disabilities.

The Social Insurance Fund has adopted various measures in order to enhance its service to families with children. These are both general measures and special actions concerning parents with children who are highly disabled or are suffering from serious illness.

The Ministry of Health and Social Insurance has launched the idea of setting up a committee of specialists in different fields with the aim of going through the entire welfare-service scheme and present proposals as to the organization of the service in future. The Ministry deems this important in order for politicians and the general public to be able to form opinions and make decisions on the further development of the general protection scheme in the decades to come.

In 2003, the Ministry of Health and Social Insurance set up a committee to look into the possibilities of transferring tasks from the health and nursing sector and the care sector for the elderly from Central Government to the local authorities. The committee presented its proposals towards the end of 2004, and it is its opinion that apart from highly specialized nursing, almost all care and nursing should be transferred from Central Government to the local authorities and/or their regional associates. These matters have again become topical in connection with the ongoing discussion between the Government and the National Association of Local Authorities concerning the division of labour between the State and the municipalities.

The Act on Care and Nursing has been under revision for the past 2-3 years, and the new Act will take effect in 2007. The country will be divided into 6-7 regions, and within each region outside the capital a care and nursing institution will be the main responsible for managing care and nursing in the region. The role of the Ministry of Health and Social Insurance as to putting priority to and drawing up policy matters in the area has become enhanced. The nature of the work within the care and nursing sector has also become better defined than before and is now mainly classified into general and specialized tasks.

The national public health plan, which applies until 2010, is partly based on the priorities in different areas within care and nursing and partly on the plan drawn up by the WHO. In 2005-2006, a comprehensive revision of the aims of the action plan will be carried out in seven prioritized areas. In the

areas in which the goals have already been reached, new and more ambitious goals have been set, and besides, new goals have been set in areas which have become relevant since the plan was first adopted in the spring 2001. These are e.g. to reduce obesity in all age groups and increase the prevention of cancer. Moreover, the Ministry of Health and Social Affairs has adopted an action plan with preventive and health-promoting measures for the entire population.

At the end of 2006, the Ministry of Health and Social Insurance published a report with a projection of the need for care and nursing staff until 2020. The projection includes doctors, nurses, physiotherapists and nursing aides. At present, there is a shortage of nurses and nursing aides. Among the measures that have already been adopted is the increase of the number of student nurses by 50 per cent. Such projections will be published regularly in future years.

NORWAY: Since the summer of 2003, the Norwegian economy has seen a recovery. The gross domestic product (GDP) increased by 2.9 per cent in 2006, while the GDP for "mainland Norway" (excluding income from oil and foreign shipping trade) increased by 4.6 per cent.

The high oil prices, which are a result of vigorous growth in the world economy for several years, have contributed to steep growth in Norway's disposable real income and to very large surpluses in Norway's trade with other countries.

The recovery was stimulated by expansive monetary and fiscal policies together with a heavy increase in the oil investments.

The fiscal policy has especially affected households, where lower taxes and lower interest rates have contributed to increasing consumption and investments in housing.

Two and a half years of recovery have left their mark by way of increasing employment and a decrease in the unemployment rate. The labour force counted on average 2 419 000 in 2006. That is 3.1 per cent more than in 2005. This is the highest annual increase since 1986.

The net immigration in the form of people, who were registered in the national register as residents, and employed people, who stayed in the country on a short-term basis, contributed by 15-25 per cent of the total increase.

The participation rate is high in Norway compared with most of the other industrialized countries. The participation rate of people between 15 and 64 years is in Norway 78.9 per cent, as against 70.3 per cent on average for all the OECD countries. Norway is different in that there is a high participation rate of primarily women and elderly.

There was an average of 84 000 unemployed people in 2006, corresponding to 3.5 per cent of the labour force. The long-term unemployed made up 33 per cent of all unemployed people in 2006.

In June 2006, the Parliament adopted the Act on Labour and Welfare Administration. It lays down the formal framework for a new organization of the labour and welfare administration. The two governmental departments, The Directorate of Labour and the Social Security Fund, were with effect from 1 July 2006 combined into one, the Directorate of Labour and Welfare. Local authorities will maintain the responsibility for the social services.

In each municipality, common labour and social inclusion offices (NAV offices) will be established on the basis of the cooperation agreement between the Directorate of Labour and Welfare and the local authorities in question. The NAV office will be a contact point for the users to the labour and social inclusion administration. The office is to attend to the Directorate's tasks and as a minimum the municipal tasks that are connected with financial social assistance and counselling and guidance. Local authorities may decide to confer more tasks upon the NAV office.

In the autumn 2006, the Government presented a report on labour, welfare and inclusion. In the report, the Government presented an overall strategy to enhance employment and inclusion of people who have lost, or are about to lose their foothold on the labour market. The proposals concern among other aspects the introduction of a new time limited income-securing benefit in the national insurance scheme, which replaces the rehabilitation benefit, occupational rehabilitation benefit and temporary disability benefit. The change is to contribute to a shift of the use of resources from benefit administration to active measures and follow up. Besides, measures must be used in a more flexible way and used on the basis of the need of the individual to get a job and not on the basis of the maintenance benefit that the person in question receives.

A new qualifying programme will also be implemented with pertaining qualification benefit to people whose capacity for work and earning an income has been considerably reduced, and who have no or very limited means of support from the National Insurance Scheme. The proposals in the report form together with the alteration in the organization of the labour and inclusion administration a comprehensive reform of the policy in the labour and social-inclusion area. The Government aims at enhancing law reforms as a result of the report in the course of 2007-2008.

The pension system in Norway is being reformed. In the autumn 2006, the Government presented a report on accrual and receipt of retirement pension

from the National Social Security Fund. The overall purpose of the proposal is to make the pension system financially sustainable in the long run. The pension model will stimulate an enhancement of the work effort and contribute to an equalization of income. It will be possible to receive flexible retirement pension from the age of 62 years, and it will be possible to combine retirement pension and work without the pension being reduced. Retirement pension will consist of an employment pension and a minimum pension in the form of a guaranteed pension. The employment pension will be accumulated on the basis of the income from work from the first *krone*, and all years count. Pension will also be accrued in connection with care work, military service and unemployment. The guaranteed pension will equal the current minimum pension amount and will be reduced by 80 per cent against the earned employment pension. The pension will be adjusted in relation to the life expectancy for the age group at the time of award of the pension. The new pension system is expected to enter into force in 2010.

In December 2005, the Government and the labour market parties agreed on a new intention agreement (IA agreement) to continue the work with the prevention of absence due to illness, help more people, who are not in any kind of employment, find work on the ordinary labour market, as well as to increase the average retirement age.

On the background of proposals drafted in cooperation with the labour-market parties, several changes were implemented with effect from 1 March 2007 to both the Act on the National Social Security Fund and the Working Environment Act in order to reduce the absence due to illness in an effective way.

To clarify the employers' obligation to follow up on the ill person, an employer obligation to call in the employee for a meeting no later than 12 weeks after the employee having stayed away from work as a result of an accident, illness, attrition or the like, unless such a meeting is obviously not necessary. In this meeting, the company measures should be planned to have the ill employee return faster to work. The employer must in cooperation with the employee draw up a follow-up plan for the individual ill employee no later than six weeks after the start of the absence: prior to 1 March such a plan should be commenced within eight weeks of notice of illness. In order to enhance the follow up on the long-term ill and to contribute to them getting back to work faster, the new Directorate of Labour and Welfare will call in the ill person to a new meeting no later than six months after he has reported ill. Where ability testing at the work place is not successful, and the ill person is medically able to perform another kind of work, vocational rehabilitation may be a solution.

With effect from 1 January 2006, an individual follow-up plan must be prepared for people, who receive a rehabilitation benefit or a temporary benefit. The plan is to be drawn up in cooperation with the recipient of the benefit. Entitlement to the benefit will lapse if the recipient without reasonable course stops receiving treatment, rehabilitation, vocational rehabilitation or contribute to the preparation of a follow-up of the individual plans.

In order for disability pensioners to establish themselves in working life, the entitlement to a dormant pension, in connection with paid work, was extended from 3 to 5 years as from 1 January 2006.

Disability pensioners over the age of 60 year, will, when they commence work, maintain their entitlement to have their disability pension back until they reach the pensionable age. A dormant-pension entitlement of five years means that a disability pensioner, who commences work, for a period of five years is entitled to get back his disability pension, in case an attempt to work fails.

SWEDEN: For several years the Swedish economy has seen steep growth. Rising real earnings and a quickly increasing employment rate have together with implemented and future tax relief increased the disposable household incomes.

The low inflation and low interest-rate level of recent years may, if an increased number of jobs does not correspond to the increased demand for labour, shift into higher inflation and higher interest rates. The Government's policy aims at further stimulating the supply of labour with a view to curb tendencies towards overheating in the economy.

Public finances are strong. The economic savings increased in 2006 to 3.1 per cent of the GDP and is expected to increase in future years. The public sector's expenditure as a ratio of the GDP decreased in the past three years. The expenditure quota was 52.7 per cent in 2006. The municipal economy is also strong with considerable economic savings.

The election in the autumn 2006 led to a change of Government. The policy of the new Government for the social-security sector seems more based on incentives than that of the former Government. Tangible expressions of this direction are among other things the lowering of marginal tax rates and decreased compensation levels in the unemployment-insurance scheme as well as increased premiums, and differentiated ones in respect of the risk of becoming unemployed, for the unemployment insurance scheme for the individual. The government aim of the policy is to make it worth everyone's while to work.

The earnings distribution has increased in recent years and is most significant for men. Women's earnings in relation to those of men were again

calculated at the, for years, stable ratio of 92 per cent when adjusted for age, education and training, working hours and industry.

The absence due to illness has since 2002, when the absence was at its highest, been vigorously reduced. It also seems as if the otherwise so stable connection between a high employment rate and a high number of sick leaves has been broken. The increase in the employment rate in recent years has not been followed by an increase in the number of sick leaves. According to the Social Insurance Fund's explanation, this may be due to a stricter examination in the Social Insurance Fund as well as a change in attitude to absence due to illness in the population.

At the general policy level there are in principle two different ways of influencing the absence due to illness. One way is choice of compensation levels and the other is how the "gate-keeping function" is drawn up. The former Government chose the latter direction and the present Government has not changed that policy. There are also indications that the "gate-keeping function" has worked better recently.

The number of disability-pension awards increased during the first reduction period from 2002. Since 2006, the number of disability-pension awards has not increased despite the continued reduction of the number of absences due to illness.

The Government also calculates the part of the population between 20 and 64 years, which is regarded as financially marginalized. This group consists of people, who for at least three consecutive years have received more than half of their disposable income from labour-market support, sickness insurance, sickness and activation allowances (disability pension), housing benefits or financial support (social assistance). In 2005, 10 per cent of the relevant people belonged to this group, and that is one percentage point more than at the change of the millennium. The ratio has gone up during the entire decade. One per cent of the population of the relevant age corresponds to about 50 000 people. That means that half a million Swedes could be regarded as financially marginalized in 2005.

In 2005, 6.1 per cent of all households received financial support (social assistance). That is a somewhat higher ratio than in the two preceding years where the ratio was 5.9 per cent. The tendency since the end of the 1990s is a decreasing ratio. Of all single women with children, 21 per cent received financial support sometime during the year. This household type has for a long time been most dependent on financial support. During the crisis years in the 1990s, every fourth of these households received financial support some time during the year.

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 described in one chapter of three sections, as pensions and services provided for 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 primarily include all public transfer incomes and service measures aimed at insuring citizens in certain specific situations as well as against the consequences of certain types of life events. Also included are schemes that are compulsory for large groups of people as a result of collective or other kinds of agreements.

The statistics concern current running costs. As a rule, investment spending and tax reductions are not taken into account.

¹ ESSPROS = European System of Integrated Social PROtection Statistics.

Social Benefits

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

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

Financing

Incoming funds or contributions to the financing of the social expenditure are made up of means deriving from public authorities, employers and insured individuals or households. The incoming funds are used for current payments in the course of the year, and in some cases for the establishment of funds to ensure future payments. According to need and rules, such funds may also cover current payments.

Yield on funds in the shape of income from interest and property is primarily found in relation to pensions. Where transfers to funds are made, and where means from funds have been used towards the financing of the current social expenditure, these will be listed by net amounts in the expenditure statistics.

Benefits from public authorities payable only to their own employees are regarded as benefits payable by an employer. Certain benefits payable by employers to their employees, such as sickness benefits payable for part of a period of illness, are regarded as being financed by an employer, even though such benefits in other connections are regarded as part of an employee's salary.

Charges payable by citizens (user charges) for social services have not been included in the social expenditure tables. Yield on real property is included as part of the financing according to the ESSPROS method of calculation.

Specifications

Specifications of the individual expenditure entries can be found on NOSOSCO's homepage (cf. the colophon).

Administration Costs

The present report lists administration costs as one single entry. In principle, only expenditure on the direct administration of the social expenditure is listed. It is, however, not always possible to separate administration costs from other wage/salary or running costs.

Calculation of Fixed Prices

The consumer price index from the Nordic Statistical Yearbook was used for the conversion into fixed prices.

Typical Cases and Income Distribution

A special workgroup was set up to be in charge of and responsible for the calculations used in the typical cases and the income distribution.

The work group is at present composed as follows: Denmark: Caspar Holm Andersen, Ministry of Social Affairs; Faroe Islands: Heri Petersen, Ministry of Health and Social Affairs; Finland: Ilari Keso (Chairman), Ministry of Social Affairs and Health; Iceland: Kristinn Karlsson, Statistics Iceland; Norway: Tonje Ek Brunvoll, Directorate of Labour and Welfare; and Sweden: Tom Nielsterna, Ministry of Administration and Bengt Eklind, Ministry of Health and Social Affairs.

Calculation of Typical Cases

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

Since 2004, the OECD has used the wages of an Average Wage Earner (AW), as the development in most of the OECD countries has entailed that the wages of an APW are no longer the best basis for comparative studies.

In respect of the Nordic countries this meant that the wage level used for comparison is lower in Denmark and in Iceland, but higher in Finland, Norway and Sweden.

In all, the following has been used:

APW 2004, AW 2004 and Change in per cent

		APW 2004	AW 2004	Change in per cent
Denmark	DKK	327 192	316 500	-3.3
Finland	EUR	29 449	31 539	7.1
Iceland	ISK	2 859 073	2 770 000	-3.1
Norway	NOK	317 101	366 161	15.5
Sweden	SEK	244 454	293 700	20.1

Source: OECD

A comparison of the compensation degree with a lower wage level will, all things being equal, give a higher compensation, and a higher wage level will give a lower compensation. On the NOSOSCO homepage there are compensation calculations for 2004 for both an AW and an APW. There is no information from the Faroe Islands regarding an APW and an AW for 2004.

The following family types and income levels were used:

Single parent with one child:

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

Single childless person:

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

METHOD

Couple with two children:

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

Childless couple:

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

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

Contrary to the other typical cases, the rent proper was calculated as an expense. Consequently, this typical case differs from the other typical-case calculations.

A detailed description of the typical cases and the pertaining calculations can be found on the NOSOSCO homepage (cf. the colophon).

Calculation of Income Distribution

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

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

The so-called modified OECD equivalence scale is used, where a child is defined to be between 0 and 13 years old and adults 14+ years. The first

adult counts as one, whereas subsequent adults count as 0.5 and children as 0.3. Consequently, the scale will be as follows:

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

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

The data were based on representative samples of the population in each of the countries. The indicator on income distribution was calculated from these samples. Data on each sample of population have been retrieved from administrative records, and in some countries such information is supplemented by information from household interviews.

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

In Figure 3.2, calculations were based on all households, whereas calculations in Figures 3.3 and 3.4 were based on calculations for single people and couples separately. The quartiles were calculated on the basis of the equivalent disposable income, which means that the income was adjusted as to the number of people living in the individual households.

In Figures 3.2 to 3.4, the first quartile consists of the households with the lowest incomes, whereas the households with the highest incomes make up the fourth quartile.

In Figures 3.3 and 3.4, the average disposable income was, as mentioned above, calculated for single people and cohabiting couples, respectively, broken down by quartiles converted into PPP- Euro. Moreover, the gross income was included, broken down by factor income and social benefits, as well as taxes in per cent of the gross income in 2004. The quartiles were here defined 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 downloaded from the NOSOSCO homepage (cf. the colophon).

Relative Poverty

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

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

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

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

The spreadsheets containing the tables and figures of the present report concerning poverty can be downloaded from the NOSOSCO homepage (cf. the colophon).

Purchasing Power Parities

Purchasing power parities (PPP) are defined as the currency conversion factor corresponding to the purchasing power of the individual currencies. This means that a certain amount, when converted from different currencies by means of PPP factors, will buy the same amount ("basket") of goods and services in all the countries.

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

The PPP calculations in the present report are in PPP-Euro (EU25=1) in respect of private consumption. 2005 estimates were used. The estimates for the individual countries are as follows: Denmark 10.48; Finland 1.21; Iceland 116.09; Norway 11.31 and Sweden 11.05. In the calculations in the tables concerning income distribution, which were based on data from 2004, the estimates for 2004 (EU15 = 1) were used: Denmark 9.85; Finland 1.15; Iceland 108.00; Norway 11.01 and Sweden 10.49. Danish PPPs are used for the Faroe Islands.

Alteration concerning the shift from PPP EU(15) to EU(25), 2005

	PPP (EU15)	PPP (EU25)
Denmark	9.99	10.48
Faroe Islands	9.99	10.48
Finland	1.15	1.21
Iceland	110.65	116.09
Norway	10.78	11.31
Sweden	10.53	11.05

Ways of Comparing the Nordic Countries with Other Countries

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

When comparing the social expenditure in the Nordic countries with that of other EU Member States, one must bear in mind that social cash benefits are more often than not subject to tax in the Nordic countries, whereas part of these benefits are exempt from tax in the other EU countries. Furthermore, there is tax relief in several countries (tax reductions) for families with children, but these amounts are not included as social expenditure.

It should also be noted that the boundary between the social and the education sectors varies from one country to another. There is, for instance, a very early school start in several of the European countries, for which reason it is difficult to compare the expenditure on the minding of pre-schoolchildren.

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

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

Other Factors

As from 2002, Norway uses the national accounts as basis for the calculation of the social expenditure. This implies that the social expenditure from 2001 and earlier is not completely comparable with the figures from 2002 and later. A detailed description thereof can be found in the 2004 report.

Chapter 3

Population and Income Distribution

Table 3.1 Total fertility rate in the EU, Faroe Islands, Iceland and Norway, 2005

Denmark	1.80	Belgium	1.72 ^p	Hungary	1.32	The Netherlands	1.73
Faroe Islands	2.57	The Czech Republic	1.28	Ireland	1.88	Poland	1.24
Finland	1.80	Cyprus	1.42	Italy	1.34	Portugal	1.40
Iceland	2.05	Estonia	1.50	Latvia	1.31	Slovakia	1.25
Norway	1.84	France	1.94	Lithuania	1.27	Slovenia	1.26
Sweden	1.77	Germany	1.34	Luxembourg	1.70	Spain	1.34
Austria	1.41	Greece	1.28	Malta	1.37	United Kingdom	1.80

p Preliminary data.

Source: EUROSTAT New Cronos, Faroe Islands: Statistics Faroes

Population

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

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

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

POPULATION AND INCOME DISTRIBUTION

**Table 3.2 Outline of the background for the population projection
2005-2050 in the Nordic countries**

	Denmark		Finland		Iceland		Norway		Sweden	
	2005	2050	2005	2050	2005	2050	2005	2050	2005	2050
<i>Anticipated average life</i>										
Men	75.3	82.0	75.1	82.1	79.0	82.1	77.0	84.5	78.3	83.6
Women	80.0	85.0	81.8	86.3	82.4	84.8	82.3	88.3	82.6	86.2
Fertility assumptions	1.79	1.80	1.80	1.80	1.99	1.99	1.80	1.80	1.76	1.84
Anticipated net migration ¹⁾	7 100	2 500	6 000	6 000	178	178	12 992	13 009	29 498	22 590

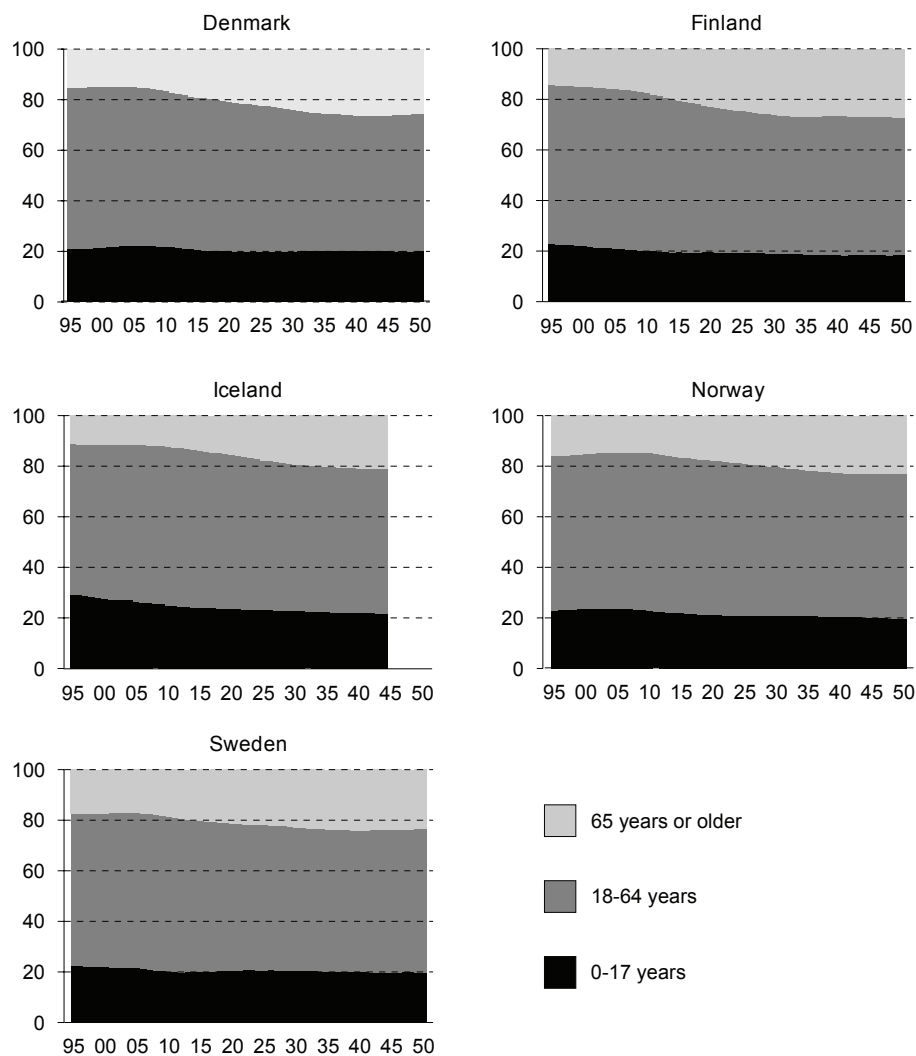
1 Figures from Iceland, Norway and Sweden were taken from the national projections from 2003.

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

In Figure 3.1, a projection of the Nordic populations until 2050 based on the national population projections has been included.

It should be noted that there are differences in the premises, which the individual countries have applied, both as to development in fertility, anticipated average life and migration, cf. enclosed table.

Figure 3.1 Mean populations in percentages broken down by age groups, 1995-2005, and projections 2005-2050



Note: For further information, see Appendix 4 of the present report on www.nom-nos.dk

Income Distribution

Several previous studies have shown that the differences in the income levels are smaller in the Nordic countries than in most of the OECD countries. Figure 3.2 shows the distribution of the disposable household income for each country in 2004, broken down by quartiles.

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

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

Figure 3.2 Distribution of household incomes by quartiles, per cent, 2004

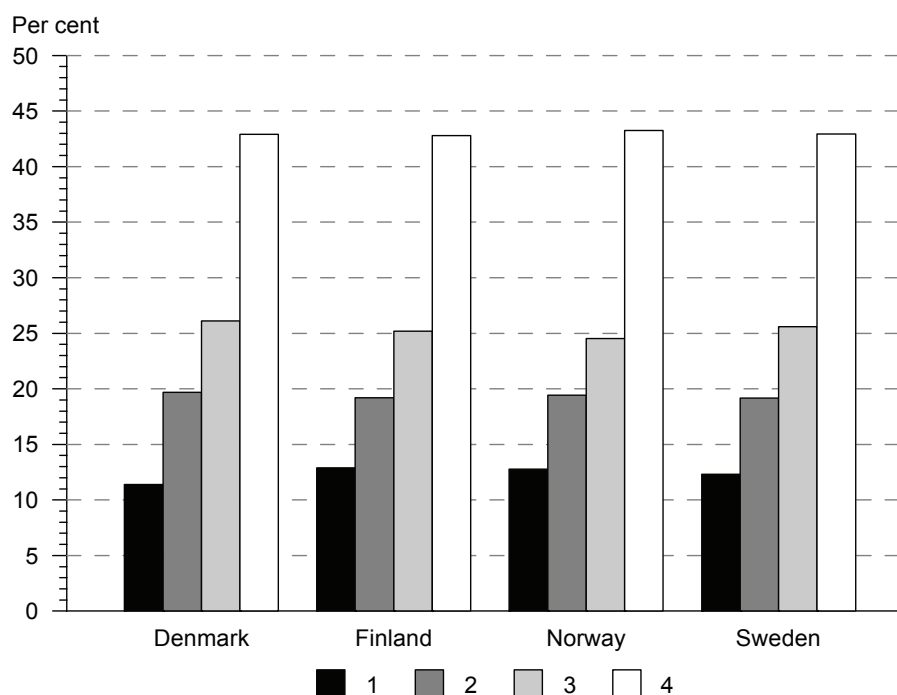


Figure 3.3 Average disposable income in PPP-Euro, distribution in per cent of the gross income on factor incomes, social cash benefits and taxes as percentages of the gross income, broken down by quartiles, 2004; single people

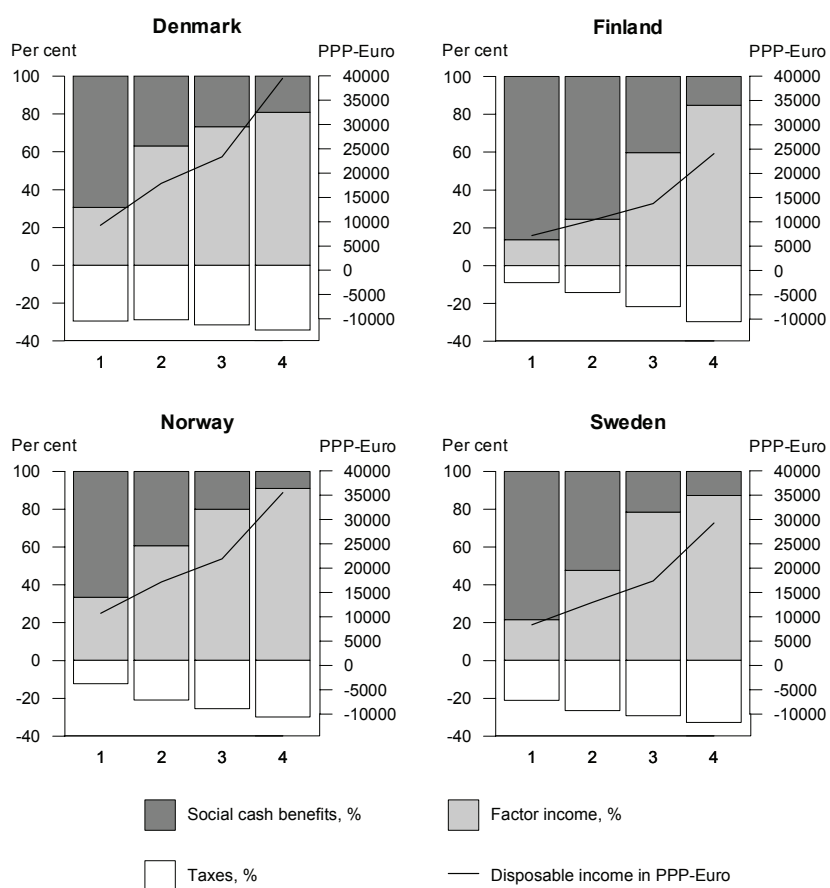
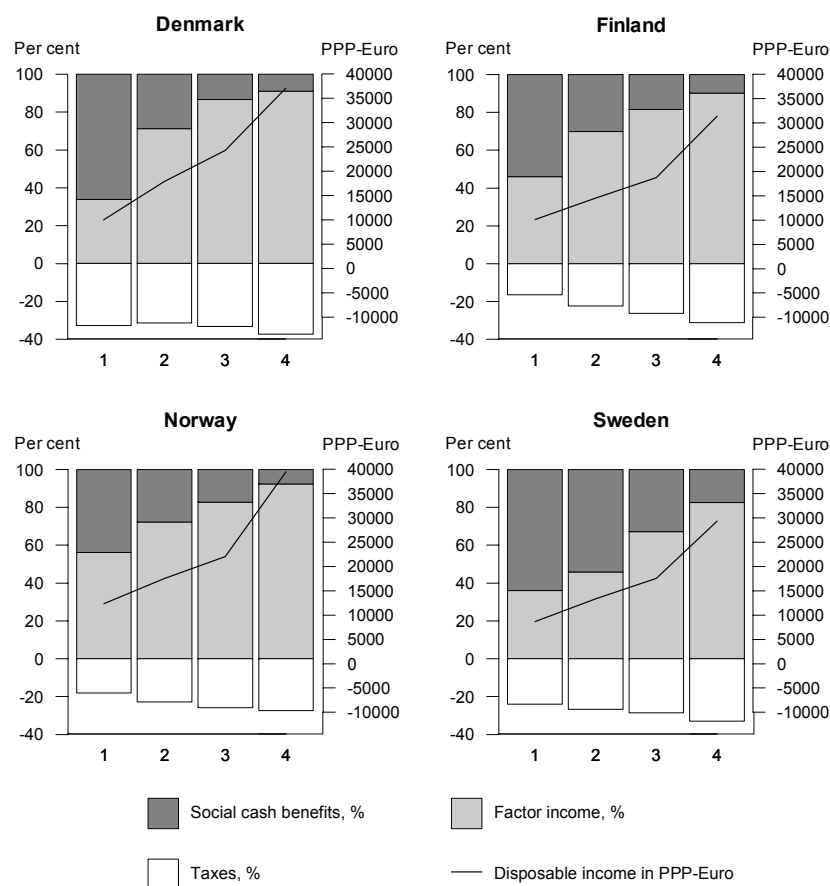


Figure 3.4 Average disposable income in PPP-Euro, distribution in per cent of the gross income on factor incomes, social cash benefits and taxes as percentages of the gross income, broken down by quartiles, 2004; married and cohabiting couples



Figures 3.3 and 3.4 show the average disposable incomes for single people and couples, respectively, broken down by quartiles and converted into PPP-Euro. They also show the gross income distribution in per cent on factor income and social services and benefits, as well as the tax in per cent of the gross incomes in 2004.

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

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

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

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

A more detailed description of the calculation basis is given on the NOSOSCO homepage: www.nom-nos.dk.

Relative Poverty

Tables 3.3 and 3.4 show the ratio of the population living in households with an income of less than 50 and 60 per cent, respectively, of the median equivalent disposable income in 2004.

There is a certain difference among the countries as to relative poverty. The relatively large number of single people with an income of less than 50 per cent of the median of the disposable income must be due to the fact that this group to a large extent consists of students. Single people under 65/67 years with an income of less than 60 per cent of the median of the equivalent disposable income typically consist of people receiving transfer incomes, whereas single people over 65/67 years with an income of 60 per cent or less reflect the compensation levels of the lowest pension rates. The relative poverty therefore to a high degree reflects which benefits the welfare

POPULATION AND INCOME DISTRIBUTION

states make disposable to people receiving education or to persons receiving income transfers.

It should be mentioned, however, that calculations of relative poverty are sensitive in relation to the definitions used. The definitions used here are very similar to those used by EUROSTAT, and in respect of Iceland they are identical, but there are differences in the results, which is mainly due to differences in the sources.

Table 3.3 Ratio of the total population living in households with an income of less than 50 per cent of the median equivalent disposable income, per cent, 2004

	Denmark	Finland	Iceland ¹⁾	Norway	Sweden
Single childless people under 65/67 years	18.9	15.4	14.0	19.1	13.9
Singles with children	4.7	6.3	11.9	10.0	6.7
Childless couples under 65/67 years	2.5	2.8	4.6	2.3	2.3
Couples with children	2.7	3.1	4.7	2.8	2.8
Single people over 65/67 years	3.0	11.5	5.4	10.5	6.2
Couples, where one or both partners are over 65/67 years	1.0	2.5	2.3	0.7	0.7
All households	5.1	5.1	5.3	6.0	5.0

1 Iceland's data are data from the EU-Silc survey for the income year 2004. Individuals of up to 24 years living with their parents form part of the parents' families.

Table 3.4 Ratio of the total population living in households with an income of less than 60 per cent of the median equivalent disposable income, per cent, 2004

	Denmark	Finland	Iceland ¹⁾	Norway	Sweden
Single childless people under 65/67 years	27.1	26.9	23.8	25.2	19.2
Singles with children	10.1	20.3	15.4	18.7	13.9
Childless couples under 65/67 years	4.6	5.3	10.2	4.0	3.9
Couples with children	5.7	7.9	9.1	5.7	5.7
Single people over 65/67 years	15.6	6.0	21.6	37.1	18.0
Couples, where one or both partners are over 65/67 years	5.6	8.6	2.9	5.0	2.9
All households	10.0	11.7	9.7	11.0	9.0

1 Iceland's data are data from the EU-Silc survey for the income year 2004. Individuals of up to 24 years living with their parents form part of the parents' families.

Chapter 4

Families and Children

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

Table 4.1 Expenditure on families and children as percentages of the total social expenditure in the EU, Faroe Islands, Iceland and Norway, 2004

Denmark	13.0	Belgium	7.1	Hungary	12.1	The Netherlands	4.8
Faroe Islands	16.7	The Czech Republic	8.4	Ireland	15.5	Poland	4.6
Finland	11.5	Cyprus	11.4	Italy	4.4	Portugal	5.3
Iceland	14.0	Estonia	12.7	Latvia	10.5	Slovakia	10.7
Norway	11.9	France	8.5	Lithuania	8.8	Slovenia	8.6
Sweden	9.6	Germany	10.5	Luxembourg	17.3	Spain	3.5
Austria	10.7	Greece	6.9	Malta	5.2	United Kingdom	6.7

Note: The source is EUROSTAT: Social Protection Expenditure and Receipts. European Union, Iceland and Norway. 2006 Edition. The source for the Faroe Islands is the Ministry of Social Affairs and Health.

One characteristic trait of Nordic families is that there are relatively many single parents. In all the countries, the number of single mothers is considerably higher than that of single fathers. The large number of single parents reflects the frequent collapses of the family structure.

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

FAMILIES AND CHILDREN

Table 4.2 Families by family type, 2005

	Denmark ¹⁾		Finland		Iceland ²⁾		Norway		Sweden ³⁾	
	Single people	Cohabiting couples	Single people	Cohabiting couples	Single people	Cohabiting couples	Single people	Cohabiting couples	Single people	Cohabiting couples
Total no. of families in 1000	1 584	1 317	1 597	1 244	44	67	1 051	1 053	3 083	2 079
Of whom with children aged 0-17 years in 1000	138	535	118	473	7	34	129	476	231	857
<i>Of whom in per cent</i>										
1 child	59	37	58	39	64	33	65	37	58	38
2 children	32	45	31	40	27	44	27	43	31	45
3 or more children	9	17	11	21	9	23	8	20	11	18
Average number of children per family	1.53	1.84	1.56	1.90	1.46	1.95	1.45	1.88	1.50	1.80

Note: For further information, see Appendix 4 on www.nom-nos.dk.

1 There are a further 16 428 families consisting of children under 18 not living at home.

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

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

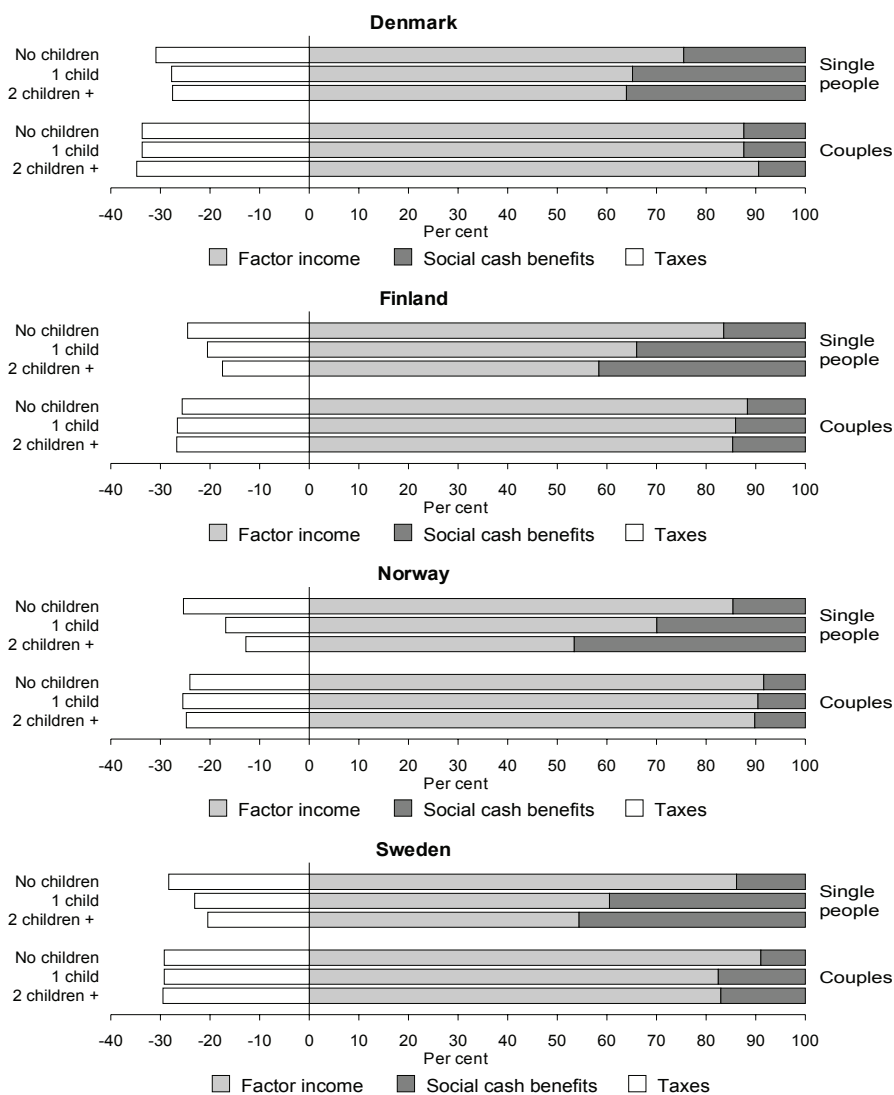
The significance of social cash benefits to the disposable incomes of families with and families without children appears from Figure 4.1. The figure shows the distribution of gross incomes on factor incomes and social cash benefits for families and single people with and without children, respectively. The relative income levels for single people and couples with and without children, respectively, appear from Table 4.3, the average disposable income for all single people and all couples with children having been fixed at 100. In this connection, a family is defined as adults and children living together at one and the same address, irrespective of the children's ages. Families with children are defined as families with children of the age group 0-17 years living at home. Equivalent incomes were used for the comparison.

Table 4.3 Index for the disposable incomes of single people and married or cohabiting couples with and without children, respectively, and the total disposable incomes in PPP-Euro for all in the age group 20-44 years, 2004 (total disposable income = 100)

	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	102	106	104	112	103	117	103	112
1 child	97	96	97	100	107	101	88	103
2 or more children	6	81	90	95	83	96	86	93
<i>All singles and married/cohabiting couples</i>	100	100	100	100	100	100	100	100
<i>Total disposable income in PPP-Euro</i>	16 430	24 574	13 424	17 991	16 812	23 161	13 944	18 365

As it appears from Table 4.3, the equivalent disposable incomes of childless families are higher than are those 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. The income level for childless couples is relatively high in relation to that of couples with children.

Figure 4.1 Income structures in 2004 for single people and couples aged 20–44 years



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

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

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

Cash Benefits to Families and Children¹

Daily Cash Benefits in Connection with Childbirth and Adoption

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

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

In all the countries, the amount of the benefit depends on any previous income. In Denmark, Finland and Norway, public employees and some private employees are paid in full during all or part of their leave period. The pre-birth benefit may only be paid to the mother while the post-birth benefit in all the countries may also be paid to the father according to varying schemes, however.

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

In the Faroe Islands, it is also a condition for receiving the benefit that one is affiliated with the labour market as an employee or a self-employed person, or that one receives unemployment benefit. Other people are entitled to means-tested social assistance.

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

¹ Pensions payable to children who have lost one or both parents are described in Chapter 7 together with the other kinds of pension. Special benefits that are granted as supplementary social benefits to families and children are described in Chapter 9.

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

In Denmark, the Faroe Islands, Finland and Sweden, fathers are also entitled to daily cash benefits for a number of days immediately following childbirth, at the same time as mothers receive maternity benefit. In Iceland, 13 weeks of the maternity leave is reserved for fathers and can be used at the same time as the mothers' leave. In Norway, four weeks (five weeks as from 1 July, 2005) of the birth/adoption period are reserved for fathers. Fathers are also entitled to two weeks of unpaid leave in connection with birth. In the public sector and in large parts of the private sector there are, however, collective agreements granting compensation for those two weeks.

The period, in which daily cash benefit is payable in connection with birth and adoption is generally relatively long in the Nordic countries. Maternity leave is, however, significantly longer in Sweden than in the other countries.

In Denmark, maternity leave is one year and is very flexible. Parents may, for example, divide the last 32 weeks of leave between them and may take turns to go on leave, or they may do it one after the other or at the same time. The 32 weeks may be extended by eight or 14 weeks, but the total amount of daily cash benefit will not be changed. One of the parents may furthermore postpone between eight and 13 weeks of the leave period till later and use it before the child turns nine.

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

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

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

As can be seen from Figure 4.2, the compensation in all the Nordic countries, with the exception of Iceland, is higher than the previous wage levels for single parents in the lowest income brackets. 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 in the Faroe Islands and in Norway, cf. Figure 4.3.

Table 4.4 Rules governing payment of income-substituting cash benefits in the event of childbirth as per December 2005

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Gainfully employed (employees)</i>						
Maximum number of weeks in which maternity benefit is payable	50 ¹⁾	26	44	39	53 ⁴⁾	Approx. 69
- Maternity benefit to mothers before birth (weeks)*:	4	4-8	5-8	4	3-12	Approx. 9
Maternity benefit (weeks):						
- Mother only	18	14	18	13	9	8
- Father only	-	-	2)	13	4	8
- Either mother or father	32 ¹⁾	10	26 ³⁾	13	29/39	Approx. 52
Additionally:						
- Father together with mother	2	2	3	-	2 ⁵⁾	Approx. 2
Benefit taxable?	Yes	Yes	Yes	Yes	Yes	Yes
<i>Not gainfully employed</i>						
Maximum number of weeks in which maternity benefits are payable	.	.	44	39	Non-recurrent Payment ⁶⁾	Approx. 69
Benefit taxable?	.	.	Yes	Yes	⁶⁾	Yes
Leave period sharable with father?	.	.	Yes, for a max. of 26 weeks	Yes	⁶⁾	Yes

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

- 1 The common leave period of 32 weeks may be extended by 8 or 14 weeks to 40 or 46 weeks. The total leave period will consequently be 58 or 64 weeks. When a leave period is extended, the daily cash benefit will be reduced accordingly, so that the total amount for the 40 or 46 weeks will be the same as the amount payable for the 32 weeks.
- 2 Fathers, who receive parental daily cash benefits during the last 12 working days of the parental daily cash benefit period, are entitled to paternal daily cash benefits for another 12 working days (the so-called bonus days of leave).
- 3 In case several children are being born simultaneously, the maternity benefit will be extended by 60 days for the second and any subsequent child.
- 4 42 weeks with a compensation level of 100 per cent, or 52 weeks with a compensation level of 80 per cent. In respect of children born or adopted as from 1 July, 2005, the benefit period has been extended by a week to 43 and 53 weeks, respectively. Moreover, the father quota has been extended from 4 to 5 weeks.
- 5 Fathers are entitled to two weeks of unpaid leave in connection with childbirth. The two weeks may either be taken just before the child is born or immediately thereafter. Entitlement to two weeks unpaid leave does not apply in the event of adoption. In the public sector and in large parts of the private sector there are, however, collective agreements granting compensation for those two weeks.
- 6 The non-recurrent payment of NOK 33 584 is exempt from tax. A father is entitled to a non-recurrent amount if the mother has died, and/or he has assumed sole responsibility for the child.

Table 4.5 Amount of income-substituting cash benefits in the event of childbirth as per December 2005

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Gainfully employed (employees)</i>						
Amount of maternity benefit (per week) in per cent of previous income	100 ²⁾	100	Normally ³⁾ 70	80	100/80	80
Income ceiling per week for full compensation in national currency ¹⁾	DKK 3 568	DKK 6 250	.	ISK 138 462	NOK 7 004	SEK 5 670
Income ceiling per week for full compensation in PPP-Euro ¹⁾	340	596	.	1 193	619	513
Min. amount per week in national currency	.	.	EUR 91.20	ISK 15 504 ⁴⁾	⁶⁾	SEK 420 ⁸⁾
Min. amount per week in PPP-Euro	.	.	75.37	134	.	38
Max. amount per week in national currency	DKK 3 267	DKK 6 250	.	ISK 110 769	⁷⁾	SEK 4 536
Max. amount per week in PPP-Euro	312	596	.	954	.	411
<i>Not gainfully employed</i>						
Amount of maternity benefit (per week), national currency	.	.	EUR 91.20	ISK 9 605 ⁵⁾	⁶⁾	SEK 1 260
Amount of maternity benefit (per week), PPP-Euro	.	.	75.37	83	.	114

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

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

3 70 per cent of an earned income of a maximum of EUR 27 468 per year, then 40 per cent for the part of the income lying between EUR 27 469 and 42 261 per year. After that 25 per cent.

4 The minimum amount is payable at an employment rate of 25-49 per cent. ISK 21 488 is payable to full-time students and 50-99 per cent to people in work. The amount shall also be payable in case the amount of the maternity benefit is smaller in relation to previous income.

5 The amount shall also be payable when the employment is less than 25 per cent.

6 A minimum amount equal to the non-recurrent payment of NOK 33 584 (PPP-Euro 297) is guaranteed. This amount equals the maternity benefit of NOK 800 (PPP-Euro 71) at 100 per cent compensation for 42 weeks, or NOK 646 (PPP-Euro 46) at 80 per cent compensation for 52 weeks.

7 Calculated as maternity benefits for mothers in work, the maximum amount will be NOK 7 004 (PPP-Euro 619) per week at 100 per cent for 42 weeks, and NOK 5 603 (PPP-Euro 495) at 80 per cent for 52 weeks.

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

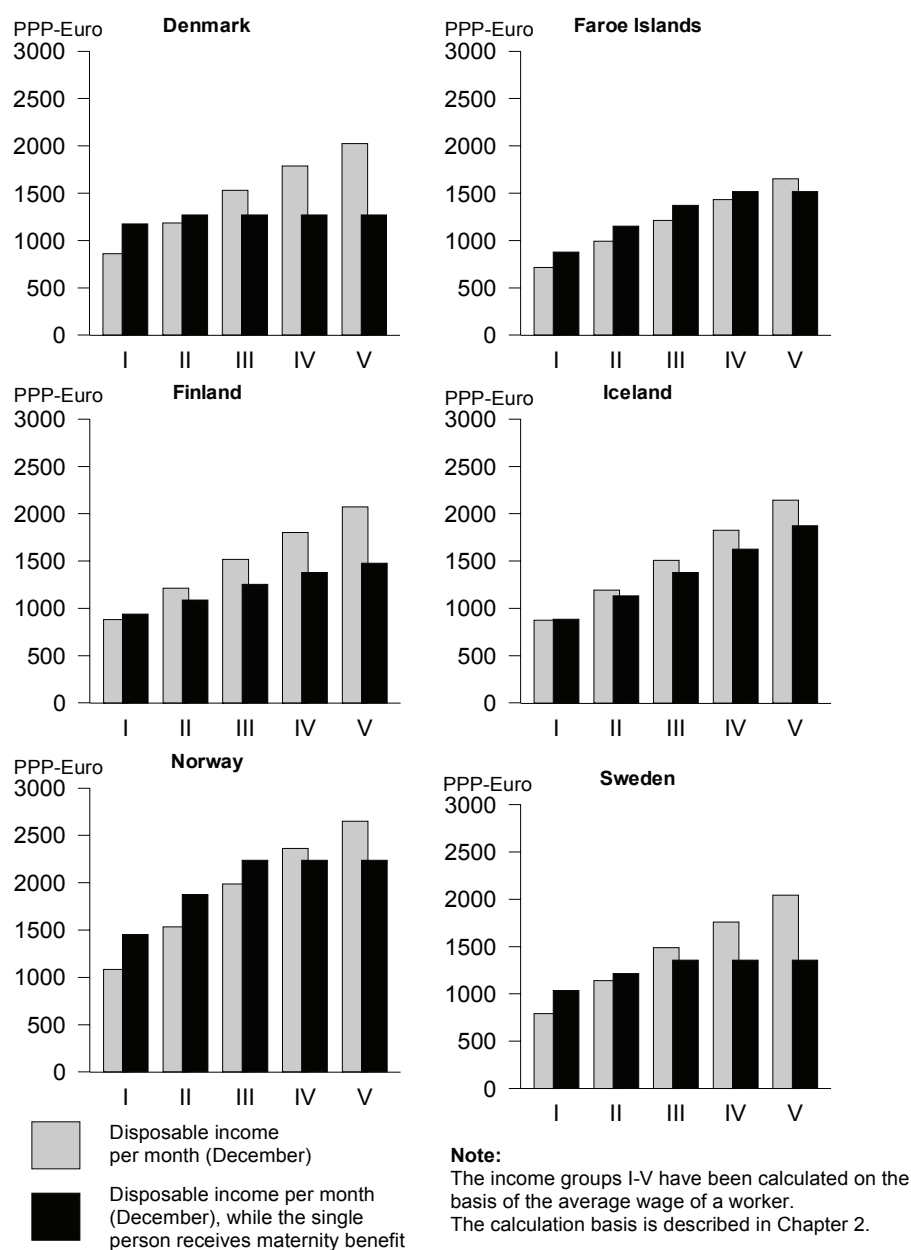
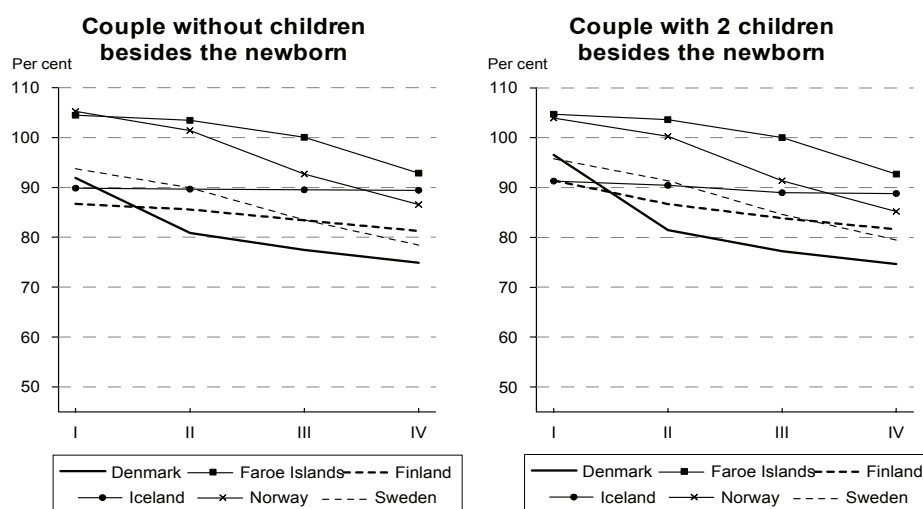
Figure 4.2 Disposable incomes for a single parent with a newborn child, 2005

Figure 4.3 Disposable incomes during receipt of maternity benefit as percentages of disposable incomes from work, 2005



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

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

The compensation levels also depend on the level of the daily cash benefit in relation to previous income. Daily cash benefits are lowest in Finland and highest in Denmark, measured in relation to previous income (cf. Table 4.5). In Finland, there is, however, no upper limit to the level of the daily cash benefits, but the compensation rate is lower at higher incomes. In Iceland, an income ceiling for the daily cash benefits was introduced on 1 January, 2005. In the other countries, the maximum amount is highest in Iceland and lowest in Denmark. The compensation level is generally high in the Faroe Islands, also in respect of the upper income brackets. In Sweden and Finland, the compensation levels are also relatively high for the upper income brackets, whereas the level in Denmark is relatively low for those groups.

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

FAMILIES AND CHILDREN

Table 4.6 Recipients of daily cash benefits in the event of pregnancy, childbirth and adoption during the year, 1995-2005

	Denmark ¹⁾	Finland	Iceland ²⁾	Norway	Sweden
<i>Number of beneficiaries</i>					
<i>Men</i>					
1995	41 003	40 267	10	25 166	130 786
2000	45 559	42 294	1 421	33 806	166 661
2004	46 447	46 947	5 625	36 214	242 572
2005	47 158	47 554	5 871	36 811	251 629
<i>Women</i>					
1995	90 335	108 429	5 066	76 088	327 846
2000	82 657	97 359	5 097	80 368	275 214
2004	100 459	98 404	6 608	81 408	318 480
2005	100 915	99 067	6 587	80 894	325 774
<i>Number of benefit days (1 000)</i>					
1995	14 385	16 947	688	10 699	52 212
2000	13 150	15 232	698	11 152	37 100
2004	19 985	14 829	1 178	11 423	43 943
2005	20 279	15 751	1 122	11 275	44 254
<i>Of which men, percentage</i>					
1995	4.4	3.6	0.1	5.8	10.3
2000	5.5	4.1	3.3	7.2	13.7
2004	5.5	5.7	31.8	9.0	19.7
2005	5.9	5.5	32.7	9.3	20.5

1 The calculation method was revised in 2002.

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

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

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

Norway has seen a rise in the number of men receiving daily cash benefits. This is especially due to a scheme from 1993 giving men an exclusive right to four weeks of leave (five weeks as from 1 July 2005) with daily cash benefits

(father quota). As from 2000, fathers have also had an independent accumulation right. Previously, fathers were not entitled to benefits if the mothers had not accumulated such benefits, but now fathers may receive paternity benefits based on their own accumulation. Fathers' entitlement to paternity benefits is still depending on mothers being gainfully employed after childbirth; receiving publicly acknowledged education; or depending on aid to take care of the child due to illness or injury. In 2005, 35 060 fathers received the father quota. Of those, 6 847 fathers received paternity benefit for longer than the four weeks reserved for fathers.

The Swedish figures are not comparable with those from the other countries, as the benefit is payable for more days per child than is the case in any of the other countries. Besides, parental daily cash benefits may be payable until a child reaches the age of eight years. In 2005, 87 per cent of the total number of days for which parental daily cash benefit was paid concerned children under the age of three years, and in 2004 it was 88 per cent. As to women, about 91 per cent of the days were for children under the age of three, and as to men, about 74 per cent in 2005.

Cash Benefits to Parents Minding Children

- Entitlement to leave of absence for child-minding

In Denmark, the rules governing child-minding leave were revoked with effect from 2011 in connection with the extension of the maternity leave to one year in 2002. Parents of children, who were born prior to the introduction of the new maternity-leave scheme, are still entitled to go on child-minding leave until the child turns nine. Parents are entitled to a minimum of eight and a maximum of 13 weeks of leave, but a minimum of eight weeks and a maximum of 26 weeks if the child is under one year old. In agreement with one's employer or the public employment service, a leave period may be extended to a total of 52 weeks. The leave scheme applies to 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 2005, there were about 3 400 whole-year individuals on child-minding leave.

In Finland, parents are, after a period of parental daily cash benefits, entitled to choose between a place in a municipal day-care institution and an allowance for minding young children. The allowance may be granted towards child minding in the home or towards payment for private child minding. The allowance towards child minding in the home is payable if a family has a child under the age of three years. The allowance may consist of a basic amount plus a supplement. The basic amount is EUR 294 per month for a child under three years, and EUR 84 per month per each additional child under three years. For other children of pre-school age, the allowance amounts to EUR 50 per month.

The supplement (a maximum of EUR 168) will only be granted for one child and is subject to family income. At the end of 2005, child-minding allowances were being paid for 103 313 children. Allowances payable towards private child minding are described in the section on day-care institutions and family day care.

Parents may also choose to work reduced hours if they have children under the age of three. They will then be awarded a partial minding allowance of EUR 70 per month. At the end of 2005, this allowance was allocated for 3 022 children. Since 1 August 2004, a partial allowance is payable to parents, who have children in the first or second grade, and who have a maximum of 30 working hours per week. The subsidy is EUR 70 per month. In 2005, subsidies were paid for 7 802 children.

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

In Norway, there is a so-called time-account scheme. The scheme applies in the event of childbirth or adoption and makes it possible for part of the maternity benefit to be paid in combination with income from work for a period exceeding the standard periods of 42 or 52 weeks. As from 1 July, 2005, the benefit period has been extended to 43/53 weeks in connection with birth/adoption. 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 2005, 2.3 per cent of mothers and 1.0 per cent of fathers made use of the time account.

Cash benefits are granted for children between one and three years. In 2005, the cash benefit amounted to NOK 3 657 per month. The benefit is granted per child without being subject to income or need and is tax-free.

The Norwegian Parliament fixes the amount of the cash benefit. The condition of receipt of the full amount is that no place is taken up in a state-subsidized kindergarten. A graduated benefit is payable if a child occupies a place part-time in a kindergarten.

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

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

Minding of children suffering from short-term illness

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

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

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

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

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

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

Child Allowance

In all the countries, an allowance is payable for children. The allowance is tax free and independent of parents' income, with the exception of Iceland, where the child allowance is means-tested. In Iceland, a fixed amount is payable irrespective of income as from 2001, however, as an extra supplement for all children under the age of seven. In Denmark, the Faroe Islands 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 receives education. In all the countries, the child allowance is financed by Central Government. In the Faroe Islands, local authorities finance 43 per cent of the expenditure on the child allowance.

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

In Norway, a supplement is payable for children living in the Finnmark and in certain municipalities in Troms County.

Table 4.7 Rules governing child allowance, 2005

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

1 The special child allowance, which is granted where one or both a child's parents receive disability pension that was granted before 1 January 2003, or retirement pension, is, however, means-tested. Child allowance to special groups of children receiving education is also means-tested.

2 Before 1 August 2003, children of all age groups were not granted the same allowance. After 1 August, 2003, the same allowance will be granted, as the supplement to children between 1 and 3 years has lapsed. The infant supplement to single providers with children of the ages 0-3 years has been maintained.

Table 4.8 Annual amount of child allowance as per December 2005

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK ¹⁾	DKK	EUR	ISK ²⁾	NOK ³⁾	SEK ⁴⁾
<i>Couple with:</i>						
1 child	12 184	9 699	1 200	37 397	11 640	11 700
2 children	24 368	19 398	2 526	37 397	23 280	23 700
3 children	36 552	29 097	4 098	37 397	34 290	38 748
<i>Single parent with:</i>						
1 child	20 736	9 699	1 639	205 357	23 280	11 700
2 children	37 160	19 398	3 404	364 276	34 290	23 700
3 children	53 584	29 097	5 416	552 187	46 560	38 748
Average amount of child allowance per child	12 443	9 699	1 375	76 299	13 285	12 202
Average amount of child allowance per child in PPP-Euro	1 187	925	1 136	657	1 174	1 105

1 Calculations were made on the basis of a general family allowance for the 3-6 year-olds of DKK 3 046 per quarter to both single parents and couples. The allowance payable for the 0-2 year-olds amounted to DKK 3 370 per quarter and to DKK 2 396 per quarter for the 7-17 year-olds.

2 In Iceland, the amount of the allowance is subject both to the number of children in a family and to the family income. The maximum allowance to a couple with one child aged 0-16 years is ISK 126 952 and ISK 211 447 to single parents. For each child in addition to the first one, a maximum of ISK 151 114 is payable to cohabiting couples and ISK 216 902 to single parents. Besides, a supplement of ISK 37 397 is payable for children between 0 and 6 years irrespective of income. Where a couple's annual income (in 2004) exceeds ISK 1 487 463 and that of a single parent ISK 743 732, the allowance will be reduced by 3 per cent of the earnings exceeding the maximum amount for one child, 7 per cent for two children and 9 per cent for three or more children. All calculations in the table were made for one child under 7 years and the average annual income for couples with children and for single parents. The average amount is for all children between 0 and 16 years.

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

4 The average amount per child was calculated by adding the amounts of child allowance, multiple-birth supplement and extended period of child allowance in 2005, divided by the number of children receiving child allowance and the number of children with extended periods of receiving child allowance in December 2005.

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

on Child Welfare and for receiving full transition allowance according to the Social Security Act. The supplement is awarded per single provider. The infant supplement amounts to NOK 7 920 per year.

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

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

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

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

Advance on Maintenance Allowance for Children

- The allowance is payable in advance by the public authorities

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

Where the party liable to pay does not comply on time, the public authorities may in all the Nordic countries pay the party entitled to the allow-

ance in advance. The age limit for entitlement to advance payment of the maintenance allowance is 18 years. In Iceland, Finland and Sweden, the period may be extended to 20 years if a child is receiving education.

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

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

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

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

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

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

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

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

Table 4.9 Amounts of maintenance allowance advances in 2005

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Maximum amount per child per year, KR/EUR	12 216	10 524	1 418	199 032	14 700	14 076
Maximum amount per child per year, PPP-Euro	1 165	1 004	1 172	1 714	1 299	1 274

Table 4.10 Number of children receiving maintenance-allowance advances as percentages of the population under 18 years, 1995-2005

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden ¹⁾
1995	15	8	10	17	15	16
2000	14	9	10	19	11	16
2004	15	9	9	19	9	15
2005	15	9	9	19	9	13

1 Number of children under 19 years.

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

Other Benefits

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

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

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

Services to Families and Children

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

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

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

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

Day-Care Institutions and Family Day Care

- Children are looked after in both public and private institutions

Day-care institutions for pre-school children

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

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

In all the countries, local authorities must ensure that there are sufficient places available. In Denmark, 94 per cent of the municipalities provided a child-minding guarantee in 2005 for children until school start, while another 3 per cent guaranteed child minding for part of that age group. In 2004, a national child-minding guarantee was adopted for all children until school start. The guarantee means that all children as from 1 July, 2005, must be given a place in a day-care facility when the child is nine months old, and from 1 July, 2006, when the child is 26 weeks old.

Local authorities in Denmark must grant financial support to parents who choose private child minding for children until school start over a public day-care facility. In October 2005, 4 185 children were covered by this scheme. Besides, local authorities may grant parents an allowance towards minding their

own children instead of a place in public day-care. 719 children were covered by this scheme in October 2005. Besides, parents are entitled to choose a place in a day-care facility in another municipality.

In 2005, rules governing establishment of private institutions will be introduced. Private institutions are a type of private day-care institutions, where the local authorities may approve of the institution if it lives up to the quality criteria applying to day-care institutions in the municipality in which the institution is situated.

In Finland, all children under seven years are entitled to a place in a municipal day care institution or in family day care. Parents may also have their children looked after in a private home with municipal subsidies. The Social Insurance Institution pays the amount direct to the institution/private individual looking after the child/children. By the end of 2005, subsidies were paid for private minding of 15 370 children.

In the Faroe Islands and in Iceland, local authorities are not obliged by law to offer a kindergarten place to all children.

In Norway, local authorities are obliged to offer a kindergarten place to those parents who so wish. Parents have no legal right to a place, however.

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

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

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

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. After school hours, children may participate in after-school clubs.

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

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

In Finland, 6 year-olds are entitled to a pre-school place free of charge. The scheme comprises 700 hours per year. The scheme is not compulsory, but about 99 per cent of the 6 year-olds participate in measures preparing them for school.

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

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

In Sweden, local authorities are as from 1998 obliged to offer all 6 year-olds a minimum of 525 hours in the new school structure - the pre-school class. In the autumn 2005, 95 per cent of all 6 year-olds attended pre-school classes, whereas a few per cent had already started school proper. All 6 year-olds are entitled to start school if their parents so wish. After school, children from pre-school classes and primary school may stay in the after-school clubs.

Children of school age

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

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

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. In Norway, municipalities must provide after-school clubs for children in the 1st-4th grade and for children with special needs from the 1st to the 7th grade.

Children enrolled in day-care institutions and publicly financed day-care

The number of children who are covered by day-care schemes in day-care institutions and family day care varies significantly from one country to another. Some of the reasons for this are the extent of the unemployment and the fact that 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.

Table 4.11 Children enrolled in day-care institutions and publicly financed day care (1 000) by age, 2005

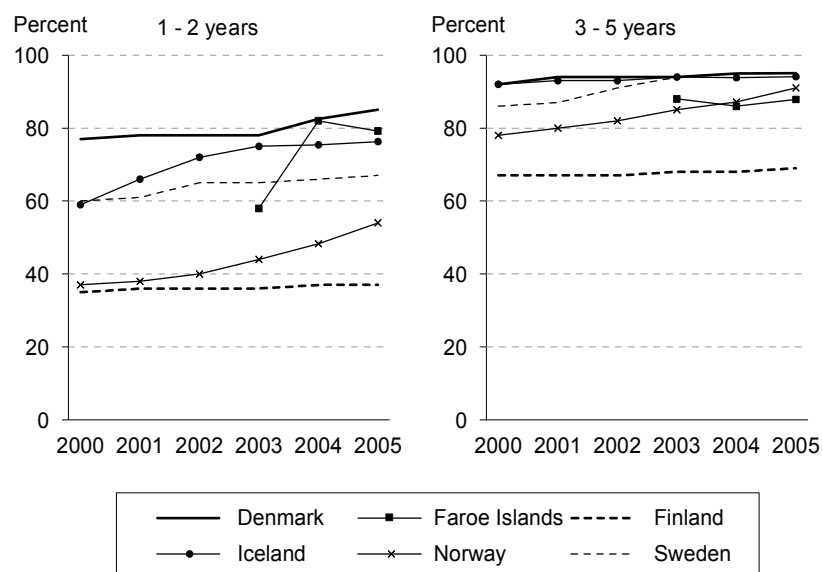
	Denmark ¹⁾	Faroe Islands	Finland ²⁾	Iceland	Norway	Sweden
<i>2005</i>						
<1 year	15	21	1	6	3	0
1-2 years	85	79	37	76	54	67
3-5 years	95	88	69	94	91	95
0-5 years total	79	74	47	73	64	71
6 years	88	83	67	.	.	84
0-6 years total	80	75	50	63	.	73
7-10 years	63	28	1	.	.	61

Note: For further information, see Appendix 4 on www.nom-nos.dk.

1 The time of calculation of the number of enrolled children has been changed from March to September as from 2004.

2 Figures include children in publicly subsidised private day care.

Figure 4.4 Children 1-5 years enrolled in day-care institutions and publicly financed day care in per cent of the age group 2000-2005



Cf. notes for Table 4.11.

Child and Youth Welfare

- Preventive measures are in focus

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

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

Preventive measures

In Denmark, 35 264 families made use of one or more preventive measures during 2005 by way of advisory services, practical educational support in the homes, family treatment, stays in residential institutions for both parents and children, contact or support persons for the entire family, or financial support with a view to avoiding placement of children outside of their homes. Furthermore, at the end of 2005, 15 894 children and youths were covered by preventive measures by way of for example relief placement in residential-care institutions, an appointed personal advisor or a permanent contact person as well as financial support towards stays at boarding or continuation schools.

In Finland, the preventive child-welfare service is responsible for influencing the development of children's wellbeing 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 for hobby activities. In 2005, 59 101 people received support, of whom 17 170 were new clients, which corresponds to 29 per cent of all those receiving assistance.

In Iceland, 2 252 children received help in 2005 by way of preventive measures. Of those, 349 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 parents, support contacts, support families, placement of children in foster care or in institutions, etc. In each case brought before a child-welfare service, there must be a plan in writing stating the purpose of using the various measures, their reassessment date, as well as a specification of the roles of the child, the parents, the Child Welfare Service Board and any other parties during the duration of the plan.

In Norway, 23 865 children made use of one or more preventive measures from the Child Welfare Service in 2005.

In Sweden, there are preventive measures to both children and youths in families at risk and to abusers and criminals.

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

Another kind of activity is the so-called contact staff. An adult contact person or a contact family is assigned to a child or youth whom they see regularly.

Placement outside of the home

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

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

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

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

In Denmark, the number of placements is somewhat higher than in the rest of the Nordic countries. This is inter alia due to children and adolescents who are placed outside of the home in Denmark also including children and adolescents with reduced physical and/or mental abilities. Even if those disabled children and adolescents were disregarded, however, the number of placements is still larger than in the other countries. This mainly applies to the 15-20 year-olds and must be seen in connection with the fact that a relatively large number of young people in Denmark is placed outside of their homes, e.g. at boarding schools or continuation schools, in lodgings or in socio-instructional communal housing. This is only the case to a limited degree in the other Nordic countries.

Table 4.12 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, 2005

	Denmark ¹⁾	Finland	Island ²⁾	Norway	Sweden ³⁾
<i>Boys</i>					
0-6 years	3.7	6.8	0.7	4.3	4.1
7-14 years	13.4	12.0	2.7	9.1	7.9
15-17 years	32.3	20.8	12.6	17.0	16.3
18-20 years	20.0	14.4	..	17.4	14.2
0-20 years	13.7	12.1	4.2	10.1	9.1
<i>Girls</i>					
0-6 years	3.8	6.7	0.4	3.8	3.7
7-14 years	10.6	10.2	3.1	8.3	7.4
15-17 years	28.0	21.0	12.4	19.0	18.0
18-20 years	17.5	14.5	..	15.7	12.6
0-20 years	11.6	11.4	4.2	9.6	8.8
<i>Total</i>					
0-6 years	3.7	6.7	0.6	4.1	3.9
7-14 years	12.0	11.1	2.9	8.8	7.7
15-17 years	30.2	20.9	12.5	18.0	17.1
18-20 years	18.8	14.4	..	16.6	13.5
0-20 years	12.7	11.7	4.2	9.9	8.9

Note: For further information, see Appendix 4 on www.nom-nos.dk.

1 Including children and young people with reduced physical and/or mental capabilities.

2 The age groups have been broken down as follows: 0-6 years, 7-14 years, 15-18 years and 0-18 years. The distribution on age and gender is based on estimates.

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

Figure 4.5 Children and youths aged 0-20 years placed outside of their own homes per thousand of total number, 1995-2005

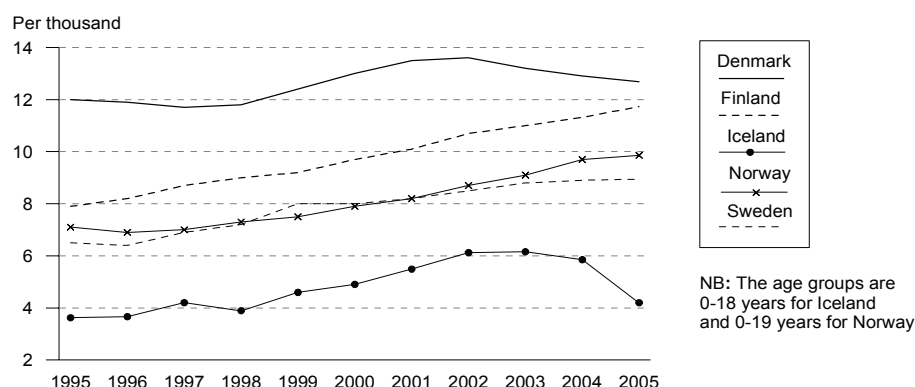


Table 4.13 Children and youths in placements per 31 December in the year broken down by placement facility in per cent, 2005

	Denmark	Finland	Iceland ¹⁾	Norway	Sweden
	Ratio in per cent	Ratio in per cent	Ratio in per cent	Ratio in per cent	Ratio in per cent
Foster care	46	60	39	79	77
Residential institution	23	25	44	21	20
Other facility	31	15	17	-	3
Total	100	100	100	100	100

1 Iceland during the year, however.

2 Only 0-17 years-olds.

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.

In Denmark, there is a variety of placement facilities, and almost one third of the children and youths are placed at other facilities than foster care and residential institutions. These other facilities mainly consist of socio-educational facilities, but also boarding schools and the like, own room, etc.

That also applies to a certain degree to Finland and Sweden. In the category *Other facility* is also included the possibility of placement in one's own home (the parents' home) and in one's own room with support in Finland and in one's own home, own room or child-psychiatric clinic in Sweden.

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

Differences and similarities in the expenditure on families and children

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

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

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

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

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

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

The considerably higher expenditure on residential institutions, preventive measures, etc., in Denmark than in the other countries is due to the number of children and young people placed outside of their own homes being relatively high.

Changes in the social expenditure on families and children from 2004 to 2005

In Denmark, there was a slight decrease in the expenditure on cash benefits to families and children from 2004 to 2005. As a result of a decrease in the number of births, the expenditure on maternity benefits decreased. Also the expenditure on child-minding leave decreased, as the scheme is being phased out. The expenditure on services increased by about 2 per cent. The expenditure on day facilities remained almost the same at constant prices. There was an increase in the expenditure on residential institutions, foster care, etc., for children and young people who have been placed outside of their homes.

In the Faroe Islands, the total expenditure on families and children remained at the same level as in 2004. There was a decrease in cash benefits of 6.4 per cent, which was due to a tightening of the income-related cash benefits in connection with maternity leave for people earning more than DKK 25 000. Social services increased by 6.7 per cent, which was mainly due to a higher priority being put to child-minding, and more places in day-care institutions being established.

In Finland, cash benefits to families and children increased by 1.9 per cent and social benefits by 6 per cent. The increase was mainly due to an increase in births just as there was an increase in employment during later years, and thus the number of children in day care increased by 900 children. The expenditure on placements of children outside of their own homes increased by 13 per cent, as the number of children and young people being placed outside of their own homes is still increasing.

In Iceland, the social expenditure on families and children increased by 0.6 per cent from 2004 to 2005 at constant prices. The expenditure on cash benefits decreased at constant prices by 5.7 per cent, which was due to both reduced expenditure on maternity leave and child allowances as a result of the income regulation. The wage level has increased, and in 2005 an income ceiling has been introduced at ISK 600 000 a month for payment of maternity benefits. The expenditure on social services increased by 5.9 per cent at constant prices, which was largely due to the increase in the expenditure on day-care institutions. Part of the increased is due to the fact that parent charges continue to decrease and are now down to 25 per cent. Besides, more children have been enrolled full-time in day-care institutions. In 2005, it was 80 per cent as against 76 per cent in 2004.

In Norway, the expenditure on families and children increased by 3.4 per cent at constant prices. Cash benefits decreased by 0.9 per cent (NOK 264 million), while the expenditure on services increased by 9.3 per cent (NOK

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2 086 million). The decrease in cash benefits is mainly due to a decrease in the expenditure on parental benefits in connection with child minding. The increase in the expenditure on services is largely due to an increase in the expenditure on day-care institutions and family day care. In 2005, about 20 000 more children were enrolled in day-care institutions and family day care than the previous year.

In Sweden, the expenditure on families and children increased by 3 per cent at constant prices, which was mainly due to an increase in the expenditure on child minding

Table 4.14 Expenditure on and financing of cash benefits and services to families and children, 2005

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
<i>Cash benefits, million</i>						
A. Daily cash benefit in the event of childbirth and adoption	8 374	66	691	6 594	9 499	18 135
B. Birth grants	-	1	11	-	428	39
C. Parental leave benefits	312	-	362	-	2 943	-
D. Family or child allowances	14 990	136	1 424	5 674	14 304	21 460
E. Supplements	-	-	-	-	-	-
F. Other	282	20	79	648	3 559	1 935
a. Of which advance on maintenance allowance to children	282	1	79	648	566	1 935
Cash benefits, total	23 958	222	2 568	12 916	30 733	41 569
<i>Services, million</i>						
A. Child day care	24 170	173	1 476	12 005	15 031	24 132
B. Accommodation	7 635	30	317	2 398	2 900	8 296
C. Home help	15	-	28	98	206	-
D. Other	2 951	21	315	2 902	6 282	4 863
Services, total	34 729	224	2 137	17 404	24 419	39 425
Total expenditure, million	58 729	446	4 705	30 320	55 151	80 994
Expenditure as percentage of GDP	3.8	4.3	3.0	3.0	2.8	3.0
<i>Financed by (per cent)</i>						
- Public authorities	89.5	93.2	91.2	80.2	83.6	76.8
- Employers	0.3	3.5	4.9	19.8	9.6	22.6
- The insured (contributions and special taxes)	10.2	3.4	3.8	0.0	6.8	0.6
<i>Changes 2004-2005 in terms of 2005 prices</i>						
- Million	755	-1	171	213	1.821	2.369
- Per cent	1.3	-0.2	3.8	0.7	3.4	3.0

Table 4.15 Expenditure on cash benefits and services to families and children, PPP 2005

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Cash benefits, total per capita	422	439	405	379	590	418
Per child 0-17 years of age	1 896	1 574	1 919	1 409	2 497	1 941
Services, total per capita	613	442	337	511	469	396
Per child 0-17 years of age	2 751	1 585	1 597	1 899	1 984	1 841
Families and children, total per capita	1 035	880	743	890	1 058	814
Total per child 0-17 years of age	4 647	3 159	3 516	3 309	4 480	3 781

User charges payable for child-minding

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

In Denmark, rules governing the maximum amount of user charges, places free of charge and sibling discounts are laid down centrally. In the Faroe Islands, there are centrally laid down rules on the maximum amount payable and places free of charge. In Finland, user charges are fixed centrally, whereas the local authorities decide whether or not they will grant places free of charge. The maximum user charge payable for child minding is EUR 200 per child per month for 11 months a year.

In Iceland, local authorities fix user charges.

In Sweden, parents normally pay a charge based both on their incomes and on the period of time that their child spends in an institution, but there may also be a fixed charge independent of income and period. Charges payable for child minding in one of the private care schemes ought in principle to be the same as charges payable in the municipal schemes. The maximum user charges are laid down by national rules. Within that framework, local authorities may freely make their own rules.

In Denmark, user charges amounted to approximately 23 per cent of the running costs in 2005 for day care and day-care institutions. In the Faroe

Islands, user charges amounted to about 29 per cent of the running costs for day care and day-care institutions.

In Finland, user charges made up about 14 per cent of the running costs for municipal day care. In Iceland, user charges for places in municipal day-care institutions amounted to 25 per cent of the total running costs, and user charges for after-school-club schemes amounted to about 35 per cent of the total running costs.

In Norway, there are user (parent) charges, which may amount to a maximum of NOK 2 750. User charges payable for places in private kindergartens amounted to about 28.6 per cent and for municipal kindergartens 25.3 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. It is, however, impossible to calculate how large a part parents pay themselves.

In Sweden, parents' user charges amounted to about 8 per cent of the total running costs in 2005 in pre-school, while it was 10 per cent in day care and 16 per cent in youth centres.

Chapter 5

Unemployment

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

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

Table 5.1 Expenditure on unemployment as percentages of the total social expenditure in the EU, the Faroe Islands, Iceland and Norway, 2004

Denmark	9.5	Belgium	12.5	Hungary	2.9	The Netherlands	6.3
Faroe Islands	4.2	The Czech Republic	3.9	Ireland	8.3	Poland	3.5
Finland	9.8	Cyprus	4.9	Italy	2.0	Portugal	5.7
Iceland	2.4	Estonia	1.6	Latvia	3.4	Slovakia	6.2
Norway	3.1	France	7.8	Lithuania	1.6	Slovenia	3.1
Sweden	6.2	Germany	8.6	Luxembourg	4.7	Spain	12.9
Austria	6.0	Greece	5.9	Malta	6.9	United Kingdom	2.6

Note: Cf. Table 4.1.

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

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

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

UNEMPLOYMENT

Figure 5.1 Development in the unemployment rate, 1990-2005

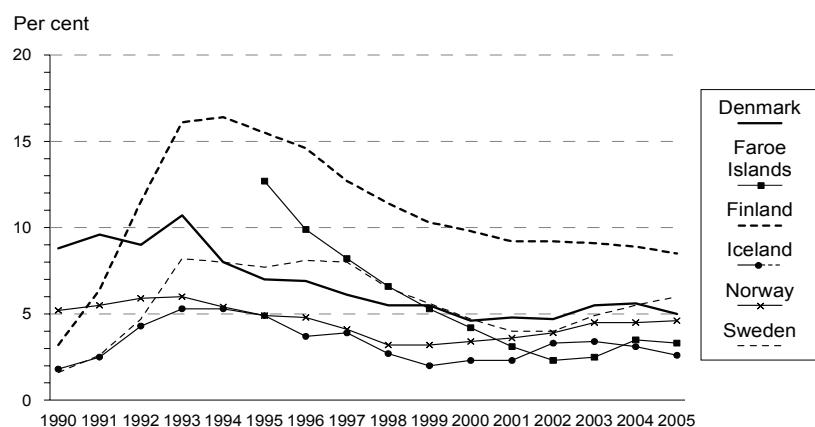


Table 5.2 Population aged 16-64 years, broken down by gender and activity, 2005

	Denmark	Faroe Islands	Finland ¹⁾	Iceland	Norway	Sweden
<i>Men</i>						
Men aged 16-64 years (1 000)	1 778	16	1 767	94	1 513	2 930
Of whom (per cent):						
Employed, total	80	93	70	87	78	76
- Full-time	71	78	64	80	69	67
- Part-time	9	16	6	7	9	8
Unemployed	4	3	6	3	4	5
Outside of the labour force	16	4	24	10	18	19
Total	100	101	100	100	100	100
<i>Women</i>						
Women aged 16-64 years (1 000)	1 742	14	1 729	91	1 470	2 840
Of whom (per cent):						
Employed, total	72	88	67	81	72	72
- Full-time	49	42	54	51	41	42
- Part-time	23	47	12	30	30	27
Unemployed	4	4	6	3	3	4
Outside of the labour force	24	8	27	16	25	24
Total	100	101	100	100	100	100
<i>Men and women</i>						
Men and women aged 16-64 years (1 000)	3 520	30	3 496	184	2 982	5 770
Of whom (per cent):						
Employed, total	76	91	68	84	75	74
- Full-time	60	61	59	66	55	55
- Part-time	16	30	9	19	19	17
Unemployed	4	3	6	3	4	5
Outside of the labour force	20	6	26	13	21	21
Total	100	100	100	100	100	100

1 Population aged 15-64 years.

Table 5.3 Unemployment rate broken down by gender, 2005

	Denmark ¹⁾	Faroe Islands ²⁾	Finland ³⁾	Iceland ⁴⁾	Norway	Sweden
Average number of unemployed	143 000	930	220 000	4 300	111 000	270 400
<i>Unemployed in per cent of labour force</i>						
Total	5.0	3.3	8.5	2.6	4.6	6.0
Men	4.6	2.9	8.3	2.6	4.8	6.2
Women	5.5	3.9	8.7	2.6	4.4	5.7
<i>16-24 year-olds</i>						
Total	8.6	9.5	20.1	7.2	12.0	14.3
Men	8.5	9.2	20.6	8.5	11.5	15.9
Women	8.8	9.8	19.5	6.0	12.0	12.7

Note: For further information, see Appendix 4 on www.nom-nos.dk.

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

2 After 2005, figures are based on the annual labour-force survey in November covering 16-64-year-olds.

3 15-24-year-olds.

4 Data based on labour-force surveys.

Table 5.4 Number of people (1 000) who received cash benefits for at least one day in connection with unemployment, 2005

	Denmark	Faroe Islands	Finland	Iceland ¹⁾	Norway ¹⁾	Sweden ²⁾
Insured	470	3	329	10	172	528
Non-insured	73	0	241	..	..	94
Total	543	3	549	10	172	622
Total in per cent of the labour force	20	10	21	6	7	13

Note: For further information, see Appendix 4 on www.nom-nos.dk.

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

2 Double registration may appear, as a person may have been registered as being both insured and non-insured during one and the same year. In 2005, 21 000 people were calculated as being both insured and non-insured.

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

Cash Benefits in the Event of Unemployment

With the exception of the Faroe Islands, it is a common trait to all the Nordic countries that the labour-market policy has played an important part in the general economic policy, where a high employment rate and a low unemployment rate have been an important goal as well as a prerequisite for the Nordic welfare states. When unemployment arises, it is either due to a generally low demand in the economy or the fact that the labour market does not function well enough, a phenomenon known as structural unemployment. The labour-market policy in the Nordic countries must in particular contribute to the reduction of the structural unemployment via active measures rather than passive provision for the unemployed. However, the ways in which the individual countries have designed their labour-market measures concerning active measures (employment measures, etc.) and passive measures (unemployment benefit and the like) vary considerably.

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

Benefits in Case of Unemployment

In the Nordic countries, most unemployed people are entitled to cash benefits when they become unemployed. In the Faroe Islands and Norway, unemployment insurance is compulsory for wage earners. In Iceland, all wage earners and self-employed people are statutorily insured against unemployment. Both in the Faroe Islands, Iceland and Norway, there are, however, certain requirements that must be met in order for a person to receive the benefit. Those not meeting the requirements may be awarded income-tested social assistance. In Denmark, Finland and Sweden, unemployment

insurance is voluntary. In those countries, non-insured unemployed people are, however, entitled to a cash benefit that is usually lower than the unemployment benefit.

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

In the Faroe Islands, unemployment insurance is compulsory for employees, while self-employed people and others may take out voluntary insurance. The unemployment benefit is administered by a fund, which is financed by the employees, the self-employed and the employers, who pay 1 per cent of their income from work and the payroll costs to the insurance fund, respectively. Everyone complying with the requirement as to previous income is entitled to daily cash benefits.

In Finland, unemployment benefit consists of a basic amount (basic daily cash benefit) and a benefit that is based on previous income (income-related daily cash benefit). The income-based benefit is payable by the unemployment insurance funds whereas the basic amount is payable by the Social Insurance Institution. Non-insured people in Finland, and people who have received income-related daily cash benefits or the basic amount for the maximum period of two years, and who are still unemployed, are entitled to a so-called labour-market assistance, which is based on need, but basically the amount is the same as the basic amount of the daily cash benefit scheme. A pension is payable to people in their sixties who have been unemployed. This benefit is calculated in the same way as is disability pension. In 2005, 50 933 individuals received an average unemployment pension of EUR 1 121 per month.

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

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

In Sweden, the unemployment insurance consists of basic insurance and voluntary unemployment insurance.

Non-insured people, who otherwise meet the requirements (and who are 20+ years old), are entitled to a basic amount. Both the basic amount (basic insurance) and the income-dependent amount (unemployment insurance) are administered by the unemployment insurance funds.

Entitlement to Daily Cash Benefits

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

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

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

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

Table 5.5 Rules applying to payment of cash benefits in the event of unemployment as per December 2005

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Insured individuals</i>						
Age limit for entitlement to unemployment benefit	19-64 years ¹⁾	16-66 years	17-67 years	16-69 years	16-66 years	16-65 years ⁴⁾
Waiting period	-	1-10	7	-	5	5
Maximum number of days of unemployment benefit	1 040 within 6 years (5 benefit days per week for 4 years) ²⁾	798 within the past five years (5 benefit days per week)	500 (5 benefit days per week)	260 days per year for 5 years	520 (104 weeks of 5 working days)	300/600
Benefit reobtainable?	Yes	Yes	Yes	Yes	Yes	Yes
On which conditions?	By complying with the requirement of 26 weeks' work within the past 3 years	Will only be awarded benefits after two years and after having worked for the last one of those two years.	By complying with the requirement of 34 weeks' work within 2 years	By complying with the requirement of 10 weeks' full-time work within the past 36 months.	By complying with the requirement of a minimum income	By complying again with the requirement of 6 months' work prior to becoming unemployed
Benefit taxable?	Yes	Yes	Yes	Yes	Yes	Yes
Supplement for children?	No	No	Yes	Yes	Yes	No
<i>Non-insured individuals</i>						
Age limit for entitlement to unemployment benefit	18-64 years ³⁾		17-64 years	.	.	20-65 years
Maximum benefit period	.	.	.	.	.	300/600

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

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

3 Young people under 18 years and people of 65 years or more may in certain cases be entitled to cash assistance.

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

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Table 5.6 Amount of cash benefits in the event of unemployment as per December 2005

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Insured individuals</i>						
Amount of unemployment benefit (per week)	90 per cent of the income from work for 5 days a week ²⁾	70 per cent of the income from work	Income-related benefit: on average 58 per cent of previous income from work. Basic amount: EUR 116.20 + child supplement: EUR 22.00 – 41.70 per week	Fixed amount + child supplement ⁵⁾	62.4 per cent of the income from work	80 per cent of the income from work, maximum SEK 730/day the first 100 days and then SEK 680/day 5 days a week
Maximum income per week for full compensation ¹⁾	DKK 3 966	DKK 4 073	.	.	NOK 7 004	SEK 4 653
Maximum income per week for full compensation in PPP-Euro ¹⁾	378	388	.	.	619	421
Min. amount per week	DKK 2 680	.	EUR 116.20	ISK 5 275	NOK 1 095	SEK 1 600
Min. amount per week in PPP-Euro	256	.	EUR 96.02	45	97	145
Max. amount per week	DKK 3 270	DKK 2 851	.	ISK 21 095	NOK 4 370	SEK 3 650 for 100 days, then SEK 3 400
Max. amount per week in PPP-Euro	312	272	.	182	386	397/380
<i>Non-insured individuals</i>						
Amount of benefit per week	Young people under 25 years: DKK 616/1 275 ³⁾ ; others: DKK 1 979/2 630+ special assistance ⁴⁾	Social assistance based on need	Allowance based on need, max EUR 116.20 + child supplement: EUR 22.00 – 41.70	Social assistance based on need.	.	SEK 1 600 ⁶⁾

1 The income ceiling is the income limit (previous income) in relation to 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 benefits of DKK 654 per day for the first and the second day of unemployment.

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

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

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

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

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

The first period, in which unemployment benefit is payable, is based on previous regular work. A person may qualify for a new unemployment-benefit period by means of activities that may be equalled to work. This may be labour-market training, a period of voluntary work, employment with a temp subsidy, or a period in which a person has received a subsidy in order to set up a business of his own.

In Norway, a prerequisite for being entitled to the unemployment benefit is that one has earned an income of at least 1.5 times the basic amount, corresponding to NOK 91 049 during the previous calendar year, or at least 3 times the basic amount during the past three years, corresponding to NOK 282 097, prior to becoming unemployed. The basic amount is adjusted once a year and was as at 1 May 2005 NOK 60 699. 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 121 398 results in a benefit period of 104 weeks, whereas an earned income of less than twice the basic amount results in a benefit period of 78 weeks. Individuals over 64 years are ensured daily cash benefits until they reach the pensionable age of the national social security fund, which is 67 years. To be entitled to unemployment benefit, one must have worked hours that were reduced by at least 50 per cent of the normal working hours prior to becoming unemployed.

In Sweden, one must have been employed for at least six months and been working for at least 70 hours per calendar month, or have been employed for at least 450 hours for a consecutive period of six calendar months and been working for at least 45 hours per month during all six months within a 12 months' period in order to become entitled to unemployment 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 a recipient's age. When the benefit period expires, daily cash benefits may under certain circumstances be payable for another 300 days. Consequently, the maximum period in which daily cash benefits may be received is 600 days.

Apart from the rules mentioned above, entitlement to unemployment benefits is in all countries subject to a person being registered with the employment service as seeking employment and being able to take on work. In addition, some of the countries have a waiting period during which unem-

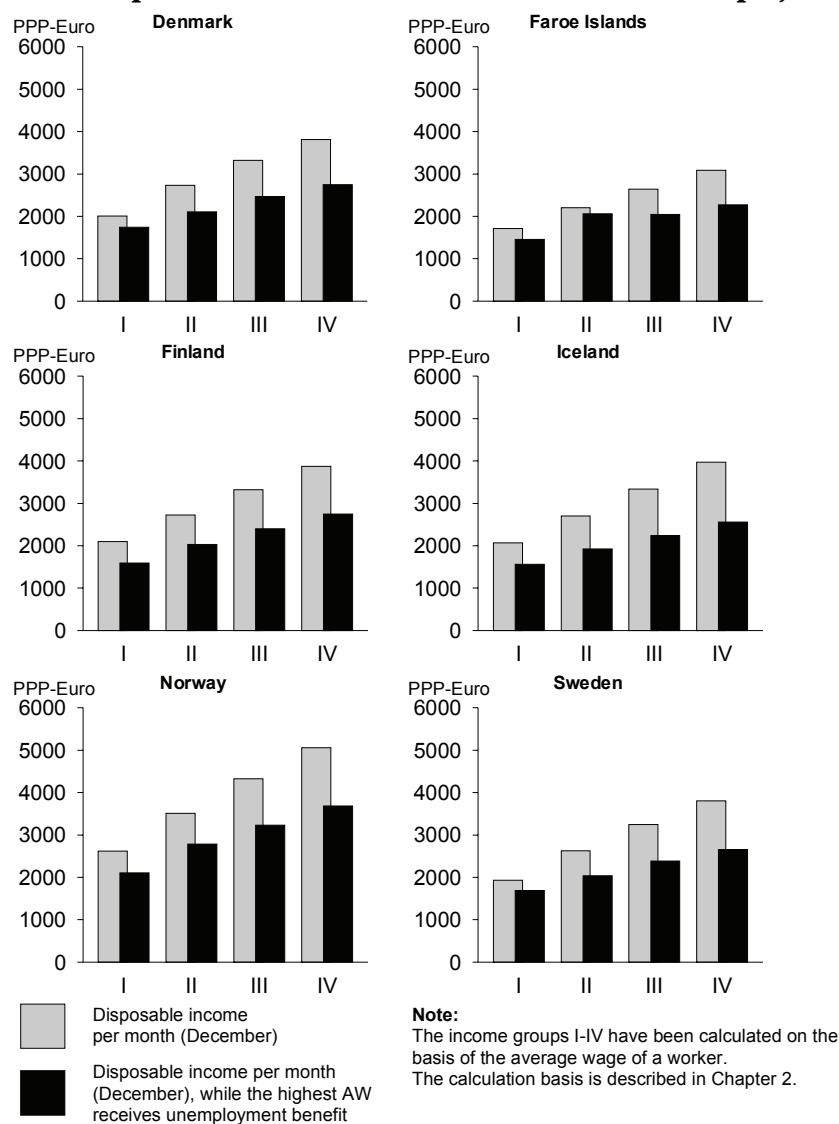
ployment benefits are not payable. In Denmark and Iceland, there is no waiting period; in the Faroe Islands, there is a waiting period of 1-10 days depending on previous income, in Norway, the waiting period is five days, in Finland seven and in Sweden five.

Compensation Levels 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 incomes in the event of unemployment in per cent of the incomes earned from work for single people with and without children, respectively, calculated at five different income levels. The calculation has been made for insured and non-insured people, respectively (the latter only in respect of Denmark, Finland, Iceland and Sweden). As can be seen from the figures, the compensation for insured unemployed individuals is considerably larger than it is for non-insured unemployed individuals. In Denmark, the compensation is, however, slightly lower for single people with one child in the lowest income bracket than it is for insured unemployed individuals than for non-insured individuals and considerably lower in Iceland. In Iceland, this is due to the calculations concerning insured people taking into account the rate of employment, whereas previous income is not taken into account in respect of non-insured people, as the social assistance is a fixed amount. The marginally lower compensation for insured unemployed people in Denmark is due to the daily cash benefits amounting to 90 per cent of relatively low wages/salaries and the fact that the insured unemployed person, unlike the non-insured individual, pays contribution to the unemployment fund.

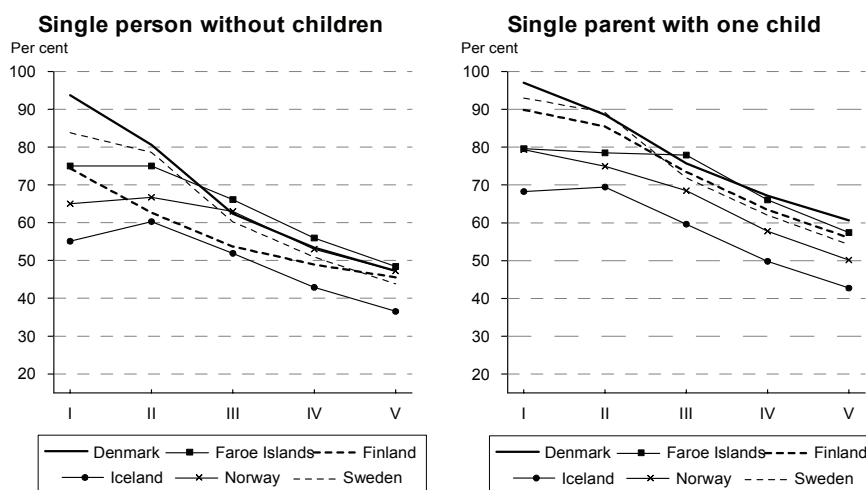
The lower compensation to non-insured unemployed people in relation to insured unemployed people applies especially to single people, who have previously had a high income, and generally for single people without children.

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 Norway. In Iceland, a fixed amount is payable, irrespective of previous income. Secondly, the compensation level depends on the maximum amounts, which is highest in Norway. In Finland, there is no upper limit to the amount of daily cash benefits, but where an income exceeds a certain level, the compensation will only be 20 per cent, however.

Figure 5.2 Disposable incomes for an insured childless couple, 2005

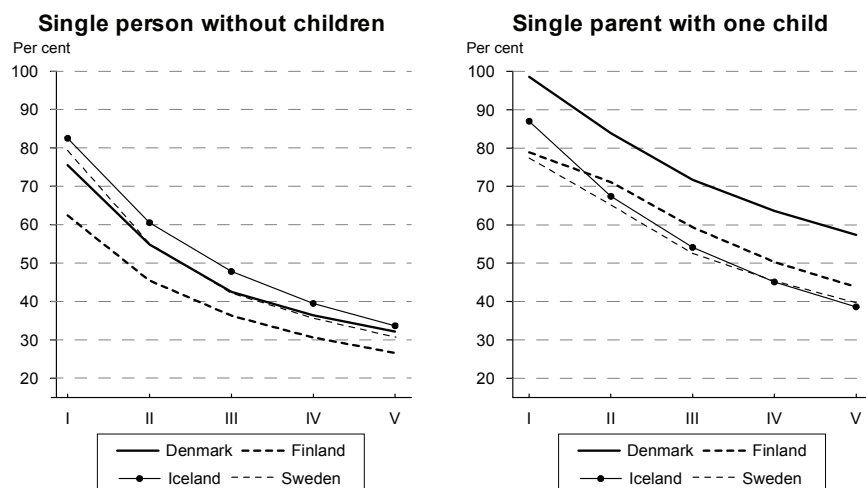
As to families with children, it makes a difference whether a supplement is payable for children, which is the case in Finland, Iceland and Norway. In addition, the amount of both housing benefits and charges payable for day-care institutions are adjusted in relation to income. This is important in relation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

Figure 5.3 Disposable incomes when receiving unemployment benefits as percentages of disposable incomes from work, 2005



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

Figure 5.4 Disposable incomes for non-insured individuals as percentages of disposable incomes from work, 2005



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

Job Training and Activation

In all the Nordic countries, focus is on activation. The lower age limit for the implementation of labour-market measures is 18 years in Denmark and Finland and 16 years in Iceland. In Norway and Sweden, the age limit depends on the measure in question. The purpose of the activation is primarily to qualify unemployed people for ordinary employment, but also to motivate them to apply for employment or education and training.

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

Unemployed recipients of daily cash benefits under the age of 25, who have not completed vocational training qualifying them for the labour market, are, after no later than 6 months of unemployment, entitled and obliged to receive an offer of education or training for a minimum of 18 months. The offer may be combined with other types of guidance and qualifying activities or with a traineeship. The benefit payable during the activity corresponds to half the amount of the daily cash benefit. Other unemployed recipients of daily cash benefits under the age of 25 and daily cash benefit recipients between 25 and 30 years have a right and an obligation to accept activation after no later than six months of unemployment by way of education, guidance and qualifying activities, traineeship or job training.

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

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

After a maximum of 13 weeks, unemployed recipients of cash assistance under the age of 30 are entitled to and obliged to accept an offer of activation or training for at least 30 hours per week for 18 months; however only for six months for people with an education/training qualifying them for work. Recipients of cash assistance of 30 years or more must be offered activation no later than 12 months after having been granted cash assistance.

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All recipients of cash assistance, apart from those over 30 years, who receive benefits, not only due to unemployment, are furthermore entitled to and obliged to accept a new offer of activation when they have received cash assistance for six months after termination of the first activation offer.

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

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

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

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

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

In Norway, increasing support has been given to the active labour-market policy during the 1990s. However, there has been a change in recent years in the use of measures in connection with job provision, in that focus to a higher degree than before has been put on the groups in the labour market that are most at risk and most in need of assistance. During the first part of the unemployment period, focus is on one's own activation and motivation for work. If this proves insufficient, jobseekers that are in need of more comprehensive assistance will be offered individual follow-up and guidance in his or her search for a job. Only after an unemployment period of six months will offers of labour-market measures be given as a rule. The individual's possibilities in the labour market will be enhanced through job training and qualification. The level and composition of the labour-market measures will be adapted to the labour-market situation. In 2005, some 13 000 people on average participated in various measures for ordinary job seekers. Groups with special difficulties

in the labour market, such as the long-term unemployed, immigrants and young people are given priority to those special jobs.

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

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

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

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

Moreover, support is given to employers, aimed at motivating them to hire an unemployed person by partly covering their expenses in connection with the employment of a person who needs extra introduction or training. In addition, people who are unemployed or at a risk of becoming so may in some cases be granted subsidies to start their own businesses.

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

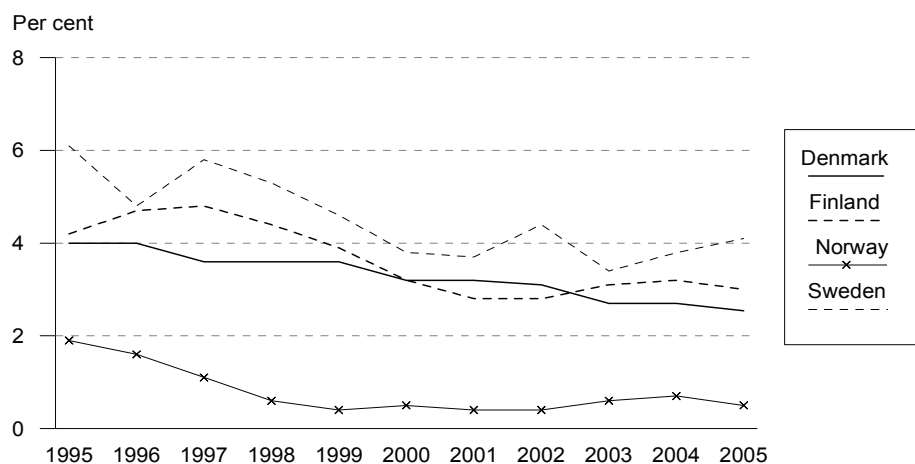
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Table 5.7 Number of activated people in 2005

	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>						
Total	244 818	32 041	70 159	7 580	2.5	2.1
Of whom:						
- Subsidized employment	96 740	10 632	33 050	2 605	1.2	0.7
- Education and training	97 555	6 476	20 624	1 474	0.7	0.4
- Other	105 616	21 495	16 485	3 501	0.6	1.0
<i>Finland</i>						
Total	213 683	58 404	79 531	16 152	3.0	5.0
Of whom:						
- Subsidized employment	87 121	12 498	34 230	4 505	1.3	1.4
- Education and training	62 276	12 563	29 217	4 356	1.1	1.4
- Other	64 286	33 343	16 084	7 291	0.6	2.3
<i>Iceland</i>						
Total	6 325	1 271	..	..	..	..
Of whom:						
- Subsidized employment	231	138	..	..	..	..
- Education and training	3 394	596	..	..	..	..
- Other	2 718	557	..	..	..	..
<i>Norway</i>						
Total	59 622	..	13 150	4 087	0.5	1.3
Of whom:						
- Subsidized employment	..	..	1 932	..	0.1	..
- Education and training	..	..	5 220	..	0.2	..
- Other	..	..	5 998	..	0.2	..
<i>Sweden</i>						
Total	595 138	..	185 986	..	4.1	..
Of whom:						
- Subsidized employment	141 391	..	87 883	..	1.9	..
- Education and training	314 019	..	56 887	..	1.3	..
- Other	139 728	..	41 217	..	0.9	..

Note: For further information, see Appendix 4 on www.nom-nos.dk.

Figure 5.5 Development in the activation in per cent of labour force at the time of calculation, 1995-2005



Services in Connection with Unemployment

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

Employment Service

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

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

As a rule, the unemployed must be members of the employment service, be actively seeking employment and in general be available to the labour market.

The unemployed must thus participate in activating measures and accept jobs provided by the employment service in order to maintain entitlement to unemployment benefits or other similar benefits. To the extent that the unemployed are unable to find work, the employment service will assist them in the job seeking by for example providing job-seeking courses. The employment service also provides jobs for the unemployed and manages the activation of the unemployed according to the rules applying in the various countries.

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

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

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

Expenditure on and Financing of Benefits in Connection with Unemployment

Differences and similarities in the expenditure on unemployment

The expenditure on unemployment reflects partly the extent of the unemployment, partly the amount of the daily cash benefits, and partly the extent of the activating measures provided for the unemployed. Measured in PPP per person of working age, Denmark spends the most, followed by Finland, while Norway and Iceland spend the least.

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

Changes in the Expenditure on Unemployment from 2004 to 2005

In Denmark, the expenditure on unemployment benefits decreased by about 12 per cent from 2004 to 2005 as a result of a large decrease in the unemployment rate from 6.4 per cent in 2004 to 5.7 per cent in 2005. Besides, there was a slight decrease in the expenditure on activated daily cash benefit recipients and recipients of cash assistance as a result of a limited decrease in the number of activated individuals.

In the Faroe Islands, the expenditure on unemployment increased by 7.4 per cent. The relatively large percentage increase should be seen in the light of the expenditure on unemployment making up a relatively small part of the total social expenditure, and a slight increase in the unemployment resulting in a steep percentage increase in the expenditure. The average unemployment rate increased by about 0.3 per cent from 2004 to 2005.

In Finland, the expenditure on unemployment decreased by 3.7 per cent, while the expenditure on services increased by 4.6 per cent. There was a drop in the number of unemployed people of 9 000, and the number of recipients of the various kinds of daily-cash benefits in connection with unemployment decreased. The number of people receiving unemployment pension also declined by 2 000 people. On the other hand the effort was concentrated on labour-market related adult education and training why the expenditure on these measures increased by 8 per cent in relation to 2004 at constant prices.

In Iceland, the expenditure on unemployment decreased by 23.9 per cent from 2004 to 2005 at constant prices. The expenditure on cash benefits decreased by about 28.5 per cent, as the number of days for which unemployment benefits were payable decreased. According to the AKU, the average unemployment rate decreased from 3.1 per cent in 2004 to 2.6 per cent in 2005.

In Norway, the expenditure on unemployment benefits decreased by 13.6 per cent at constant prices. Cash benefits decreased by 14.6 per cent (NOK 311 million). The decrease in cash benefits was mainly a result of a decrease in the expenditure on daily cash benefits which dropped by 14.2 per cent (NOK 1 651 million). The number of full-time unemployed people in percent of the labour force decreased from 5.2 per cent in 2004 to 4.7 per cent in 2005. The number of people in activation decreased by 14 per cent from 2004 to 2005.

In Sweden, there was an increase in the expenditure on unemployment of 0.5 per cent, which was mainly due to an increase in the expenditure on cash benefits in connection with job training.

UNEMPLOYMENT

Table 5.8 Expenditure on and financing of cash benefits in connection with unemployment, 2005

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
<i>Cash benefits, millions</i>						
A. Unemployment benefit	20 405	119	2 413	3 146	9 991	33 063
B. Partial unemployment benefit	-	-	65	-	-	-
C. Pension for labour market reasons	-	-	690	-	366	-
D. Cash benefits payable during vocational training	16 933	-	215	133	-	10 671
E. Compensating benefits	-	-	6	-	-	889
F. Other	-	-	-	-	-	-
Cash benefits, total	37 338	119	3 388	3 279	10 357	44 623
<i>Services, millions</i>						
A. Mobility and resettlement	-	-	2	-	-	69
B. Vocational training	-	1	242	-	312	3 621
C. Other	1 619	-	138	735	1 513	2 832
a. Of which employment services	882	-	138	735	1 508	-
Services, total	1 619	1	382	735	1 825	6 522
Total expenditure, millions	38 956	120	3 770	4 014	12 182	51 145
Expenditure as percentage of GDP	2.5	1.2	2.4	0.4	0.6	1.9
<i>Financed by (per cent)</i>						
- Public authorities	30.9	0.0	51.9	8.7	45.1	12.6
- Employers	0.0	50.0	35.3	91.3	32.5	80.5
- The insured (contributions and special taxes)	69.1	50.0	12.8	0.0	22.3	6.9
<i>Changes 2004-2005 in terms of 2005 prices</i>						
- Millions	-3 159	8	-109	-1 280	-1 916	261
- Per cent	-7.5	7.3	-2.8	-24.2	-13.6	0.5

Table 5.9 Expenditure on cash benefits in connection with unemployment in PPP 2005

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Cash benefits, total per capita	658	235	535	96	199	448
- Per capita of working age	1 013	380	817	150	310	703
Services, total per capita	29	3	60	22	35	66
- Per capita of working age	44	4	92	34	55	103
Unemployment, total per capita	687	237	595	118	234	514
- Per capita of working age	1 057	384	909	183	364	805

Chapter 6

Illness

The ratio of the expenditure on illness to the total social expenditure varies considerably. It is lowest in Poland and highest in Ireland.

Table 6.1 Expenditure in connection with illness as percentages of the total social expenditure in the EU, the Faroe Islands, Iceland and Norway, 2004

Denmark	20.6	Belgium	27.7	Hungary	29.5	The Netherlands	30.4
Faroe Islands	27.8	The Czech Republic	35.3	Ireland	42.1	Poland	19.5
Finland	25.5	Cyprus	24.1	Italy	25.9	Portugal	30.4
Iceland	34.8	Estonia	31.4	Latvia	24.5	Slovakia	30.1
Norway	33.1	France	30.0	Lithuania	29.5	Slovenia	32.7
Sweden	25.4	Germany	27.2	Luxembourg	25.0	Spain	30.8
Austria	25.0	Greece	26.5	Malta	27.0	United Kingdom	30.4

Note: See Table 4.1.

Paid Absence in Connection with Illness

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

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

ILLNESS

Table 6.2 Rules governing payment of cash assistance* to employees in connection with illness as per December 2005

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

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

- 1 The benefit period may be extended under special circumstances. This applies, for instance, where it is deemed likely that rehabilitation may be implemented, or where an application for disability pension has been submitted for consideration. In addition, a benefit period may be extended by 2×26 weeks in case of serious illness or an industrial injury.
- 2 Sickness benefits will neither be paid for the day on which an employee falls ill nor for the following 9 working days. During that period, employers pay full wages/salaries according to law.
- 3 In the public sickness insurance scheme.
- 4 In accordance with legislation, wages/salaries are payable during illness depending on the length of the employment period. After 1 year of employment, wages/salaries shall be payable for one month, increasing to three months after five years of employment. Most collective agreements contain agreements on pay during illness exceeding those three months.
- 5 During the employer period, there is a waiting period of one day. This also applies to people who are not employed. The employer period is 2 weeks as from 1 January 2005.

Table 6.3 Amount of sickness benefits payable to employees in connection with illness as per December 2005

	Denmark	Faroe Islands	Finland	Norway	Sweden
Amount of sickness benefit as percentage of income from work	100	100	Normally ²⁾ 70	100	80 ⁴⁾
Maximum income per week for full compensation ¹⁾	DKK 3 568	DKK 4 516	.	NOK 7 004	SEK 5 683
Maximum income per week for full compensation in PPP-Euro ¹⁾	340	431	.	619	514
Min. amount per week in national currency	.	.	EUR 91.2 ³⁾	NOK 584	SEK 145
Min. amount per week in PPP-Euro	.	.	75.4	52	13
Max. amount per week	DKK 3 267	DKK 3 613	.	NOK 7 004	SEK 4 546
Max. amount per week in PPP-Euro	312	345	.	619	412
Sickness benefit taxable?	Yes	Yes	Yes	Yes	Yes
Supplement for children?	No	No	No	No	No

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

2 70 per cent of the income from work up to EUR 27 468 per year; then 40 per cent of the part of the income between EUR 27 469 and 42 261 per year; after that 25 per cent.

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

4 As from 1 January 2005.

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

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

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

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

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

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

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

In Sweden, statutory sick pay is payable for 14 days. However, sick pay will not be payable on the first day of illness. The sick pay corresponds to the sickness benefit amount.

Sick Pay According to Collective Agreements and the Like

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

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

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

In Finland, employees in the public sector are paid in full during the first two months of illness and then 66-75 per cent of their wages/salaries. In the private sector, full pay is payable according to collective agreements for a period of one to three months varying from one industry to another.

In Iceland, employees are ensured pay during illness through collective agreements for a period longer than the statutory minimum depending on their seniority. Employees working for Central and Local Government are covered by the most favourable rules in that they may be paid in full for an entire year, if they have been employed for more than 15 years. Employers in the private labour market are obliged to pay 1 per cent of the wage sum to a supplementary daily cash benefit scheme that is administered by the various

unions. From those schemes, daily cash benefits are payable after the employer period, usually for 120-150 days. Due to these schemes, daily cash benefits from the public sickness insurance scheme are of little importance.

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

In Sweden, all employees in the public sector are paid wages/salaries according to collective agreements as a supplement to the sickness benefits. The sickness benefit 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 corresponding to about 90 per cent of their earnings. In cases where the period of illness exceeds 90 days, public employees shall be compensated by their employers at 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 employers pay compensation equalling 65 per cent of the part of the earnings that exceeds the income-ceiling amount of the sickness insurance scheme.

Sickness Benefits

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

In Denmark, employees are entitled to sickness benefits from the local authorities, provided they have been active in the labour market for the past 13 weeks prior to their absence and during that period have been employed for at least 120 hours. People who are entitled to unemployment benefits, or have concluded vocational training of a duration of at least 18 months, or have been in work-training schemes with pay, are also entitled to sickness benefits from the local authorities. As to self-employed people, it is a condition that they have been working for at least six months during the past 12 months, of which at least one month's work must have been carried out immediately prior to the illness. The compensation is 100 per cent of the income, but a maximum of DKK 3 267 per week.

For self-employed people, the sickness benefit is calculated on the basis of their income from work, and as is the case for wage earners, it must not exceed DKK 3 267 per week.

In the Faroe Islands, sickness benefits are payable to wage/salary earners and voluntarily insured people (self-employed people or people working from home). The income basis for employees is usually the average income from the past five weeks before the absence, however, a maximum of DKK 3 613 per week. For the self-employed, the income basis is the income from work in their businesses the preceding year and must at most amount to DKK 3 613 per week, as is the case for employees.

In Finland, sickness benefits are payable both to those in work and those who work for themselves (e.g. work in the home or study). No income-related sickness benefits shall be payable if the annual income from work amounts to less than EUR 1 055. Up to an annual income of EUR 27 468, the compensation rate is 70 per cent, after which the compensation will be gradually reduced. People with low or no incomes are granted minimum sickness benefits after a waiting period of 55 days.

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

In Norway, a condition for being awarded sickness benefits from the National Social Security Fund is that the ill person has been in work for at least four weeks immediately prior to falling ill. The income basis for sickness benefits must amount to at least 50 per cent of the basic amount, corresponding to an annual income of NOK 30 349. This income limit does not apply to sickness benefits payable during the employer period. The maximum amount of sickness benefits is NOK 364 194 per year.

Self-employed people have the same right as have wage-earners to sickness benefits if they lose any pensionable income due to lack of working capacity, sickness or injuries. A compensation will be payable from the 17th day of sickness at 65 per cent of the sickness benefit basis. When sickness benefits have been paid for 250 days within the past three years, 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 2005 was SEK 39 400. The compensation is 80 per cent, but only for an earned income of maximum SEK 295 500.

Waiting Periods

The rules governing waiting periods also vary from one country to another. In Denmark and Norway, there are no waiting periods for employees if a paid employer period exists. As to self-employed people, and people who work freelance, there is a waiting period of 14 days in Denmark and 16 days in Norway, which may, however, be reduced by a voluntary insurance. In Denmark, voluntary insurance may be taken out in order for a self-employed person to be entitled to sickness benefit from the first or the third day of absence. The insurance premium is higher for self-employed people, who wish to receive daily cash benefits from the first day of absence, than it is for self-employed people, who wish to receive daily cash benefits from the third day of absence. For self-employed people, who have taken out insurance, the daily cash benefits will amount to at least two thirds of the maximum amount of DKK 3 267 per week. Self-employed people may take out insurance (at a higher premium) that entitles them to the full maximum amount.

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

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

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

In the Faroe Islands, there is no waiting period.

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

In Norway, self-employed people can take out sickness-benefit insurance with coverage of either 65 or 100 per cent from the first day of illness or coverage of 100 per cent from the 17th day of illness.

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

Miscellaneous

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

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

In all the countries, sickness benefits are taxable income.

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

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

In Finland, sickness benefits are payable by the Social Insurance Institution; in Iceland, sickness benefits are payable by the Social Insurance Scheme; in Norway, by the National Social Insurance Scheme and in Sweden, by the insurance funds. In Norway, an activation requirement was introduced in 2004 in order for people to be entitled to sickness benefits. The sick person must as early as possible be tested in work-related activities, either in case of part-time absence due to illness or of an active report of sickness. If an employee is reported sick for more than eight weeks, there must be decisive medical grounds hindering activity. If the reason for lack of activity is not included in the statutory exceptions, payment of sickness benefits will be stopped. Physicians who repeatedly fail to comply with the new rules governing report of illness and documentation of lack of working capacity may risk losing their entitlement to issue medical certificates on the basis of which social benefits are granted. If an employee continues to be reported sick, the National Social Insurance Scheme may after no later than 12 weeks request a follow-up plan, which the employer must prepare in cooperation with the employee according to the Working Environment Act. Where an employer fails to comply with such a request, the National Social Insurance Scheme may impose a fine on the business.

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.

As can be seen from the figures, the compensation levels in connection with illness differ considerably. There is full compensation for illness to people in the lowest income brackets both in the Faroe Islands and in Norway. The differences depend partly on the amount of the daily cash benefits in relation to 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 respect of an annual income exceeding EUR 42 261.

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

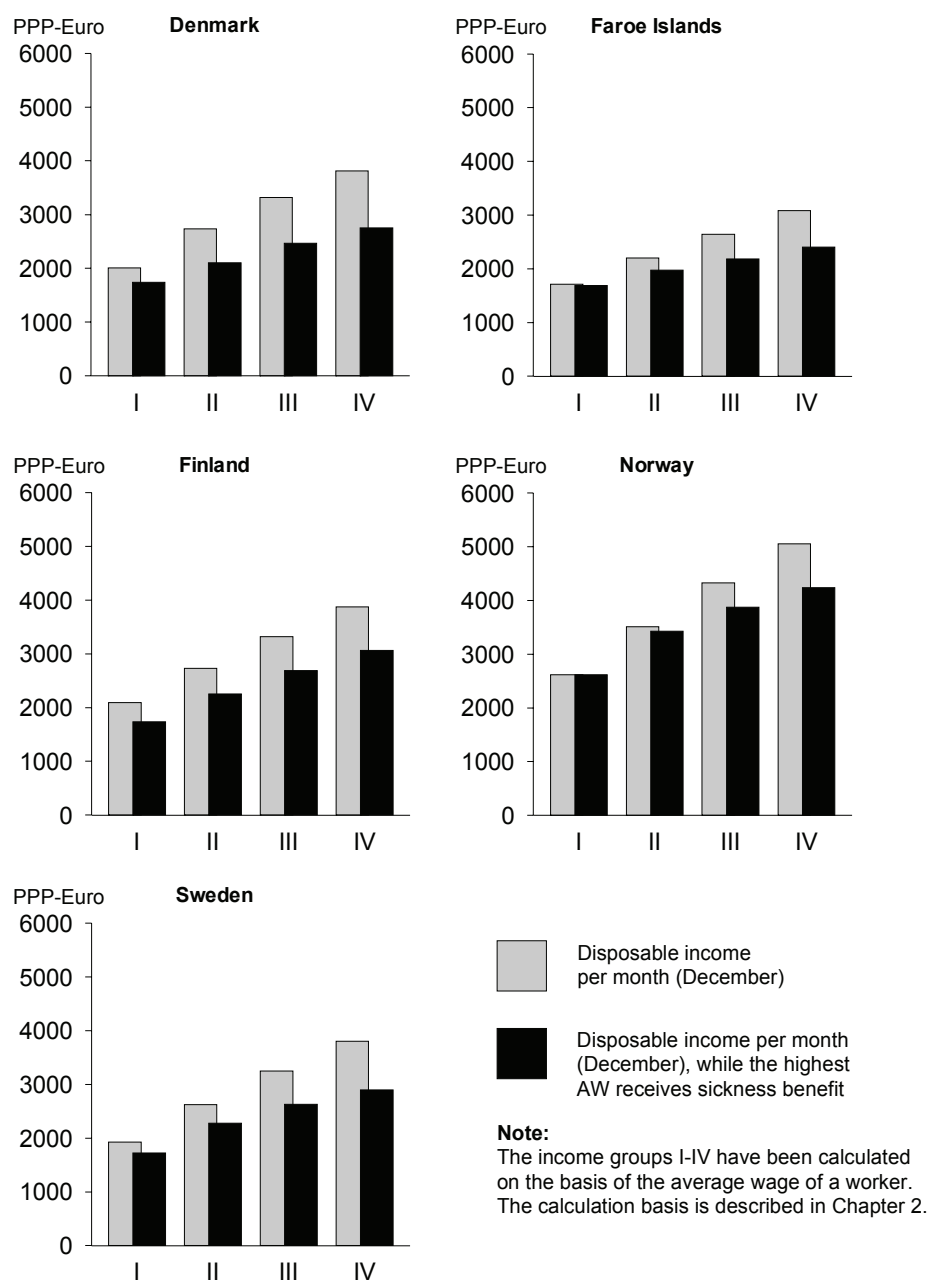
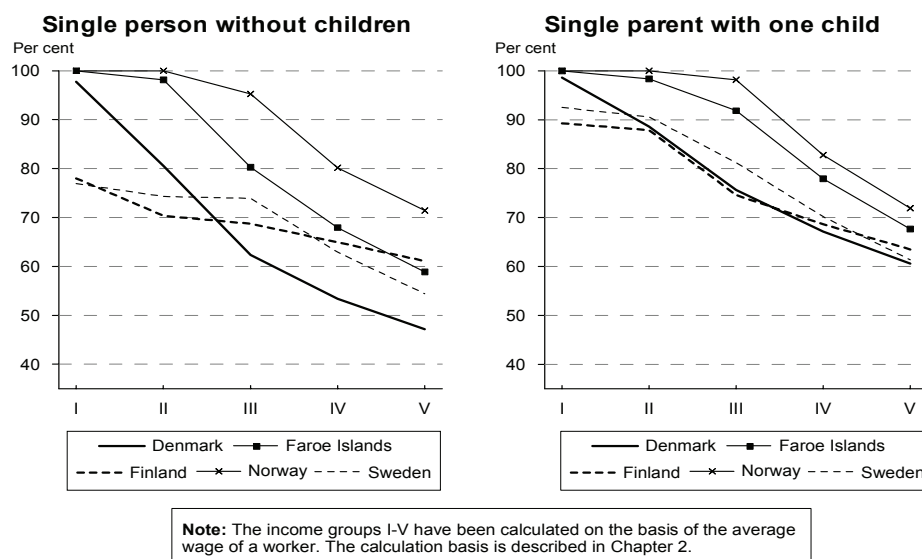
Figure 6.1 Disposable incomes for a childless couple, 2005

Figure 6.2 Disposable incomes when receiving sickness benefits as percentages of disposable incomes from work, 2005



Length of Absence Periods

The extent of the absence due to illness varies considerably from one country to another; it is least pronounced in Iceland, followed by Denmark, and most so in Norway and Sweden, where the absence in both countries has increased considerably since 1995, but with a slight decrease during recent years. In Denmark and Finland, the absence patterns were by and large unaltered. In 2004, there was a considerable decrease in the absence due to illness in Norway and Sweden. The decrease is related to the amendment of the rules and the introduction of a requirement for activity in the sickness-benefit scheme. The amendment has resulted in an increase in part-time absence due to illness.

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

Norway and Sweden. Converted into full-time equivalents, women receive sickness benefits to the largest extent.

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

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

In Denmark, part-time illness was 5.8 per cent of all current sickness-benefit cases in 2005, of which 6.4 per cent for women and 5.1 per cent for men. In Norway, 29.8 per cent of all concluded sickness-benefit payments from the National Insurance Scheme in 2005 was part-time absence. In Sweden, absence is about 19 per cent less, calculated as net days. In the other countries, it is not possible to be absent due to illness on a part-time basis.

Table 6.4 Employees' calculated absence due to illness for at least one week as percentages of all employees, 2005¹⁾

	Denmark ²⁾	Finland	Norway	Sweden
Men	1.5	2.1	2.6	2.8
Women	2.2	2.8	3.9	4.4
Total	1.8	2.5	3.2	3.6

Note: For further information, see Appendix 4 on www.nom-nos.dk.

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

2 15-66-year-olds.

Figure 6.3 Development in the calculated absence due to illness for at least 1 week among employees in per cent of all employed, 1995-2005

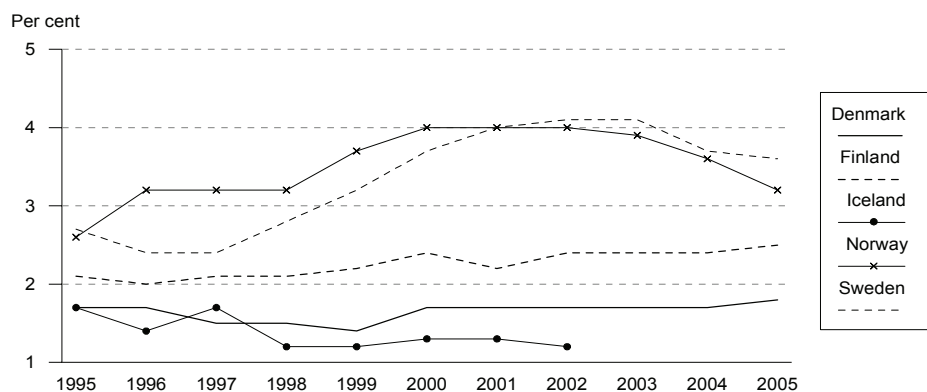


Table 6.5 Number of recipients of sickness benefits calculated as full-time equivalents, total and as percentages of the labour force broken down by gender, 2005

	Denmark	Faroe Islands	Finland	Norway	Sweden
<i>Total</i>					
Men	32 394	206	25 392	50 823	83 944
Women	42 680	137	27 894	68 673	143 184
Men and women	75 074	343	53 287	119 496	227 128
<i>Per cent of the labour force</i>					
Men	2.2	1.3	1.9	3.7	3.8
Women	3.3	1.1	2.2	5.9	7.1
Men and women	2.7	1.2	2.0	4.7	5.0

ILLNESS

Figure 6.4 Number of recipients of sickness benefits converted into whole-year persons in per cent of labour force, 2002-05

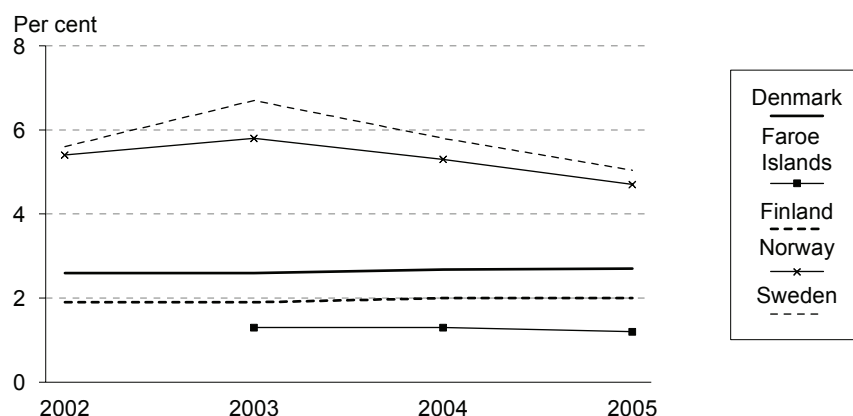


Table 6.6 Number of terminated sickness-benefit periods of at least 15 days (per cent), 2005

	Denmark	Faroe Islands	Finland	Norway ¹⁾	Sweden
<i>Men</i>					
Duration (days)	32.5	40.7	39.4	35.1	27.1
15-29	35.3	39.7	38.0	34.3	33.1
30-89	14.7	11.1	10.0	12.8	12.7
90-179	9.6	8.6	10.4	10.8	9.6
180-359	7.8	0.0	2.2	7.0	17.6
360+	32.5	40.7	39.4	35.1	27.1
Total	100.0	100.0	100.0	100.0	100.0
<i>Women</i>					
Duration (days)	29.5	43.0	43.2	34.4	26.4
15-29	29.5	43.0	43.2	34.4	26.4
30-89	35.7	39.0	39.0	35.3	33.4
90-179	15.1	11.5	8.4	13.9	12.6
180-359	10.4	6.5	8.0	10.4	9.0
360+	9.3	0.0	1.4	6.0	18.6
Total	100.0	100.0	100.0	100.0	100.0
<i>Men and women</i>					
Duration (days)	30.8	41.7	41.6	34.7	26.7
15-29	30.8	41.7	41.6	34.7	26.7
30-89	35.5	39.4	38.6	34.9	33.3
90-179	15.0	11.2	9.1	13.4	12.6
180-359	10.1	7.7	9.8	10.6	9.2
360+	8.6	0.0	1.7	6.4	18.2
Total	100.0	100.0	100.0	100.0	100.0

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

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

In Sweden, there is no limit to the period in which sickness benefit is payable, and consequently the benefit may be payable for more than one year of illness. In some cases, this may also occur in Denmark. The approximately 6.4 per cent in Norway of over 360 days also cover people who are ill for more than one year (365 days). They are not entitled to sickness benefits for more than one year, but will qualify for a rehabilitation benefit.

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

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

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

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

Services

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

In Denmark, Finland and Sweden, local and/or county authorities are responsible for the organization of the health sectors, while it in Iceland is Central Government and in the Faroe Islands the Government. In Norway, Central Government is responsible for the specialized health sector (first

and foremost hospitals) whereas local authorities are responsible for the primary health sector. In the present system within the primary health sector, everyone is attached to a specific general practitioner, as is the case in Denmark and the Faroe Islands.

Occupational health services have been established in Denmark, Norway and Sweden. The purpose of these services is to initiate preventive measures and exercise health control within the framework of the individual work places. In Finland, there is also a statutory occupational health service, which is responsible for preventive measures. This service may be supplemented by voluntary schemes, which may be preventive measures or general treatment of illness, subsidized by the sickness-insurance scheme. For the statistical data on this area, please see the NOMESCO publication *Health Statistics in the Nordic Countries*, which can be downloaded from www.nom-nos.dk.

Hospitals

- The Hospital Sector is Principally a Public Matter

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

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

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

Medical Treatment, Etc.

- Preventive and General Medical Treatment Takes Place Outside of Hospitals

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

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

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

In Norway, about 90 per cent of the general medical treatment is provided by self-employed general practitioners. This only applies to a slight degree in the other Nordic countries. It is thus estimated that self-employed general practitioners perform about 20 per cent of the general medical treatment in Sweden. About 20 per cent of the general medical treatment as well as treatment by specialists are in Finland performed by self-employed doctors. Doctors employed by the public authorities perform the remaining part at public health centres.

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

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

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

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

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

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

Dental Treatment

- Children and Youths Entitled to Dental Treatment Free of Charge

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

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

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

Differences and Similarities in the Expenditure on Illness

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

In respect of expenditure on paid absence due to illness, Norway spends considerably more than the other Nordic countries, measured as PPP per capita. This is largely due to the amount of the sickness benefits (cf. Table 6.3), but the low unemployment rate in Norway also affects the absence due to illness.

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

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

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

Changes in the Social Expenditure on Illness from 2004 to 2005

In Denmark, the expenditure on sickness benefits defrayed by the local authorities decreased slightly from 2004 to 2005 as a result of a minor decrease in the number of sickness-benefit recipients, and the average length of the sickness-benefit periods remaining almost unchanged. The calculated expenditure on sickness benefits in the employer period increased on the other hand from 2004 to 2005. The expenditure on services in the health-care sector increased by almost 3 per cent from 2004 to 2005. In particular the expenditure on the hospital sector increased.

In the Faroe Islands, the expenditure in connection with illness remained the same as in 2004, both as to cash benefits and services.

In Finland, the expenditure on illness increased a little slower than previously. The expenditure on sickness benefits increased by 4.3 per cent, while the cash benefits payable by employers decreased. The expenditure on the primary health-care sector increased by 5.2 per cent at 2005 prices, and the expenditure on specialized treatment increased by 5.8 per cent. The hospitals aimed to reduce waiting times for operations, and the number of operations increased. The expenditure on reimbursement of medicine increased by 5.2 per cent at constant prices.

In Iceland, the social expenditure on illness increased by 1.5 per cent at 2005 prices. The increase in the expenditure on cash benefits was 5.8 per cent and on services 0.4 per cent. The increase in respect of cash benefits was due to the wage increases that resulted in higher expenditure on daily cash benefits in the employer period. The rather moderate increase in the expenditure on services in relation to the preceding years was due to a cost squeeze in the health sector.

In Norway, the expenditure on illness decreased by 1.9 per cent at constant prices. Cash benefits declined by 10.6 per cent (NOK 5 473 million), while the expenditure on services increased by 2.8 per cent (NOK 2 649 million). The decline in the expenditure on cash benefits was mainly a result of less expenditure on absence due to illness (less 10.5 per cent, corre-

ILLNESS

sponding to NOK 5 505 million), while the expenditure on daily-cash benefits during the employer period decreased by 11.2 per cent (NOK 2 694 million). Sickness benefits payable by the National Social Security Fund decreased by 9.1 per cent from 2004 to 2005.

In Sweden, the expenditure on illness decreased by 1.5 per cent, which was primarily due to a decrease in the expenditure on the number of days for which sickness benefits were paid.

Table 6.7 Expenditure on and financing of cash benefits and services in connection with illness, 2005

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
<i>Cash benefits, millions</i>						
A. Paid sick leave	14 556	68	1 857	15 578	45 784	48 621
Of which:						
a. General sickness benefit	11 046	52	705	923	24 420	36 221
b. Daily cash benefits in employer period	3 510	4	760	.	21 364	11 300
c. Sick pay	..	..	230	14 368	..	..
d. Special insurance in the event of industrial injury or occupational disease	-	11	130	287	-	1 100
B. Other	440	-	-	-	437	78
Cash benefits, total	14 996	68	1 857	15 578	46 221	48 699
<i>Services, millions</i>						
Services, total	79 128	660	8 671	60 508	99 969	151 579
Total expenditure, millions	94 124	728	10 528	76 086	146 190	200 278
Expenditure as percentage of the GDP	6.1	7.0	6.7	7.4	7.4	7.5
<i>Financed by (per cent)</i>						
- Public authorities	91.5	98.7	71.0	79.1	65.0	69.8
- Employers	3.9	1.1	21.2	20.9	26.5	29.6
- The insured (contributions and special taxes)	4.7	0.1	7.7	0.0	8.5	0.6
<i>Changes 2004-2005 in terms of 2005 prices</i>						
- Millions	2 566	-14	435	1 153	-2 779	-3 044
- Per cent	3.8	-1.9	4.3	1.5	-1.9	-1.5

Table 6.8 Expenditure on cash benefits and services in connection with illness, in PPP 2005

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Cash benefits, total per capita	264	135	293	457	887	489
Cash benefits per person aged 16-64 years	407	217	448	710	1 381	767
Services, total per capita	1 395	1 302	1 368	1 775	1 918	1 523
Illness, total per capita	1 659	1 436	1 661	2 232	2 805	2 012

User Charges Payable for Health Services

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

Maximum User Charges

In Denmark, a new subsidy system based on need was introduced on 1 March 2000, where the subsidy granted depends on an individual's consumption of subsidized medicine. In 2005, subsidies to a consumption of medicine of less than DKK 520 per year shall not be granted, after which the subsidy will gradually be increased to 85 per cent of expenses exceeding DKK 2 950 per year. User charges must not exceed DKK 3 805 per year.

In the Faroe Islands, subsidies may be granted towards medicine to people with disabilities or permanent illnesses or weaknesses due to old age. No subsidy is payable to an expenditure of less than DKK 400 per quarter. After that the subsidy will amount to 100 per cent of the expenditure. As to pensioners, user charges payable will be DKK 200, 400 or 600 per quarter, depending on income.

In Finland, there is a so-called expenditure ceiling of EUR 590 in the municipal social and health sector. When the ceiling has been reached, treatment is free of charge. The ceiling applies to medical treatment in the primary health sector at health clinics, physiotherapy, on-going treatment, visits to outpatient clinics, day surgery and short-term stays at institutions within the social and health-care sector. 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 for out-patient treatment at hospitals in the primary health-care sector and at specialists' is ISK 18 000 per year for people in the age group 18-66 years and ISK 6 000 for children under 18 years. For pensioners between 67 and 69 years, who receive full basic pension, and for pensioners who are 70 years old or more and recipients of disability pension and people who have been unemployed for more than six months, the maximum user charge payable is ISK 4 500. When a patient reaches the maximum amount, he only has to pay one third of the rates. There are also special rules governing payment for physiotherapy, occupational therapy and other therapeutic treatment.

In Norway, the maximum user payment for medical treatment, psychological treatment and travel expenses in connection with examination and treatment as well as medicine was NOK 1 585 in 2005. Other expenses are covered by the State. The Social Security Scheme financed about 50 per cent of the total expenditure on pharmaceutical products in 2005.

In Sweden, a maximum user charge is payable per year for general medical treatment, physiotherapy, etc., and another maximum user charge for medicine.

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

Medical Treatment, etc.

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

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

In Finland, the amount will not exceed EUR 22 per year or EUR 11 per visit for the first three treatments in an outpatient clinic in the primary health sector. For temporary home nursing, EUR 11 is payable per visit by a doctor, and EUR 7 per visit by a nurse. For continuous care in the home, an amount is payable, which depends both on the extent of the care and on a patient's financial situation.

In Iceland, payment for medical treatment varies. As a rule, children and pensioners pay only one third of the normal user charges. For a visit to a specialist, user charges normally vary from ISK 3 289 to ISK 18 000, and for children and pensioners from ISK 1 336 to ISK 18 000. For visits to the

primary health-care sector, ISK 700 is normally payable, and children and pensioners pay ISK 350. Home nursing is free of charge.

In Norway, user charges payable for medical visits vary. In connection with visits to a general practitioner and visits to an emergency medical service during the day, user charges are NOK 125, whereas charges are NOK 150 for treatment by a general practitioner and NOK 265 for treatment by a specialist. For treatment outside of the daytime hours by the medical emergency service, user payment is NOK 210. No user charge is payable for home nursing.

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

Dental Treatment

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

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

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

In Finland, adults' payment of user charges for municipal dental treatment made up 22 per cent of the expenditure. Treatment of children under 18 years is free of charge. The sickness insurance fund reimburses part of the costs for dental treatment in the private sector. On average, patients' user charges totalled 65 per cent of the expenditure.

In Iceland, people over 67 years and disabled people are reimbursed between 50 and 100 per cent of the expenses, depending on their incomes. Children under the age of 18 are reimbursed an average of 55-60 per cent of the total costs.

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 under the age of 20 gets dental treatment for free. People over 65 years will receive a subsidy to dental treatment. People of the ages 20 to 65 years pay in principle the costs of dental treatment themselves.

Medicine

In Denmark, patients' share of the costs for medicine, including over-the-counter drugs, amounted to about 40 per cent. The National Health Insurance Service (the counties) financed about 56 per cent, and the local authorities financed about 3 per cent of the expenses.

In the Faroe Islands, patients' share of the expenses for prescription drugs amounted to 22.7 per cent. The Faroese health-insurance system defrayed 57.1 per cent of the expenditure, which should be considered as user charges and public subsidy on a solidarity basis.

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

In Iceland, patients pay a certain amount for prescribed drugs up to a maximum amount. The calculated user charges for this was 35.7 per cent in 2005, but pharmacies may give a number of discounts, for which reason the actual user charges cannot be calculated.

In Norway, user charges for reimbursed medication were in 2005 36 per cent of the subscription amount up to a maximum of NOK 490 per prescription.

In Sweden, user charges for subsidized medicine amounted to about one fifth of the total expenses for pharmaceuticals.

Hospitalization

In Denmark, the Faroe Islands, Iceland and Norway, hospitalization is free of charge. In Finland, a maximum of EUR 26 per day is payable for short-term hospitalization and EUR 72 for day surgery. Besides, EUR 15 are payable for each medical visit to the primary sector and for out-patient treatment. A maximum of SEK 80 per day is payable in Sweden, irrespective of the length of the hospitalization.

Chapter 7

Old Age, Disability and Surviving Relatives

Both in the Nordic and in other European countries, the expenditure on the elderly and the disabled forms a substantial part of the total social expenditure. The relatively small part of these expenses spent in the Nordic countries is first and foremost a result of enhanced efforts being made in respect of families, children, and unemployed people.

Table 7.1 Expenditure on the elderly, the disabled and surviving relatives as percentages of the total social expenditure in the EU, the Faroe Islands, Iceland and Norway, 2004

Denmark	51.1	Belgium	50.9	Hungary	52.8	The Netherlands	52.5
Faroe Islands	46.7	The Czech Republic	49.0	Ireland	28.6	Poland	71.7
Finland	50.1	Cyprus	52.7	Italy	67.4	Portugal	57.6
Iceland	45.2	Estonia	52.8	Latvia	59.7	Slovakia	49.7
Norway	48.7	France	49.4	Lithuania	57.5	Slovenia	52.8
Sweden	54.9	Germany	51.3	Luxembourg	50.0	Spain	51.2
Austria	56.5	Greece	55.9	Malta	57.9	United Kingdom	53.9

Note: See Table 4.1.

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 surviving relatives have been gathered in one chapter in this report. 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 ill-

ness. As to Sweden, it has only partly been possible to separate home nursing from the rest.

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

Early Retirement from the Labour Market

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

Figure 7.1 shows the employment rate for men and women in the age group 50-66 years in 2005, and Figures 7.2 and 7.3 show the development in the employment rate for 60- and 64-year-old men and women, respectively, for the period 1990-2005.

As it appears from Figure 7.1, men have a higher employment rate in general than have women. In all the Nordic countries, the employment frequency declines markedly with age in respect of both men and women. There are, however, also large differences from one country to another. In respect of both men and women, the highest employment rate is found in the Faroe Islands and in Iceland, and the lowest in Finland. These differences are mainly to be found in different occupational structures, with the resulting different damages to the health of the labour force, differences in the unemployment situation in the 1990s, as well as differences in the possibilities of withdrawing early from work with public income-substituting benefits.

Early retirement from the labour market is most common in Denmark and in 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 the Faroe Islands and Iceland, where there are no other public retirement schemes than health-related disability pension as well as a very limited unemployment problem. Sweden holds a position in between, both in respect of public retirement schemes and of the extent of the unemployment.

There are distinct differences amongst the countries as to the employment rate for the 60- and 64-year-old men and women, with the highest rate of em-

ployment found in the Faroe Islands and in Iceland and the lowest in Finland, followed by Denmark.

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, Finland and Sweden until the middle of the 1990s, the rate has risen again. 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 heterogeneous pattern.

Figure 7.1 People in employment as percentages of the population, broken down by age and gender, 2005

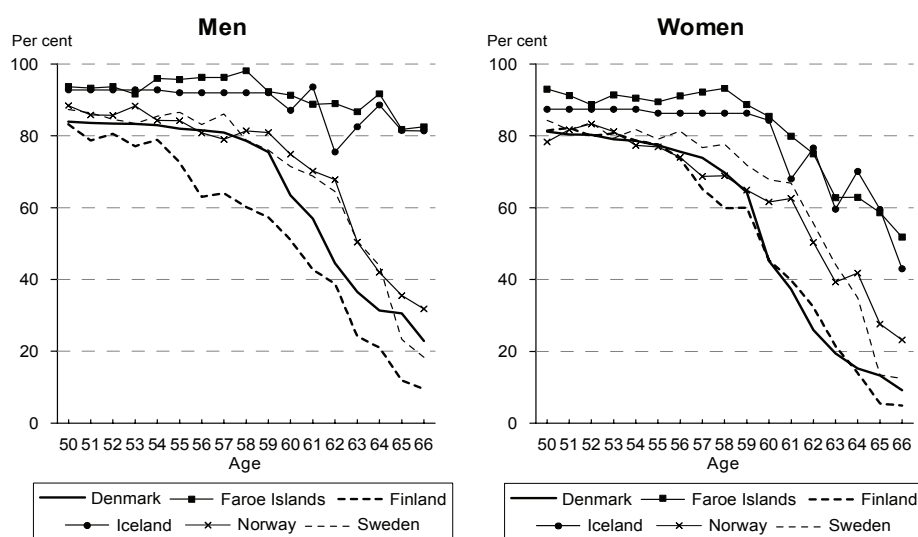
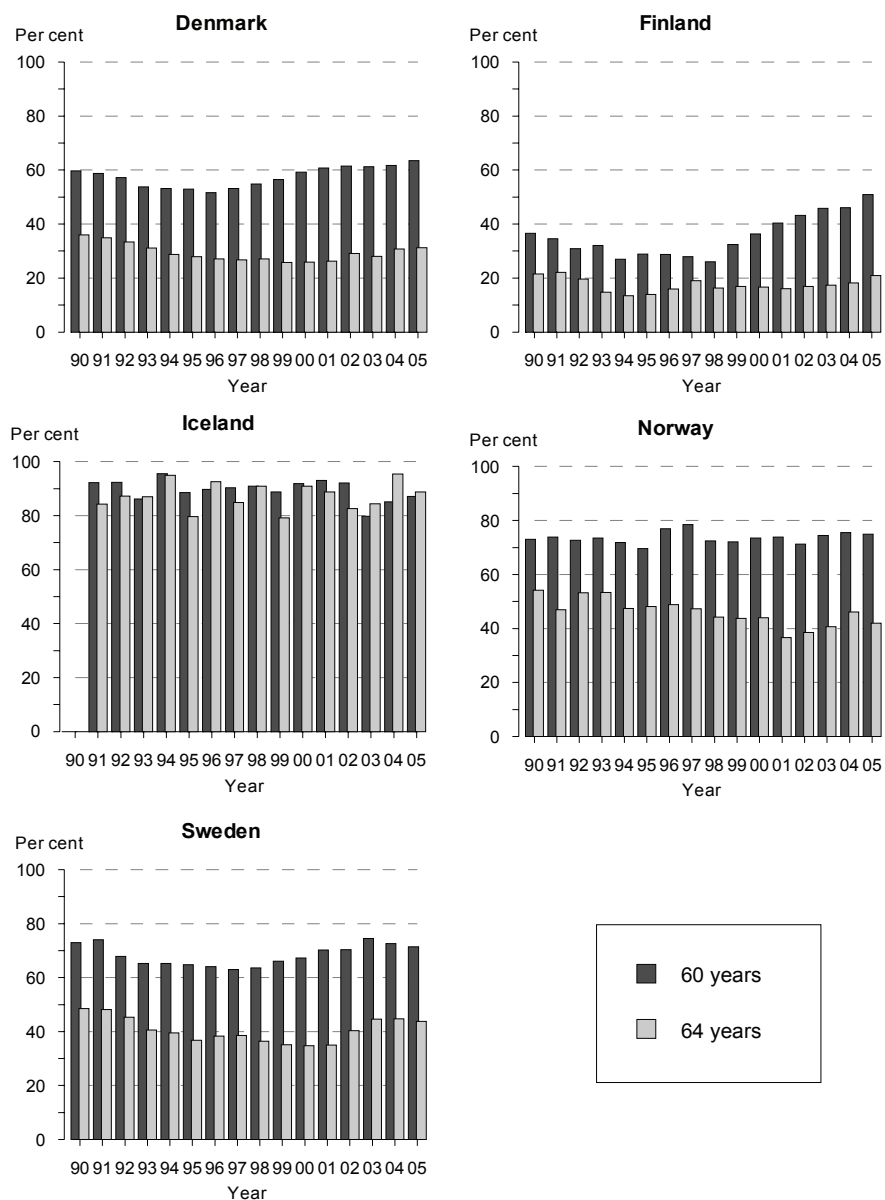
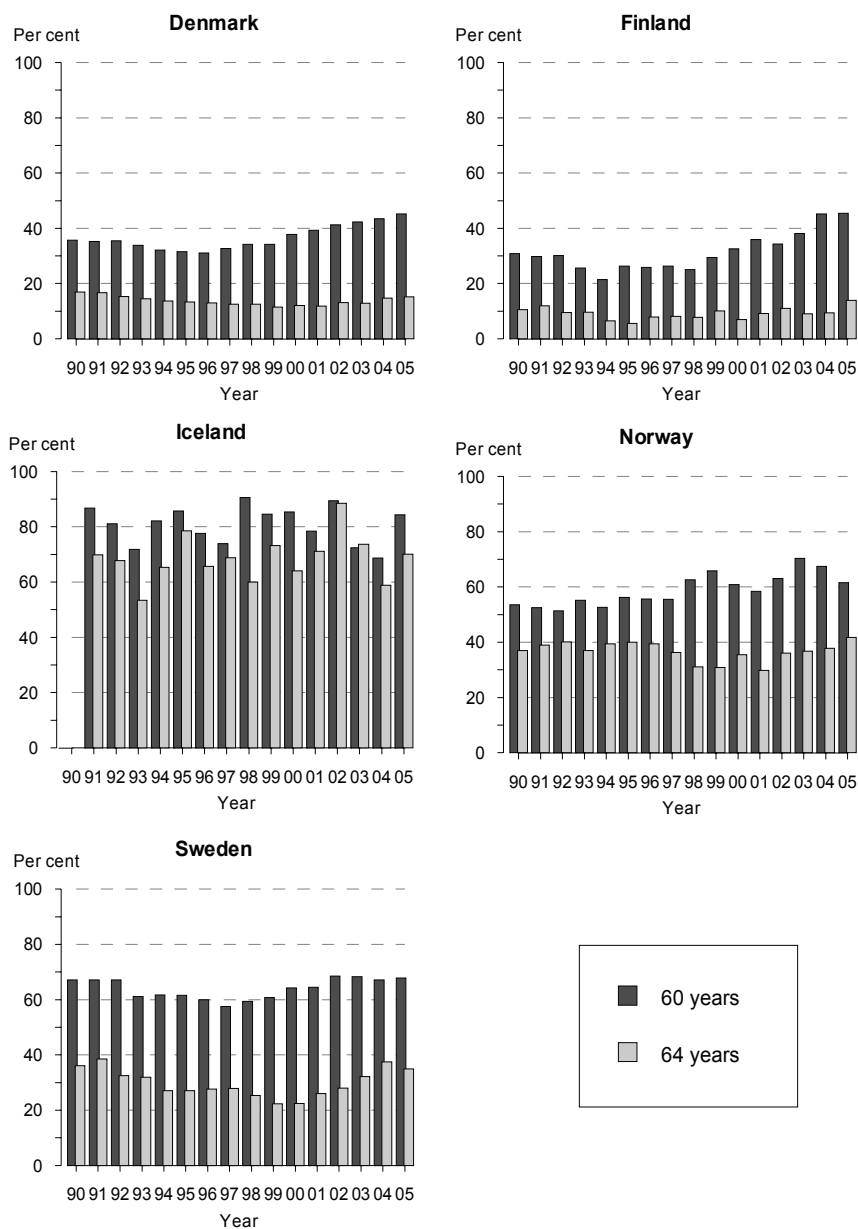


Figure 7.2 Men of the ages 60 and 64 years in employment. Per cent, 1990-2005



Note concerning Denmark: Calculation method changed as from 2002.

Figure 7.3 Women of the ages 60 and 64 years in employment. Per cent, 1990-2005



Note concerning Denmark: Calculation method changed as from 2002.

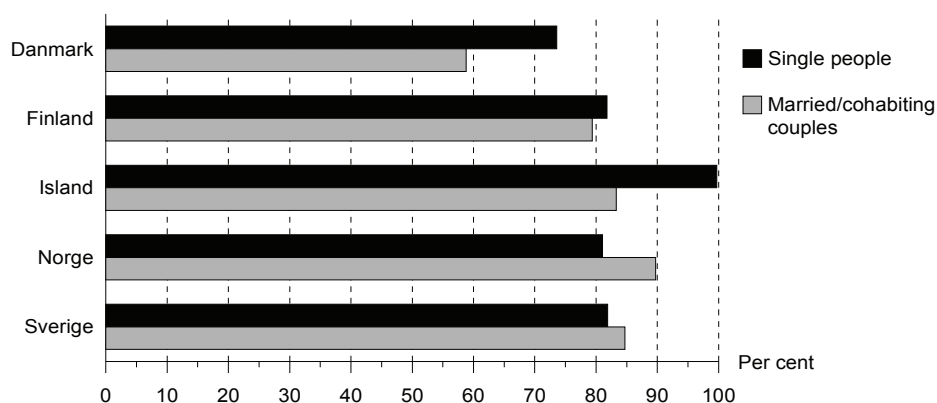
Pensioners' Incomes

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 incomes 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. Iceland defines a family in a different way, in that children over the age of 17 living at home count as independent families in the statistics, which is not the case in the other 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 have, however, a slightly higher income than in the other countries. This is due to a different family definition. Besides, the actual pensionable age is very high in Iceland.

In Denmark, Finland and Iceland, single people over 65/67 years have a relatively higher disposable income than have couples. As to single people over or under 65/67 years, respectively, the differences in the average disposable incomes are least significant in Iceland and most so in Denmark. As to couples, the difference is most significant in Denmark and least so in Norway. This is due to the employment pension being relatively small in Denmark. Incomes from supplementary pension schemes, which are included in Figure 7.4 (but not in Figure 7.7), probably play a more important part in Denmark and in Norway than it does in Sweden and in 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, 2004



Pensions

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

The various pension types are in this publication divided as follows: Pensions granted on the basis of health criteria are described under disability pension. As from 2003, the disability pension was replaced by an activity or sickness allowance. They have been included here instead of the previous disability pensions. The allowance may be granted from the age of 19 years and is reduced in relation to the previous disability pension. The rules governing the award of disability pension have furthermore become more restrictive.

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

tirement pensions. The Finnish unemployment pensions are included in Chapter 5, Unemployment.

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

Pension Structures and Income-Adjustment

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

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

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

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

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

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

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

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

In Finland, the employment pension is the most important part of the pension system, as 80 per cent of the pension expenditure stem from the employment pensions. Retirement pension depends on the amount of employment pension. No basic pension will be payable if the employment pension exceeds about EUR 1 035 per month.

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 play a rather insignificant part in Finland, however.

OLD AGE, DISABILITY AND SURVIVORS

Table 7.2 Pension recipients by type of pension, 2005¹⁾

	Denmark	Faroe Islands ²⁾	Finland	Iceland ³⁾	Norway ³⁾	Sweden
<i>Recipients of:</i>						
Basic pension/ guaranteed minimum pension	Everyone resident in the country for at least 3 years	Everyone resident in the country for at least 3 years.	Everyone resident in the country for at least 3 years	Everyone resident in the country for at least 3 years	Everyone resident in the country for at least 3 years	Everyone resident in the country for at least 3 years
Length of residence to obtain full basic pension	40 years	40 years	40 years	40 years	40 years	40 years
Employment pension	Employees	.	Employees and self-employed people	Employees and self-employed people	Employees and self-employed people	Employees and self-employed people
Supplementary pensions	Statutory for public-sector employees (civil servants)	Statutory for public-sector employees (civil servants)	-	-	Statutory for public-sector employees (civil servants)	-
	Public collective agreements	Public collective agreements	-	-	Public collective agreements	Public collective agreements
	Private collective agreements	Private collective agreements	-	-	-	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 ages of 15 and 65-67 in order to become entitled to a pension. Periods of employment in an EU Member State, or in another country with which a social-insurance convention has been concluded, may be taken into account in the calculation of compliance with the residence requirement. The rules governing employment pension in Denmark apply only to retirement pensioners.

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

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

Table 7.3 Supplements to the basic pension/guaranteed minimum pension, 2005*

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Child supplement</i>	No/Yes ¹⁾	Yes	Yes	Yes	Yes	No
- Income-tested?	No/Yes ²⁾	No	No	No	Yes	-
- Taxable?	No	No	Yes	No	Yes	-
<i>Supplements to people receiving only the basic pension/guaranteed minimum pension</i>	Yes/No ³⁾	Yes	. ⁵⁾	Yes	Yes	No
- Income-tested?	Yes	Yes	. ⁵⁾	Yes	Yes	Yes
- Taxable?	Yes	Yes	. ⁵⁾	Yes	Yes	Yes
<i>Housing benefit</i>	Yes ⁴⁾	No	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	No	Yes	No
- Income-tested?	-	-	-	-	Yes	-
- Taxable?	-	-	-	-	Yes	-
<i>Wife/spouse supplement</i>	No	No	No	No	No	No

* Besides, there is a relieve and nursing supplement to the disabled in all the countries, which is neither taxable nor income-adjusted, with the exception of Iceland, where the supplement is both income-adjusted and taxable.

- 1 Parents, who are retirement pensioners, or who have been awarded disability pension before 1 January 2003, are entitled to ordinary and special child allowances. According to the new rules from 2003, disability pensioners are only entitled to child allowance, if they are single providers (similar to all other citizens).
- 2 The ordinary child allowance is not income-adjusted as is the special child allowance.
- 3 Retirement pensioners and people who have been awarded disability pension before 1 January 2003 may be awarded a pension supplement in addition to the basic pension. Disability pension consists according to the new rules from 2003 of one total amount, which will be income-adjusted and is subject to tax.
- 4 Retirement pensioners and people who have been awarded disability pension according to the rules in force before 1 January 2003 may be awarded housing benefits depending on their income, the size of their accommodation and the rent. The benefit is not part of the pension. Disability pensioners do not qualify according to the new rules from 2003 for housing benefits, but for rent subsidies. Rent subsidy is less favourable than housing benefits.
- 5 The retirement pension is totally dependent on the employment pension. People who have either a small or no employment pension are guaranteed a minimum amount. The basic pension is taxable.
- 6 There are special pension supplements that are not directly linked to the housing expenses, but they are primarily given to pensioners who have high housing costs, and who live alone.

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

The statutory retirement pension in Finland depends on the amount of the employment pension and the supplementary pensions. The basic pension will not be payable if the employment pension exceeds EUR 1 017 per month.

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

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

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

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

In Finland, the statutory retirement pension is completely dependent on the employment pension. The full amount of the statutory retirement pension guarantees a minimum amount to people who receive only a small or no employment pension. The basic pension shall be payable if the employment pension does not exceed EUR 1 035 per month. Other incomes (other than pensions) do not affect the amount of the statutory retirement pension. Rent subsidies payable to pensioners depend largely on a pensioner's and any spouse's incomes. The value of a pensioner's and any spouse's accommodation is, however, not taken into account if they are owner-occupiers.

There are no income-tested supplements in general to people who receive basic pension (cf. Table 7.3), but such a supplement is, however, pay-

able 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 2005, there were 94 151 recipients of the front supplement.

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

In Norway, retirement pension is income-adjusted in relation to income from work for pensioners aged 67-70 years. Income adjustment ceases when a pensioner reaches the age of 70. The early-retirement pension is also income-adjusted in relation to income from work over a certain level. For all pensioners, the basic pension will be fixed according to marital status and income from work and capital of any spouse.

Married and cohabiting couples are treated equally.

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

Taxation of Pensions

In Denmark, Iceland and Sweden, pensioners are taxed according to the same rules as apply to other taxpayers. In the Faroe Islands and in Norway, tax rules are especially favourable for pensioners and in Finland for pensioners with low incomes.

Housing benefits to pensioners, as well as special supplements to disabled persons, are exempt from tax in all the countries, with the exception of Iceland. Child supplements payable to pensioners are exempt from tax in Denmark, the Faroe Islands and Iceland, but subject to tax in Finland and 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 (155 753 people) aged 60-65 years, as well as recipients of transition benefit (2 141 people) aged 58-59 years. As the widow's pension has been abolished in Denmark and in the Faroe Islands, the number of pension recipients in Denmark and in the Faroe Islands is overestimated in relation to the other Nordic countries. One reason for the high rates of pension in Finland to the 60-64 year-olds is that there are several early-retirement pension schemes, such as unemployment pension and an early-retirement pension as well as an individual early- retirement pension. After the law reform in 2005, it is possible to apply for work-related retirement pension between the ages of 63 and 68 years. Besides, there were 32 502 people in 2005 aged 58-64 years who received partial retirement pension. Were they to be included in the calculations, 71.3 per cent of the 60-64 year-olds and 23.0 per cent of the 55-59 year-olds would be pensioners.

In Sweden, it is no longer possible to receive partial retirement pensions. Individuals receiving sickness and activity allowance (which in the other countries is called disability pension) are included in the total number of pension recipients.

The age and gender compositions of the pension recipients differ somewhat from country to country. Especially 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.

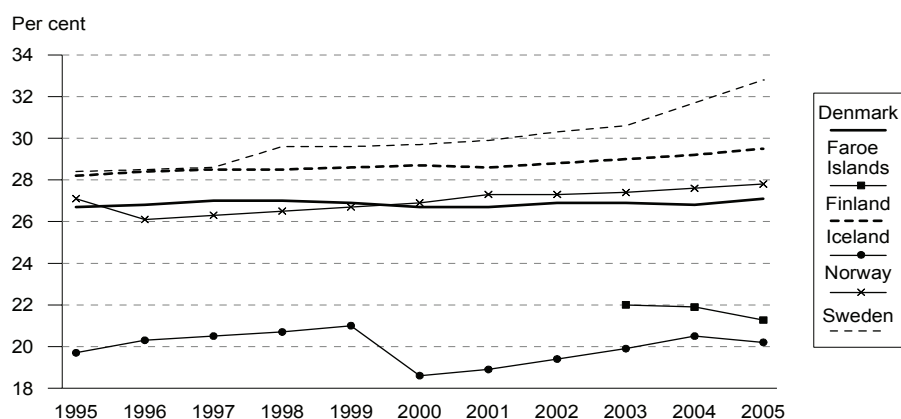
Table 7.4 Pension recipients by age and as percentages of the age group as at December 2005

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent
<i>Men</i>						
16-39 years	1.6	1.4	2.0	2.9	2.4	2.5
40-49 "	5.2	3.2	5.8	5.8	7.0	6.6
50-54 "	8.3	5.6	12.3	7.4	11.8	11.3
55-59 "	10.4	8.8	21.6	9.2	18.3	16.1
60-62 "	42.4	12.0	50.5	12.5	29.9	29.0
63-64 "	69.8	17.4	84.4	15.7	54.1	46.4
65-66 "	92.7	24.4	105.2	48.3	64.9	100.6
67+ "	104.5	97.2	104.7	99.4	104.3	106.3
Total	24.0	17.7	26.6	17.3	24.0	28.3
<i>Women</i>						
16-39 years	1.3	1.7	1.6	4.4	2.7	3.4
40-49 "	5.8	5.4	4.8	9.7	10.2	11.6
50-54 "	10.4	10.7	9.9	12.1	18.1	19.8
55-59 "	14.5	15.8	19.1	15.5	27.6	28.5
60-62 "	60.9	20.8	52.9	21.0	39.4	44.5
63-64 "	83.7	27.2	85.8	26.6	59.4	62.5
65-66 "	97.3	38.1	106.2	56.9	66.7	99.3
67+ "	102.2	100.3	103.9	100.7	103.5	104.0
Total	30.1	25.1	32.3	23.2	31.4	37.0
<i>Men and women</i>						
16-39 years	1.4	1.6	1.8	3.6	2.5	2.9
40-49 "	5.5	4.2	5.3	7.7	8.6	9.1
50-54 "	9.3	8.0	11.1	9.7	14.9	15.5
55-59 "	12.4	12.0	20.3	12.2	22.9	22.3
60-62 "	51.7	16.4	51.7	16.7	34.6	36.7
63-64 "	76.9	22.0	85.1	21.2	56.8	54.5
65-66 "	95.0	31.1	105.6	52.7	65.8	99.9
67+ "	103.2	98.9	104.2	100.1	103.8	105.0
Total	27.1	21.3	29.5	20.2	27.8	32.8

Note: For further information, see Appendix 4 on www.nom-nos.dk.

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

Figure 7.5 Pension recipients by age and as percentages of the age group 16/18 or older, 1995-2005



Old Age

Pensions to the Elderly

- *Various Forms of Transition to Retirement*

The qualifying age for basic pension/guaranteed minimum pension is 65 years in Finland and Sweden and 67 years in Denmark, the Faroe Islands, Norway and Iceland. In Denmark, the statutory pensionable age has been lowered from 67 to 65 years. The lowering of the qualifying age will be introduced gradually from 1 July 2004 to 1 July 2006. For individuals born before 1 July 1939, the pensionable age will remain 67 years, while it is 65 years for individuals born after 1 July 1939.

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 retirement age is optional between the ages of 63 and 68 years as from 2005. In the new Swedish pension system, the qualifying age for the employment pension is flexible from the age of 61 years.

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

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

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

In the Faroe Islands, there is no adjustment of the basic amount of the retirement pension, whereas all pension supplements and personal supplements will be augmented by 4 per cent per year. Besides, the special basic pension will be adjusted once a year.

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

In Denmark, it has since 1 July 2004 been possible to postpone the time of pensioning for up to 10 years and thus accumulate a life-long supplement to the retirement pension. In order to get the supplement, one must work for at least 1 500 hours a year corresponding to 29 hours per week during the period, in which the pensioning is postponed.

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

Basic Pension/Guaranteed Minimum Pension to the Elderly

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

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

OLD AGE, DISABILITY AND SURVIVORS

Table 7.5 Income for single people and couples, who have never had any income from work, at the time of pensioning, 2005

	Denmark	Faroe Islands	Finland	Iceland ²⁾	Norway	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
<i>Single people</i>						
- Basic amount	4 741	5 079	} 505	21 993	8 975	7 162 / 6 993 ³⁾
- Supplement	5 290 ¹⁾	3 074		88 043	5 005	-
- Housing benefit	1 565	-	294	-	3 970	4 626
- Total before tax	11 569	8 153	799	110 036	8 975	11 619
- After tax	8 290	7 733	799	96 507	8 975	9 949
- After tax in PPP-Euro	851	738	660	831	793	900
<i>Married couples (both pensioners)</i>						
- Basic amount	9 482	8 446	} 891	43 986	8 599	6 381 / 6 238 ³⁾
- Supplement	5 490 ¹⁾	4 524		129 682	8 026	-
- Housing benefit	1 825	-	319	-	-	4 615
- Total before tax	16 797	12 970	1 210	173 668	16 625	17 090
- After tax	13 420	12 452	1 210	164 117	16 625	14 171
- After tax in PPP-Euro	1 280	1 188	1 000	1 414	1 469	1 282

1 The supplement includes supplementary pension allowances of DKK 517 for single people and DKK 1 034 for couples.

2 The benefit payable to single people, who live alone, includes a supplement of ISK 18 833.

3 Guaranteed pension to people born in 1937 or earlier and people born in 1938 or later, respectively.

Moreover, pensioners with low incomes besides their pensions and high expenses for e.g. heating and medication may be granted a personal supplement. In 2003, a supplementary pension allowance was introduced (pensioner's cheque) to retirement pensioners, which is payable once every year in January. The supplementary pension allowance is income-adjusted and taxable. In 2004, the scheme was improved, as a basic personal deduction was introduced in the income before the supplementary pension allowance will be phased out. In 2005, the pensioner's cheque was increased by DKK 1 000 and the income adjustment was changed from krone-set-off with a basic personal deduction to use of a personal supplementary percentage. These improvements resulted in an increase in the number of recipients as well as in the average amount per recipient.

In the Faroe Islands, there is no income-adjustment of the basic amount of the retirement pension and the special basic pension. The ordinary pension supplement is adjusted in relation to a spouse's income. Pensioners, who live

in nursing homes, receive a special, reduced pension towards coverage of personal needs. This benefit amounted to DKK 821 per month in 2005.

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

In Iceland, the basic/minimum pension is adjusted according to special rules in relation to any other taxable incomes, such as one's own and any spouse's incomes. A supplement is payable in addition to the basic amount. The amount of this supplement depends on a pensioner's other income and on any spouse's income.

In Norway, the guaranteed minimum pension consists of a basic pension plus a special supplement. The special supplement is payable to people who do not qualify for employment pension, or who receive a very low employment pension.

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

Employment Pension to the Elderly

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

In Finland, the employment pensions are insurance based and cover all employees and self-employed individuals without any income ceiling. As from 2005, the pension is calculated on the basis of the total earnings in the period one has been in work. Previously, the pension was calculated on the basis of the past 10 years' earnings.

The pension is financed through contributions from employees and employers. In 2005, the average contribution for employers was 17.6 per cent of the earned income, and 4.6 per cent was for employees under the age of 53 years, and 5.8 per cent for employees aged 53 years or more.

In Iceland, the employment pension funds has paid out more since 2002 than what was payable as basic pension by the public authorities. In Nor-

way, 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. Payment into this pension scheme was suspended in 2004.

As it appears from Tables 7.6 and 7.7, there are large differences from one country to another as to how many people receive both basic and employment pension, and how many receive only basic pension. As it appears from Figure 7.6, the number of retirement pensioners increased from 2003 to 2005 in Denmark as a result of the lowering of the pensionable age from 67 to 65 years. In Finland, the number of retirement pensioners increased as a result of an increase in the share of the oldest age groups of the population.

In Norway, the decrease is due to the demographic composition of the population.

Table 7.6 Retirement pensioners, in total, and pensioners receiving basic pension/guaranteed minimum pension at year-end 2005

	Retirement pensioners, total			Retirement pensioners who receive only basic/ minimum pension				
	Total (1 000)	Men (1 000)	Women (1 000)	Total (1 000)	Men (1 000)	Women (1 000)	Men, per cent	Women, per cent
Denmark	808	347	461	227	57	170	25.1	74.9
Faroe Islands	6	3	3	.	.	.	.	.
Finland ¹⁾	940	382	558	66	12	52	18.2	81.8
Iceland	31	17	14	3	1	1	30.9	69.1
Norway	629	262	367	192	24	168	12.4	87.6
Sweden	1 684	591	796	161	20	141	12.4	87.6

Note: For further information, see Appendix 4 on www.nom-nos.dk.

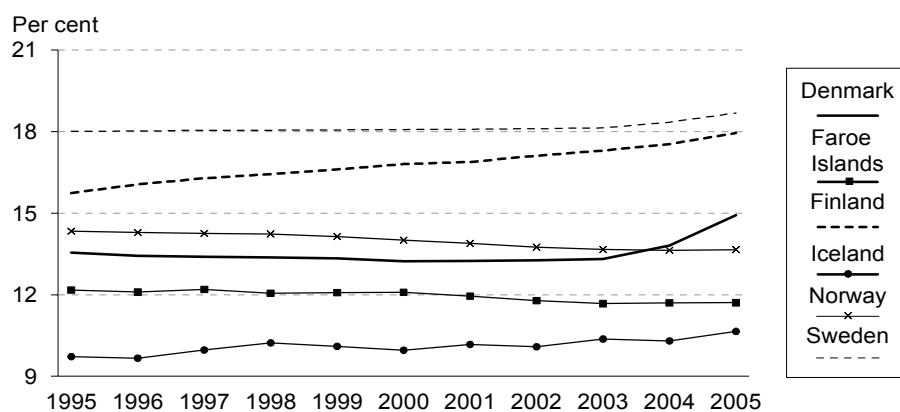
1 The figures comprise people who have been awarded retirement pension before time as well as retirement pensioners under 65 years.

Table 7.7 Pensioners receiving retirement pension by way of basic pension/guaranteed minimum pension and employment pension at year-end 2005

	Retirement pensioners who receive both basic/ minimum and employment pension					Retirement pensioners who only receive employment pension (new Finnish and Swedish system)				
	Total (1 000)	Men (1 000)	Women (1 000)	Men, per cent	Women, per cent	Total (1 000)	Men (1 000)	Women (1 000)	Men, per cent	Women, per cent
Denmark	581	290	291	49.9	50.1	..	..	..	..	..
Finland ¹⁾	417	132	285	31.7	68.3	457	238	219	52.1	47.9
Iceland	26	12	15	44.1	55.9	..	..	..	..	..
Norway	437	238	199	54.5	45.5	..	..	..	..	..
Sweden ²⁾	1 226	571	655	46.6	53.4	297	153	144	51.5	48.5

Note: For further information, see Appendix 4 on www.nom-nos.dk.

- 1 The figures comprise people who have been awarded retirement pension before time as well as retirement pensioners under 65 years.
- 2 Pensioners with basic and employment pensions are pension recipients according to the old system, while pensions according to the new Swedish system are the income-based pension plus any other kind of pension.

Figure 7.6 Development in retirement pensioners in percent of population, 1995-2005

Supplementary Pension to the Elderly

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

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

Pension Amounts

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

Table 7.8 Average payment of statutory retirement pensions (before tax) per month, 2005

	KR/EUR			PPP-Euro		
	Men	Women	All	Men	Women	All
Denmark ¹⁾	7 700	8 225	8 007	734	784	764
Faroe Islands ²⁾	6 218	6 796	6 507	593	648	621
Finland ³⁾	1 362	863	1 066	1 126	713	881
Iceland ⁴⁾	..	..	124 931	..	..	1 076
Norway ³⁾	13 761	10 032	11 586	1 216	887	1 024
Sweden ⁵⁾	11 762	8 428	9 901	1 065	763	896

1 Average payment of statutory retirement pension in January 2005 and calculated payment of own pension by way of ATP in 2005 per recipient of statutory retirement pension.

2 Average payment of retirement pension in May 2005 and payment of special basic pension. People in nursing homes, who receive a special, reduced pension, are not included.

3 Average payment of pension in December.

4 The retirement pension is a calculated amount based on the expenditure on both basic and supplementary pension/employment pension divided by the number of retirement pensioners taken from the tax register.

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

Figure 7.7 Disposable incomes (for single people without children) when receiving retirement pension (including employment pension) as percentages of disposable income from work, 2005

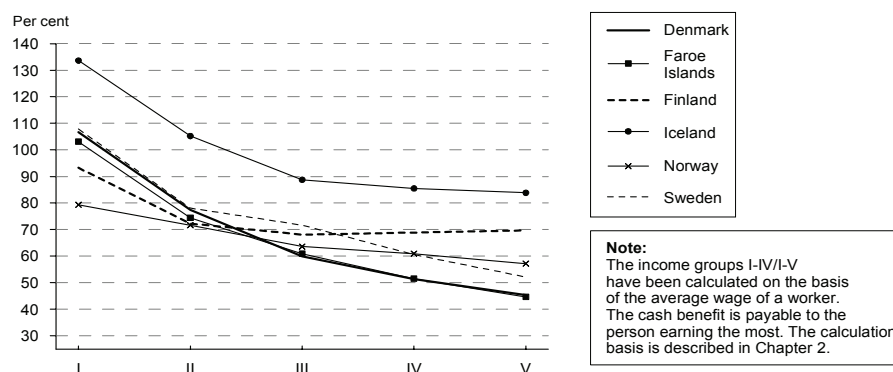


Figure 7.7 shows the disposable income at five different compensation levels (including the maximum amount of employment pension) for a single retirement pensioner without children, in per cent of the disposable income from work. As it appears from the figure, there are considerable differences in the compensation levels in relation to the transition to pension. This is above all due to the employment pension, which is very low in Denmark, but a full pension in the old Swedish pension system. This also applies to some extent to the Icelandic employment pension schemes. The very high compensation levels for the lowest income groups in Denmark, Finland and Sweden is a result of the relatively high amount of housing benefits payable to pensioners in those countries. The reason for the very high compensation level in Iceland is to begin with that it has been assumed that the recipients receive full compensation from the employment-pension scheme, which is 60 per cent of the previous wages. Secondly, the impact of the income adjustment for an average AW is not very large. In Norway, another important factor is that especially favourable tax rules apply to pensioners. Besides, the minimum pension is relatively high in Denmark, and the employment pension is generally high in Sweden. As from 2003, pensioners in Sweden pay tax according to the same rules as apply to people, who have an earned income.

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

Special Retirement and Partial Retirement Pensions

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

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

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

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

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

Table 7.9 Average monthly amounts of the special retirement/partial retirement pensions as per December 2005

	KR/EUR	PPP-Euro
<i>Denmark</i>		
Ordinary and increased ordinary disability pension ¹⁾	8 863	845
Voluntary early retirement pay ²⁾	11 164	1 065
Partial retirement pension ³⁾	5 770	550
Transition allowance ²⁾	11 078	1 057
<i>Faroe Islands⁴⁾</i>		
Lowest disability pension	5 959	568
<i>Finland³⁾</i>		
Partial retirement pension	555	459
Special pensions to farmers	801	662
<i>Norway⁴⁾</i>		
Pension fixed by collective agreement	14 661	1 296
Special pension to sailors	5 488	485
Special pension to fishermen	4 858	429

1 Average pension paid out in January 2005.

2 Average benefit amount paid out in 2005.

3 Average pension paid out in December 2005.

4 Average monthly amount, December 2005 (average annual amount in 2005 divided by 12).

Accession to this scheme was stopped by the end of 1995, for which reason the number of recipients has dropped considerably. Fourthly, partial pension, which is awarded to employees and self-employed people aged 60-66 years, who wish partly to retire from the labour market. Fifthly, flexi-benefit, which is a voluntary retirement scheme for people in flexi-jobs of the age group 60-66 years in line with the voluntary early-retirement scheme. By the end of 2005, 1 627 people received flexi-benefit.

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

In Finland, employees and self-employed people who have turned 62 years may as a rule be awarded early retirement pension according to the law reform in 2005. Early retirement reduces the pension, also after the recipient has reached the age of 63 years. All early-retirement pensioners have been included in the statistics on retirement pensioners. Self-employed people and employees, who have been working for a long time, may choose partial pension when they reach the age of 58 years. Farmers, who stop farming before reaching the pensionable age, may receive a special pension. The Finnish unemployment pensions are described in Chapter 5.

OLD AGE, DISABILITY AND SURVIVORS

Table 7.10 Pensioners receiving special retirement/partial retirement pensions, by gender and age, 2005

	Total	-49		50-59		60-64		65+	
		M	W	M	W	M	W	M	W
<i>Denmark</i>									
Ordinary and increased ordinary disability pension	47 261	5 120	5 438	7 391	11 448	4 740	10 657	642	1 825
Voluntary early retirement pay ¹⁾	157 894	.	.	643	1 498	60 290	79 542	7 816	8 105
Partial retirement pension	699	.	.	.	.	334	87	247	31
<i>Faroe Islands</i>									
Lowest disability pension	431	21	45	41	83	38	92	32	79
<i>Finland</i>									
Partial retirement pension	32 502	.	.	5 213	6 126	9 898	11 265	-	-
Special pensions to farmers	32 421	.	.	1 210	1 947	3 456	4 391	8 864	12 553
<i>Norway</i>									
Pension fixed by collective agreement	41 282	.	.	.	.	12 449	10 886	9 885	8 062
Special pension to sailors ²⁾	15 384	.	.	122		4 900		10 362	
Special pension to fishermen	1 892	..	..	..	..	..	..	..	..

1 Including 2 141 people in the age group 58-59 years receiving transition allowance. The transition allowance was introduced in 1992 as a temporary measure. Access to the scheme was discontinued as at the end of 1995.

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

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 National Social Insurance Scheme, and they function as special early retirement schemes for people under the age of 67. In the pension schemes for sailors and fishermen, retirement pension may be obtained from the age of 60, and in the pension scheme for woodsmen pension may be obtained from the age of 63. The scheme for woodsmen ceased to exist as per 31 December 2005.

In Sweden, it has not been possible to award new partial pensions since 2000.

Services to the Elderly

Institutions and Home Help, etc., for the Elderly

The majority of the older population lives in ordinary housing. Only a minority lives in housing specially adapted to older people. Such housing exists in all the countries, and the layout depends on the need 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. In all the countries, home help is provided to the elderly. The extent of the assistance is determined on the basis of individual needs and may vary from a few hours per month to several hours per day. With the exception of the Faroe Islands, the assistance is a municipal matter and is provided by municipal or privately employed staff.

The statistics concerning home help in the Nordic countries are not easily compared. While the figures for Denmark, the Faroe Islands, Norway and Sweden are situation-statements, the Icelandic and Finnish data contain information on how many people received help during the year. Besides, the Finnish statistics comprise households, whereas they for the other countries comprise individuals. The decrease in the ratio of elderly, who live in nursing homes, housing for the elderly, etc., and in the ratio of elderly, who receive home help from 2002 in Denmark (cf. Figure 7.8) is a result of changes in the statistics. Up until and including 2002, the statement thus includes persons aged 67 years and more, while it from 2003 includes persons aged 65 year and more.

Figure 7.8 People living at institutions or in service housing and people receiving home help in percent of the age groups 65 years or more, 2005

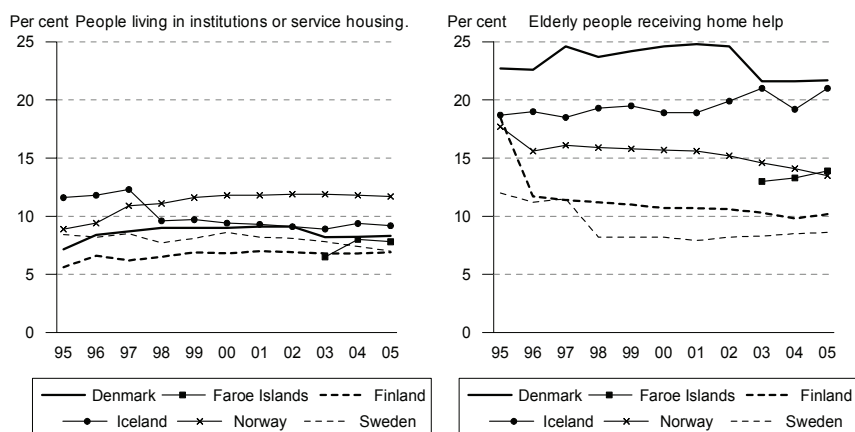


Table 7.11 People aged 65 and over living at institutions or in service housing, total and as percentages of the total number of elderly, December 2005

	Denmark	Faroe Islands ¹⁾	Finland	Iceland	Norway ¹⁾	Sweden ²⁾
<i>People of the ages</i>						
65-74 years	10 937	27	8 296	417	7 439	8 297
75-79 years	10 736	46	9 697	498	10 219	11 679
80+ years	46 573	373	40 046	2 300	53 369	80 468
Total, 65/67+ years	68 246	446	58 039	3 215	71 027	109 106
<i>As percentage of the respective age groups</i>						
65-74 years	2.5	1.0	1.9	2.3	3.0	1.1
75-79 years	6.8	3.4	5.4	6.5	7.3	3.7
80+ years	20.9	20.6	18.8	24.9	24.7	16.5
Total, 65/67+ years	8.3	7.8	6.9	9.2	11.7	7.0

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

2 Calculation as per 1 October 2005. Besides, people staying on a short-term basis are included in the age group 65+ years.

Table 7.12 Elderly, who receive home help, 2005

	Denmark ¹⁾	Faroe Islands ²⁾	Finland ³⁾	Iceland	Norway ⁴⁾	Sweden ⁵⁾
<i>Recipients of home help</i>						
65-74 years	} 66 789	107	13 754	..	10 160	16 640
75-79 years		147	41 361	..	13 770	20 272
80+ years	111 422	641	30 489	..	57 882	98 049
Total 65+ years	178 211	895	85 604	7 288	81 812	134 961
<i>Recipients of home help as percentage of the age group</i>						
65-74 years	} 11.1	3.2	3.1	..	4.1	2.2
75-79 years		11.0	13.6	..	9.9	6.5
80+ years	50.0	35.5	34.4	..	26.8	20.1
Total 65+ years	21.7	13.9	10.2	21.0	13.5	8.6

1 People of the age groups 65-79 and 80+ years, including residents in service housing, who receive home help.

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

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

4 Age groups 67-74, 75-79 and 80+ years. Including residents in service housing who receive practical assistance (home help) and home nursing. Recipients receiving home nursing only are not included.

5 People who as at 1 October 2005 have been granted home help and who live in their own houses or flats.

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 clothes mending. There are no centrally agreed policies regarding payment, but usually a fee is charged for the provision of meals, pedicure and gardening. Part of the activities may take place in the special centres for elderly people.

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

Disabled People

Health-Related Disability Pension

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

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

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

Disability Pension Basis

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

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

ber of years to come will make up the majority of disability pensioners in Denmark. In Denmark, disability pensioners do not receive employment pension.

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

In Finland, Iceland and Norway, disability pension is granted by way of a basic pension/guaranteed minimum pension and an employment pension according to the same rules as apply to retirement pensions. As from 2003, the disability pension has been changed in Sweden to the effect that an activity or sickness allowance will be awarded. The sickness allowance is a temporary allowance. The disability pension was part of the ordinary pension system, while the activity or sickness allowances are part of the sickness insurance system. People of the ages 30 to 64 years may receive the allowance for a limited period, depending on for how long one's working ability is estimated to be reduced. People of the ages 19 to 29 years may be awarded an allowance due to reduced activity. This allowance is always limited to one to three years. For the calculation of the employment pension, which is done on the basis of any previous income from work, the time up to the statutory pensionable age is usually included in Finland, Iceland and Norway. In Finland, the percentage for the disability pension for the period from the early retirement pension to the statutory pensionable age is, however, lower than it is for retirement pensioners.

In Iceland, a new age-conditioned benefit to disability pensioners was introduced on 1 January 2004. The aim is for people who become disability pensioners at an early age to be granted an increased basic pension, as the person in question has not had the opportunity to participate in working life and thus has not been able to accumulate employment pension. The benefit may be payable from the 18th year of age and will be reduced in relation to age, when one becomes a disability pensioner. Those who are 18 or 19 years of age when they are granted disability pension will receive twice the basic amount, which will be gradually reduced until the age of 66 years.

As from 2004, the disability pension scheme in Norway was divided into two benefits, a temporary benefit and a permanent disability pension. Temporary dis-

ability pension may be granted for a period of one to four years, when there is a certain possibility that the recipient may get back into the labour market either full time or part time. The benefit will be calculated as rehabilitation and disability benefits. The permanent disability pension will be calculated as before.

Circumstances Influencing the Number of Disability Pensioners

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

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

Also the other disability-pension schemes (which in this report are referred to as special retirement pensions) may affect the number of disability pensioners. The existence of schemes such as the voluntary early retirement scheme in Denmark and the unemployment pension scheme in Finland has contributed to there being fewer disability pensioners than would otherwise have been the case in those countries. In Norway, the AFP scheme (pensions fixed by collective agreements) affects the number of disability pensioners. Several surveys have shown that about 20 per cent of the AFP pensioners would have been disability pensioners, had the scheme not existed.

The amount of the disability pension, including pension supplements, is in principle either higher or equal to the pension awarded to retirement pensioners in all the countries. In addition, a number of special supplements may be payable in Denmark, prior to the disability pension reform in 2003, and in the Faroe Islands as well as an employment pension in the other countries, as mentioned above.

Compensation Levels

Figure 7.9 shows the compensation level for a single 50 year-old disability pensioner who has previously been in work, and who has completely lost his working capacity. In Denmark, the disability pension is independent of any

previous income. The disability pension in the other countries is calculated in relation to previous income from work.

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

Table 7.13 Average monthly amount of statutory disability pension (before tax), 2005

	KR/EUR			PPP-Euro		
	Men	Women	All	Men	Women	All
Denmark ¹⁾	11 628	11 035	11 316	1 109	1 052	1 079
Faroe Islands ²⁾	10 106	10 285	10 203	964	981	973
Finland ³⁾	1 065	866	972	880	716	803
Iceland	..	..	121 564	..	..	1 047
Norway	13 401	10 137	11 538	1 184	896	1 020
Sweden ⁴⁾	9 841	8 429	9 000	891	763	815

1 Amount of highest and intermediate disability pension on average and new disability pension in January 2005.

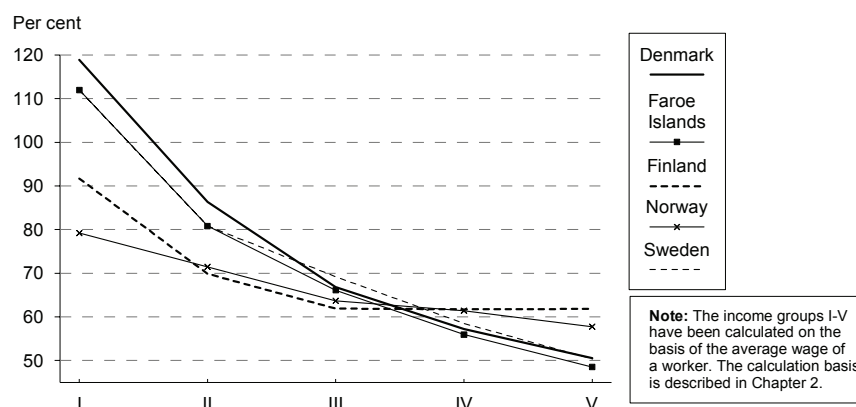
2 Average payment per month (average annual amount in 2005, divided by 12) in respect of the maximum and intermediate disability pensions.

3 Average pension amount as per December.

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

5 Average pension amount in December, including housing supplement. Sickness or activity allowances replaced the disability pension as from 2005.

Figure 7.9 Compensation level for a single 50 year-old disability pensioner with no working capacity left, 2005



Number of Disability Pension Recipients

In the period before the disability pension reform in 2003, there was an increase in the number of new awards of the intermediate and the highest disability pension in Denmark, whereas the number of new awards of the general disability pensions (special retirement pensions) declined.

After the disability-pension reform only one kind of disability pension may be awarded. The new disability pension may be awarded to people who suffer from a permanently reduced working capacity to such a degree that the person in question cannot maintain him/herself through employment on the usual terms or in a flexi job. The number of new awards in 2004 and 2005 in Table 7.14 thus comprises all awards of the new pension as well as a small number of new awards of the intermediate and maximum disability pensions according to the old scheme, for which applications had been submitted prior to 2003. The increase in the number of new awards up until 2004 is thus related to the fact that all new awards of disability pensions are now included here. From 2004 to 2005 there was, on the other hand, a slight decrease in the number of new awards of the new disability pension.

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

In Finland, there has been a decline in the number of disability pension recipients. This is a result of the qualifying age for individual disability pension having been raised, and to older long-term unemployed people receiving unemployment pension and consequently not applying for disability pension.

The number of disability pensioners continues to rise in Iceland, although there has been a decrease in new awards since 2003. The decrease in the number of new applications may be explained by a tightening of the rules governing award of disability pension as well as by changes in the labour market by way of a declining unemployment rate.

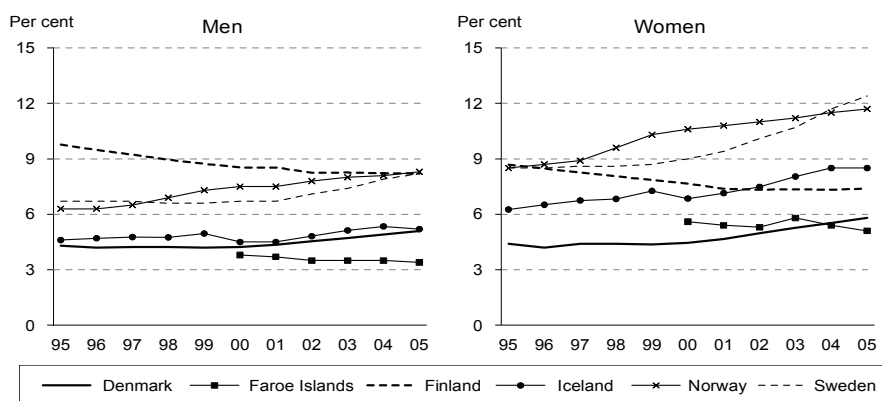
Table 7.14 Recipients of disability pension and new accession of disability pensioners, by gender, 1995-2005

	Denmark ¹⁾		Faroe Islands ²⁾		Finland		Iceland ³⁾		Norway ⁴⁾		Sweden ⁵⁾	
	M	W	M	W	M	W	M	W	M	W	M	W
<i>1995</i>												
Recipients	82 166	83 871	..	..	165 348	144 156	4 250	5 769	103 401	132 900	185 413	223 163
New accession	5 941	5 087	..	..	..	..	502	723	12 006	13 299	18 639	20 565
New accession as percentage of population of qualifying age	0.3	0.3	..	..	..	..	0.6	0.9	0.9	1.0	0.7	0.8
<i>2000</i>												
Recipients	81 426	83 367	603	753	147 022	129 247	4 172	6 108	119 160	160 413	189 727	248 216
New accession	4 332	4 237	126	97	13 004	11 691	378	801	13 529	16 150	21 303	27 934
New accession as percentage of population of qualifying age	0.2	0.2	0.8	0.8	0.8	0.7	0.4	0.9	1.0	1.3	0.8	1.1
<i>2004</i>												
Recipients	91 190	100 128	593	765	142 611	124 361	5 203	7 896	132 202	178 682	220 988	318 654
New accession	7 476	8 092	44	58	15 089	13 297	425	714	13 706	16 742	29 120	44 041
New accession as percentage of population of qualifying age	0.4	0.5	0.3	0.5	0.9	0.8	0.4	0.8	1.0	1.3	1.0	1.6
<i>2005</i>												
Recipients	93 464	103 738	578	734	143 463	125 965	5 216	8 029	135 806	183 885	225 309	331 480
New accession	7 037	7 676	41	38	14 835	13 913	158	394	14 283	17 302	24 337	35 971
New accession as percentage of population of qualifying age	0.4	0.5	0.3	0.3	0.9	0.8	0.2	0.4	1.0	1.4	0.9	1.3

Note: For further information, see Appendix 4 on www.nom-nos.dk.

- 1 The number of recipients in this table calculated as at the beginning of the year; in the other pension tables, as at year-end.
- 2 Also included recipients of the lowest disability pension, who belong under special retirement pensions.
- 3 Pensionable age 16-66 years.
- 4 Pensionable age 18-67 years.
- 5 Activity and sickness allowances replace the disability pension as from 2003.

Figure 7.10 Pensioners receiving disability pension by way of basic/minimum pension and/or employment pension as percentages of population 16/18-64 years, 1995-2005



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

In Table 7.14 and Figure 7.10, the Danish figures are inclusive of disability pensioners according to the new rules as a result of the disability-pension reform from 2003. In Sweden, the activity and sickness allowance replaces the disability pension as from 2003. New benefits are awarded to people of the age group 19-64 years.

Rehabilitation

People whose working capacity has been reduced due to physical, mental or social factors may be granted support to education, retraining and re-schooling where it is deemed necessary for their future possibilities to manage on their own and to support their families.

Support may also be granted towards meeting special expenses incurred by such education or training. Education may consist of training in the open labour market. Support is provided by way of wages/salaries or wage/salary supplements. In addition, special support may be granted towards acquisition of tools, etc., and towards setting up a business.

In Denmark, support is granted as a fixed rehabilitation allowance corresponding to the maximum amount of the daily cash benefits. Payment of

the rehabilitation allowance is subject to rehabilitation being initiated according to a fixed occupational plan. The allowance is payable until the occupational plan has been implemented, but usually for a maximum of five years. In respect of young people under the age of 25, the rehabilitation allowance 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 the Faroe Islands, rehabilitation benefit is payable when it is deemed necessary out of consideration for a person's risk of becoming ostracized from the labour market. The rehabilitation benefit is covered by the Act on Public Welfare, and the benefit is normally granted on the basis of need.

In Finland, rehabilitation benefits, which are payable by the Social Insurance Institution, equals the amount of the sickness benefit. The amount of the daily cash benefits from the accident- and traffic-insurance schemes as well as from the statutory employment-related pension scheme depends on the paying authorities.

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

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

In Norway, two different kinds of benefit may be granted to people undergoing rehabilitation. One is granted in connection with medical rehabilitation. This benefit is granted to people, who have exhausted their entitlement to sickness benefits, and whose working capacity is still reduced by at least 50 per cent. In order to be entitled to this benefit, recipients must be undergoing active treatment with a view to improving their working capacity. The other benefit is connected with occupational rehabilitation. The benefit will be granted in connection with measures that are deemed necessary and expedient for the recipient to be able to get or maintain a job. Rehabilitation may be schooling, work training, wage subsidies, etc. Both

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benefits are short-term benefits and will be calculated on the basis of any pensionable income paid during the past year, or as an average of the last three years prior to the working capacity becoming reduced by at least 50 per cent. Both benefits amount to a maximum of 66 per cent of the calculation basis up to six times the basic amount, which was NOK 60 699 as per 1 May 2005. The medical rehabilitation is administered by the social security authorities, while the occupational rehabilitation is administered by the labour-market authorities. The rehabilitation proper, both the medical and the occupational may be carried out in a co-operation between *inter alia* the health, labour-market, and social-insurance authorities.

In Sweden, a number of compensations and benefits are payable in connection with rehabilitation. A 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 7.15 People receiving rehabilitation benefit during the year and as at December 2005

	Denmark ¹⁾	Faroe Islands	Finland ²⁾	Iceland ³⁾	Norway ⁴⁾	Sweden ⁵⁾
<i>People receiving rehabilitation benefit during the year</i>						
Men	11 398	79	42 902	264	47 047	15 559
Women	20 424	95	62 237	478	54 157	33 739
Total	31 931	174	105 139	742	101 204	49 298
<i>People receiving rehabilitation benefit as at December 2005</i>						
Men	8 008	38	16 410	271	30 822	4 659
Women	15 138	62	20 876	536	37 591	10 217
Total	23 166	100	37 286	807	68 413	14 876

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 109 not stated, and total per December includes 20 not stated in respect of gender.

2 Includes rehabilitation benefits and services payable by the Social Insurance Institution.

3 Include only rehabilitation benefits that were paid by the Social Insurance Institute.

4 People, who have only received occupational rehabilitation benefits. Besides, 90 438 people received rehabilitation benefits on average in 2005, broken down by 38 296 men and 52 142 women. The number of people receiving the benefit by the end of December was 47 305 broken down by 19 635 men and 27 670 women.

5 Includes only people receiving rehabilitation benefit. The number of people receiving special benefits cannot be calculated. People, who received rehabilitation benefit as at 31 December 2005.

Compensation for Industrial Injury

In all Nordic countries, people who have suffered an industrial injury are entitled to either sickness benefit or an equivalent benefit in the event of a temporary loss of their working capacities. In case of long-term or permanent loss of working capacity, disability pension or a similar benefit is payable.

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

In all the countries, compulsory industrial-injury insurance funds have been established, but according to somewhat differing rules. The industrial-injury insurance fund pays out compensation for permanent injuries and for lost ability to work, either by way of a non-recurrent payment or of monthly payments. Normally, the industrial injury insurance fund also covers expenses for treatment that are not covered by the general sickness insurance scheme.

In Denmark, compensation is granted for the loss of ability to work if an industrial injury has reduced the working capacity by at least 15 per cent. In addition, a non-recurrent payment is payable if the degree of the permanent injury is 5 per cent or more. Compensation is calculated on the basis of 80 per cent of an injured person's previous annual income.

In the Faroe Islands, disability compensation will be granted where the industrial injury has reduced an injured person's ability to work by 5 per cent or more. The compensation is as a rule calculated on the basis of two thirds of a fisherman's guaranteed minimum wage.

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 incapacitated 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 an accident to a partly disabled employee shall also be reduced when he turns 65 years.

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

In Norway, one may be granted *disability pension* in the event that an industrial injury or a work-related accident reduces one's working capacity by 30 per cent, where a reduction of the working capacity of 50 per cent is normally required in order to be awarded *disability pension*. Compensation for disability will be awarded if the degree of disablement is 15 per cent or more.

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 an 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 to Disabled People

Institutions, Home Help, etc., for Disabled People

In all the countries, there is special housing available for people with reduced capabilities, such as:

1. Institutions (nursing homes/homes for the long-term ill).
2. Service housing (sheltered housing/service flats/collective housing).

Table 7.16 People under 65 years receiving home help, 2005

	Denmark	Faroe Islands ¹⁾	Finland ²⁾	Iceland	Norway ³⁾	Sweden ⁴⁾
Recipients of home help under 65 years, total	28 675	80	28 814	3 416	28 320	17 878
Recipients of home help as percentage of the age groups under 65 years	0.8	0.3	0.7	1.3	0.7	0.2

1 People under 67 years.

2 Households. Out of the 28 814, 5 662 were disabled.

3 Households under 67 years, including residents in service housing who receive practical assistance (home help). Comprises recipients, who receive both home nursing and practical assistance, and recipients who receive only practical assistance. Recipients receiving only home nursing are not included.

4 Includes people in their own homes who had been granted home help as at 1 October 2005.

Table 7.17 People under 65 years living at institutions or in service housing, December 2005

	Denmark ¹⁾	Faroe Islands ²⁾	Finland	Iceland	Norway ³⁾	Sweden ⁴⁾
Under 65 years, total	16 617	120	20 631	986	18 513	26 009
Under 65 years as percentage of the age group	0.5	0.5	0.5	0.4	0.5	0.3

1 Including special housing for the elderly.

2 Persons under 67 years.

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

4 Persons in permanent residence and short-term stays.

In addition to these special types of accommodation, disabled people may also, to varying degrees, be offered long-term medical treatment in hospital wards in the so-called long-term-care wards.

In all the countries, home help is provided to disabled people. The extent of the help is determined on the basis of individual needs and may vary from a few hours a month to several hours per day. The assistance is a municipal matter and is provided by municipal or privately employed staff.

As mentioned above, it is difficult to compare statistics on home help in the Nordic countries. While the figures concerning Denmark, the Faroe Islands, Norway and Sweden are situation statements, the Icelandic and Finnish data contain information on the number of people who received assistance during the year. Besides, the Finnish statistics cover households, whereas they in the other countries cover people.

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 65 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 people suffering from a considerably and permanently reduced physical or mental capacity, 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 2005, 1 825 people were covered by the schemes for employment of assistants.

Local authorities also grant 15 hours of accompaniment per month to persons under 65 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 2005, 13 909 people were covered by the accompaniment and contact-person schemes.

In the Faroe Islands, child-minding needs in families with disabled children, whose needs cannot be met in the general day-care institutions, has been solved by the employment of personal support persons. Support persons also serve as relief to the family and therefore meet a more comprehensive need than the one a traditional institution may provide.

People between 18 and 66 years who suffer from a permanently reduced physical or mental capacity may be granted personal help and assistance. The aim is that the disabled person may be given an opportunity to live an independent and active life. The disabled person and his/her support person jointly determine the purpose of the support and lay down an action plan with the contents of the hours of support.

In Finland, local authorities may improve a severely disabled person's course of life in his own home by granting a financial supplement towards payment of a personal assistant. This supplement is earmarked for severely disabled persons who are highly in need of the help of others to manage daily life. The need for help and support must be assessed by a doctor, and

where necessary, also by another employee from the social and health service. In 2005, 4 321 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, all local authorities must offer schemes for user-controlled personal assistance. The number of assistance hours shall be determined by an individual's need for help. What signifies this scheme is that the recipient of the help acts as a manager for the assistant and/or an employer 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 2005, 1 771 individuals received user-controlled assistance. For those who do not wish to receive assistance in this way, it is the local authorities' responsibility to offer some other kind of help, such as home help or a "support contact". The number of hours will be determined by an individual's need. Moreover, there is a function-assistants scheme for the disabled in work. The assistants are to provide practical help, during working hours, to people who are severely disabled, and are managed by the recipient. The aim is to enable severely disabled people to remain in normal employment and to enable those who have not previously been in the labour market to assume a normal job.

In Sweden, people are entitled to personal assistance if they, due to severe, permanent disabilities, need help with their personal hygiene, meals, dressing or communication with others (the so-called basic needs). Help may also be granted towards other needs in daily life, if these cannot be managed in any other way. Personal assistance is based on the condition that the assistance must provide a disabled person with increased 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 2005, about 16 500 people received personal assistance.

Rehabilitation

In all the countries, there are specialized institutions for retraining, assessment of working capacity and re-schooling of disabled people and other occupationally impaired groups. Furthermore, sheltered workshops have been established for disabled people who are unable to maintain a job in the open labour market.

In Denmark, people with reduced working capacities are offered training, assessment of working capacity, sheltered employment, etc., at rehabilitation institutions and sheltered workshops. At the end of 2005, these measures covered 23 202 people. People with permanent limited working capacities may furthermore find employment with private or public employers in flexi jobs or wage-subsidized sheltered jobs. Flexi jobs are given to persons who are not receiving any social pension whereas sheltered jobs are given to disability pensioners. At the end of 2005, there were 39 193 people in flexi jobs and 6 049 in sheltered jobs.

People, who have been approved for a flexi job, and who are unemployed, and people, who will become unemployed after employment in a flexi job, may according to special rules be granted a temporary benefit. At the end of 2005, 12 820 people received a temporary benefit for unemployed persons who have been admitted to the flexi job scheme.

In the Faroe Islands, people with reduced working capacities are offered assessment of working capacity, training, supplementary training courses, sheltered employment, etc., at a rehabilitation institution. The rehabilitation institution also provides short-term vocational courses. Furthermore, people with permanently reduced working capacities may, as in Denmark, be employed by private or public employers in wage-subsidized jobs.

In Finland, the Social Insurance Institution offers rehabilitation including assessment of working capacity. The health sector provides the largest part of the medical rehabilitation. The employment-pension funds initiate rehabilitation in order to prevent a person from becoming incapacitated for work or to improve his ability and capacity for work and to ease his return to the labour market. The accident and traffic insurances furthermore offer rehabilitation to their clients. War veterans may also undergo rehabilitation, and war invalids are offered rehabilitation at least every second year.

In Iceland, disabled people are offered retraining and education, sheltered employment in the open labour market or in sheltered workshops. The health sector is responsible for 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. Comprehensive occupational rehabilitation is offered to the extent necessary and expedient for the person in question in order for him to return to working life or to keep a suitable job. The aim of the occupational rehabilitation is to enable job seekers and employees of ill health to get a job on ordinary terms. Occupational rehabilitation is based on training, job training and guidance. Besides, there are permanent, sheltered work places. In 2005, about 61 190 people on average were making use of the various vocational measures.

In Sweden, people with reduced working capacities may participate in various labour-market measures via the employment service. A person who, due to a disability, cannot get a job in the open labour market may find employment at The Institution for Sheltered Work through the employment service. In the recruitment process, people with mental and intellectual incapacities as well as people with several disabilities are given priority.

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

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

Survivors

Pensions to Widows and Widowers

The increased participation by women in the labour market and changes in the distribution of income between spouses have contributed to the survivor's pension becoming less important. In Denmark and the Faroe Islands, pension to widows and widowers has been abolished. Pensioners, who cohabit with another pensioner, may in the event of their partner's death be paid a short-term survivor's pension consisting of both pensioners' total pension for three months. In the Faroe Islands, it is, however, necessary to be married to receive this benefit. The number of recipients of survivor's pension is not registered separately. A survivor's allowance is payable to non-pensioners in Denmark whose spouse or partner dies. The survivor's allowance is income and property adjusted and will be granted as a non-recurrent payment. In 2005, 566 people were granted survivor's allowance, of whom 408 people were under the age of 65.

In Finland, a prerequisite for being awarded survivor's pension is that the partners were married, and that the marriage had taken place before the age of 65. Registered partnership may also entitle to survivor's pension on the same terms. The pension paid is influenced by a survivor's own employment pension as well as by one's own pension, or one's own estimated employment pension. Within the employment-pension system, pension may also be awarded, if the survivor is under 50 years of age, and if the survivor has received disability pension continuously for at least three years prior to the spouse's death.

In Iceland, survivor's pension has been abolished as a basic pension, but is still being paid by the employment-pension scheme. In Norway and Sweden, entitlement to survivor's pension is subject to a survivor's ability to provide for him/her.

In Norway, pension is granted to surviving spouses, registered partners and cohabitants. Pension may also be granted to survivors if they have either previously been married to each other or have had joint issue. In Sweden, the current widow's pension shall lapse on a long-term basis for most survivors. In the old system, a condition for being awarded widow's pension was that one had been married no later than 1989. In Finland, Norway and

Sweden, widows and widowers are entitled to survivor's pension by way of basic pension/guaranteed minimum pension and employment pension.

The basic pension/guaranteed minimum pension shall be revoked when a survivor becomes entitled to the basic pension/guaranteed minimum pension from the retirement-pension scheme. The basic pension/guaranteed minimum pension shall also be revoked in the event that a survivor is awarded disability pension. Pension is payable to a survivor by way of an employment pension or a supplementary pension.

In Norway, there are favourable rules governing the employment pension in the Social Security Scheme's retirement- and disability-pension system for survivors. They may choose between 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 will also be granted.

Table 7.18 Pensioners aged 18-64/66 years receiving statutory survivor's pension, 1995-2005

	Denmark ¹⁾		Faroe Islands ¹⁾		Finland ²⁾		Iceland ³⁾		Norway ⁴⁾		Sweden ⁵⁾	
	M	W	M	W	M	W	M	W	M	W	M	W
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
2003	.	.	.	.	8 926	41 219	1 804	2 456	2 112	22 520	2 047	47 586
2004	.	.	.	.	9 128	40 586	1 974	2 570	2 124	22 085	2 314	46 210

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

2 Widows/widowers over 64 years may be granted survivor's pension by way of employment pension. In 2005, the number of pensioners over 64 years receiving survivor's pension was 187 802 women and 24 245 men.

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

4 Not including widows and widowers receiving disability pension.

5 Includes widow's pension to people under 65 years as well as transition pension and special pension to surviving relatives. The transition period has varied during the period and was in 2005 12 months. Survivor's pension was income-adjusted from 1997-2002. As from 2003, all pensioners pay tax according to the same rules as apply to income from work.

Table 7.19 Average monthly amount of statutory survivor's pension, (before tax) 2005

	KR/EUR			PPP-Euro		
	Men	Women	All	Men	Women	All
Denmark	.	.	.	.	.	.
Faroe Islands	.	.	.	.	.	.
Finland ¹⁾	178	486	447	147	402	369
Iceland	..	..	..	..	..	..
Norway	4 544	6 874	6 669	402	608	589
Sweden ²⁾	6 467	6 393	6 397	585	579	579

1 Amount paid on average as at December.

2 Average amount as at December 2005 to pension recipients under 65 years by way of widow's pension, transition pension and special pension to surviving relatives from both basic pension and income-based pension.

Child Pension

- Children are Secured in Case of Parents' Deaths

In all the Nordic countries, child pension has been introduced by way of a basic pension and an employment pension. Child pension is granted to children under 18 years if one or both parents have died. In Denmark and in the Faroe Islands, a special child allowance is granted to orphans and to children who have lost one of their parents.

In Finland, Iceland and Norway, child pension may be payable until a child turns 21 years if the child/youth receives education, whereas it in Sweden is up to and including the month of June, the year in which the child turns 20 years. In Iceland, a fixed amount is granted by the public authorities, which is payable to those providing for the children, but the pension varies from one labour-market pension fund to another. If both parents have died, the double amount is payable. The Employment Pension Fund also pays child pension to the providers. In Norway, this applies only if both parents are deceased. Child pension, which is granted due to education or vocational training to young people in the age group 18-20 years is payable according to the Social Assistance Act. In Norway, the pension may in exceptional cases be granted to 21 year-olds.

In Denmark, the Faroe Islands, 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 7.20 Children receiving child pension by way of basic pension and/or employment pension, total, 1995-2005¹⁾

	Denmark	Faroe Islands	Finland	Iceland ²⁾	Norway	Sweden
<i>Number of children receiving child pension</i>						
1995	17 590	213	29 338	1 325	13 658	31 208
2000	17 278	201	28 476	1 300	14 074	29 570
2004	17 701	167	26 109	1 321	14 039	31 927
2005	17 506	179	25 694	1 375	14 075	32 333
<i>As percentage of children of the qualifying age groups</i>	1.5	1.3	2.0	1.8	1.3 ³⁾	1.5 ⁴⁾

1 Entitled were, in 2003, children of widows and widowers as well as orphans; in Finland, Iceland, Norway and Sweden, children under 18 years (in some cases up to 20 years). As to Denmark and the Faroe Islands, child pension has been listed with orphans and children of widows and widowers receiving the special child supplement.

2 Only basic pension.

3 In per cent of children 0-17 years.

4 In per cent of children 0-19 years.

Table 7.21 The average monthly statutory amount of child pension (before tax), 2005

	Denmark	Faroe Islands	Finland	Iceland ¹⁾	Norway ²⁾	Sweden
KR/EUR	910	877	280	16 586	1 923	2 559
PPP-Euro	87	84	231	143	170	232

1 Amount paid on average per month from public authorities.

2 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 and Sweden spend the most on

cash benefits to the elderly, and the Faroe Islands spend the least. Regarding expenditure on retirement pensions, calculated in PPP per pensioner, Norway, Denmark and Sweden spend the most and the Faroe Islands the least. As regards services, calculated as PPP per person aged 65 years or older, expenditure is highest in Iceland and lowest in Finland.

The low expenditure on services to the elderly in Finland must be seen partly in connection with part of the services for the elderly being provided at Finnish health centres and partly in connection with relatively high user charges.

In total, Denmark and Sweden spend the most and the Faroe Islands and Iceland the least on the elderly, calculated as PPP per capita. The low expenditure in Iceland is due to the high employment rate among the elderly compared with the other Nordic countries.

In respect of cash benefits per capita to the disabled, Norway spends the most, which is due to the fact that medical rehabilitation is included under rehabilitation, but under illness in the other countries (included in the sickness benefits). The Faroe Islands and Finland spend the least on cash benefits per capita, and Norway spends the most on disability pension per disability pensioner, while Finland spends the least. The expenditure on services to the disabled is highest in Sweden and lowest in Finland. In total, Norway spends the most and Finland and the Faroe Islands 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 2004 to 2005

In Denmark, the expenditure on retirement pensions increased sharply by about 8 per cent as a result of the gradual lowering of the pensionable age from 67 to 65 years as from 1 July 2004 and the improvement of the supplementary pension (pensioner's cheque). There was also a considerable increase in the expenditure on the ATP and the employment pensions. The lowering of the pensionable age has on the other hand resulted in a decrease in the number of recipients of a voluntary early retirement of almost 17 000 from 2004 to 2005 and thus a considerable decrease in the expenditure. To this should be added a decrease in the expenditure on the ordinary and the increased ordinary disability pensions under the special retirement pensions as a result of a decline in the number of pensioners of 10 900 from 2004 to 2005.

These disability pensions are being phased out as a result of the disability pension reform from 2003.

The total expenditure on the maximum and the intermediate disability pensions and on the new disability pension after the reform increased from 2004 to 2005 as a result of a slight increase in the number of disability pensioners of about 1 400 despite the lowering of the pensionable age. The expenditure on industrial-injury insurance furthermore increased from 2004 to 2005. Moreover, there was an increase in the expenditure on care and nursing, etc., for both the elderly and the disabled. There was also an increase in the expenditure on measures concerning people with reduced working capacities, including people in flexi jobs.

In the Faroe Islands, the expenditure on the elderly increased by 3.3 per cent from 2004 to 2005, which was mainly a result of an increase in the averagely paid pension. The expenditure on services increased by 3 per cent. More institutional places were provided for the elderly, which increased the running costs. The expenditure on cash benefits to the disabled remained almost the same with an increase of 0.2 per cent. The disability pension was adjusted by 4 per cent, but as the access to the scheme was limited, the expenditure on cash benefits decreased by 1.2 per cent. The expenditure on services to the disabled increased by 4.1 per cent due to increased expenditure on rehabilitation of 13 per cent, while the expenditure on institutions, etc., also increased by 3 per cent. There were no changes in the expenditure on surviving relatives.

In Finland, the number of retirement pensioners (including early retirement pensioners) increased by 22 760 people, and the expenditure increased by 4.8 per cent at constant prices. The large increase was a result of the pension reform entering into force, and the pensionable age becoming more flexible. Three year-groups were entitled to retire and take out pension. The average retirement pension was 2.1 per cent higher in 2005 than in 2004 at constant prices. The expenditure on care and nursing of the elderly increased by 1.7 per cent at constant prices.

The number of disability pensioners declined by 1 965 people, and the expenditure on disability pensions remained the same in 2005 as in 2004 at constant prices. The expenditure on services to the disabled increased by 3.1 per cent at constant prices.

The expenditure on survivor's pension increased by 1 478, whereas the number of recipients of child pension decreased by 415 children.

In Iceland, the expenditure on the elderly increased by 3.6 per cent from 2004 to 2005 at constant prices, which was mainly due to the expenditure on employment pension increasing year by year. It was also due to an increasing

wage level and to an increase in the number of employment pensioners. At the same time, the expenditure on the basic pension at constant prices was due to an unchanged number of recipients and to changes in the way in which payment of the basic pension is calculated. The amendment of the Act entered into force in 2005, after which data concerning payment of basic pensions once a year will be linked with tax data on pensioners' other incomes (such as income from work). As a result of the linkage it turned out that pensioners have been paid higher basic pensions than they were entitled to. That means a drop in the expenditure on basic pension to compensate for the preceding overpayment. The expenditure on services increased by about 3.4 per cent at constant prices, where the expenditure on institutions increased by 4.3 per cent, which was mainly a result of increased wage costs.

The expenditure on the disabled increased by 4.8 per cent at constant prices, where the expenditure on services increased by 3.2 per cent and cash benefits by 5.6 per cent. The basic pensions increased by 3.9 per cent, and the employment pension by 11.5 per cent, which was due to an ongoing increase in the number of disability pensioners, but less than the year before. The expenditure on care for the disabled and rehabilitation increased, which was mainly due to the wage development for the employees. On the other hand, the expenditure on survivors increased by only 0.8 per cent at constant prices.

In Norway, the expenditure on the elderly increased by 3.9 per cent at constant prices. The expenditure on the disabled increased by 3.1 per cent, whereas the expenditure on survivors decreased by 0.8 per cent. The increase in the expenditure on the elderly was a result of an increase in the expenditure on retirement pension, including especially increasing expenditure on supplementary pension. While the number of recipients of retirement pension increased by 3 669 from 2004 to 2005, the number of people entitled to a supplementary pension increased by 6 929 people in the same period. The increase in the expenditure on the disabled was largely a result of an increase in the expenditure on cash benefits. Payment of disability pension increased by 4.9 per cent from 2004 to 2005 at constant prices. This was mainly due to an increase in the expenditure on the basic pension (13.4 per cent). The number of disability pensioners increased by 2.8 per cent from 310 844 in 2004 to 319 691 in 2005. The decrease in the payments to surviving relatives was a result of decreasing pension payments, while the decrease in surviving spouses with pension from the National Social Security Fund dropped by 1.7 per cent from 2004 to 2005, the expenditure decreased by 1.0 per cent.

In Sweden, the expenditure on the elderly increased by 2.2 per cent at constant prices, which was entirely due to the increasing number of retirement pensioners. The largest increase in the expenditure took place in the expenditure on

cash benefits, as the increase in the number of pensioners especially concerns youngish retirement pensioners, who are not in need of service to a large extent.

The expenditure on the disabled increased by 5.2 per cent at constant prices, which is mainly due to an increase in the number of disability pensioners (sickness and activity allowances). The expenditure on survivors decreased by 0.8 per cent due to a decrease in the number of elderly receiving survivor's pension.

Table 7.22 Expenditure on and financing of pensions, other cash benefits and services to the elderly, 2005

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
Cash benefits, million						
A. Retirement pensions	112 993	490	10 976	43 636	96 988	246 152
Of which:						
a. Basic/Minimum pension	71 437	435	1 763	19 993	38 997	29 622
b. Employment pension	6 657	-	8 905	23 643	46 976	162 563
c. Supplementary pension	34 899	34	308	-	11 015	53 967
B. Special retirement pensions	29 093	31	902	-	2 551	-
C. Partial retirement pension	60	-	224	-	110	-
D. Other	24	18	89	-	-	484
Cash benefits, total	142 170	540	12 192	43 636	99 649	246 636
Services, million						
A. Institutions, etc.	1 856	188	634	17 168	18 485	47 447
B. Assistance to carry out daily tasks	25 008	95	434	882	12 698	19 106
C. Other	1 340	20	438	903	3 292	2 870
Services, total	28 203	302	1 505	18 953	34 475	69 423
Total expenditure, million	170 374	842	13 697	62 589	134 124	316 059
Expenditure as percentage of GDP	11.0	8.2	8.7	6.1	6.9	11.8
Financed by (per cent)						
- Public authorities	54.0	80.3	20.6	28.7	51.5	33.7
- Employers	23.6	11.3	63.6	55.0	29.3	45.0
- The insured (contributions and special taxes)	22.4	8.4	15.8	16.4	19.1	21.3
Changes 2004-2005 in terms of 2005 prices						
- Million KR/EUR	4 978	27	514	2 209	5 064	6 922
- Per cent	3.0	3.3	3.9	3.7	3.9	2.2

OLD AGE, DISABILITY AND SURVIVORS

Table 7.23 Expenditure on and financing of pensions, other cash benefits and services to disabled people, 2005

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
Cash benefits, million						
A. Disability pensions	27 655	164	3 213	22 392	49 678	70 172
Of which:						
a. Basic/Minimum pension	27 655	164	752	16 236	20 528	14 745
b. Employment pension	-	-	2 081	6 156	24 668	47 118
c. Supplementary pension	-	-	13	-	4 482	8 309
B. Early retirement benefit due to reduced working capacity	4 939	8	164	-	-	-
C. Care allowance	-	-	76	-	3 019	3 492
D. Subsidies to financial integration of the disabled	10 249	-	89	-	18 463	2 001
E. Other	2 951	10	279	197	298	-
Cash benefits, total	45 794	183	3 821	22 589	71 458	75 665
Services, million						
A. Institutions, etc.	9 282	100	164	4 702	750	15 469
B. Assistance to carry out daily tasks	5 546	49	309	214	3 371	21 790
C. Rehabilitation	2 817	48	511	5 273	9 669	4 458
D. Other	2 053	45	458	333	1 479	9 826
Services, total	19 699	242	1 441	10 522	15 269	51 543
Total expenditure, million	65 493	425	5 263	33 111	86 727	127 208
Expenditure as percentage of the GDP	4.2	4.1	3.3	3.2	4.5	4.8
Financed by (per cent)						
- Public authorities	69.0	93.0	37.0	41.7	40.9	43.6
- Employers	8.4	5.0	48.4	48.5	35.0	55.2
- The insured (contributions and special taxes)	22.6	2.1	14.6	9.8	24.1	1.1
Changes 2004-2005 in terms of 2005 prices						
- Million	3 736	10	40	1 532	2 569	6 240
- Per cent	6.0	2.4	0.8	4.9	3.1	5.2

Table 7.24 Expenditure on and financing of cash benefits and services to survivors, 2005

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
Cash benefits, million						
A. Survivors' pensions	1	14	1 429	5 576	5 308	17 941
Of which:						
a. Basic/Minimum pension	-	-	38	327	1 287	1 225
b. Employment pension	-	-	1 338	5 249	1 038	15 859
c. Supplementary pension	1	8	53	-	2 982	857
B. Death grants	-	-	37	48	78	-
C. Other	-	2	-	-	13	-
Cash benefits, total	1	15	1 466	5 625	5 399	17 941
Services, million						
A. Funeral grants	134	2	5	-	109	-
B. Other	-	-	-	-	-	-
Services, total	134	2	5	-	109	-
Total expenditure, million	135	17	1 470	5 625	5 508	17 941
Expenditure as percentage of the GDP	0.0	0.2	0.9	0.6	0.3	0.7
Financed by (per cent)						
- Public authorities	100.0	2.9	6.7	1.3	40.8	0.0
- Employers	0.0	64.7	72.3	72.1	41.5	97.7
- The insured (contributions and special taxes)	0.0	32.4	21.0	26.6	17.7	2.3
Changes 2004-2005 in terms of 2005 prices						
- Million	-7	0	12	50	-43	-148
- Per cent	-5.2	0.3	0.8	0.9	-0.8	-0.8

OLD AGE, DISABILITY AND SURVIVORS

Table 7.25 Expenditure on cash benefits to the elderly, the disabled and survivors in PPP/capita and per pensioner, 2005

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>The elderly</i>						
Cash benefits per capita	2 506	1 066	1 924	1 280	1 912	2 478
Retirement pension per pensioner	13 338	8 259	9 650	12 022	13 621	13 233
Services per person 65 years and older	3 311	4 488	1 497	4 720	4 496	4 044
Total benefits and services to the elderly per capita	3 003	1 662	2 161	1 836	2 574	3 175
<i>The disabled</i>						
Cash benefits per capita	807	361	603	663	1 371	760
Disability pension per pensioner	13 280	8 962	7 556	13 621	13 735	11 410
Services per capita	347	477	227	309	293	518
Total benefits and services to the disabled per capita	1 154	838	830	971	1 664	1 278
<i>Survivors</i>						
Total per capita	2	34	232	165	106	180

User Charges

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

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

In Denmark, residents in nursing homes, etc. are paid their pension in full and must then pay for services provided as part of their stay in the nursing home, such as rent, meals, hairdressing and laundry services. In return, care and cleaning are free of charge. User charges are estimated to amount to about DKK 1.35 billion in 2005. The permanent home help service is free of charge. In return, temporary home help must be paid for, depending on income. User charges amounted to about DKK 84 million in 2005.

In the Faroe Islands, inhabitants in nursing homes pay no rent, but in return their retirement pension is reduced to DKK 821 per month towards personal needs. The inhabitants thus have no expenses to pay on rent, food,

hairdressing, etc. Pensioners, who have an income besides their pension (such as supplementary pensions) must, however, pay for their stay in a nursing home. User charges amount to 10 per cent of a pensioner's supplementary income. In institutions for the mentally disabled, user charges amounted to about 3.5 per cent of the total expenditure. User charges for home help depend on a household's income. In 2005, user charges amounted to 2 per cent of the total expenditure on home help.

In Finland, user charges payable for long-term care of the elderly depend on a patient's income. It may at most amount to 80 per cent of the net income and there must be at least EUR 80 per month left for personal use. In 2005, user charges amounted to 18 per cent of the total expenditure. User charges for home help depend on a household's income. User charges amounted to about 14 per cent of the total expenditure on home help.

In Iceland, residents in nursing homes pay for part of their stay in the home provided they have an employment pension over a certain level. The proportion of user charges of the total expenditure was about 3.3 per cent in 2005, while user charges for home help amounted to 9.7 per cent of the local authorities' expenditure.

In Norway, user charges payable for stays in institutions depend on a patient's income and are fixed on the basis of centrally laid down rules. User charges amount to a maximum of 75 per cent of the basic amount of the social security scheme less a free amount. 85 per cent are payable of incomes exceeding the basic amount of the social insurance scheme. User charges for stays at institutions amount to a little more than 10 per cent of the total running costs of the institution. User charges payable for home help are fixed by the individual local authorities, but the amount must not exceed the actual costs. If an income is low, user charges may not exceed NOK 150 per month. Besides, user charges may not be charged for that part of the help that is personal care and nursing or home nursing.

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

Chapter 8

Housing Benefits

Table 8.1 Expenditure on housing benefits as percentages of the total social expenditure in the EU, the Faroe Islands, Iceland and Norway, 2004

Denmark	2.4	Belgium	0.2	Hungary	2.0	The Netherlands	1.3
Faroe Islands	.	The Czech Republic	0.5	Ireland	3.3	Poland	.
Finland	1.1	Cyprus	2.4	Italy	0.1	Portugal	.
Iceland	1.0	Estonia	0.3	Latvia	0.6	Slovakia	0.1
Norway	0.6	France	2.9	Lithuania	.	Slovenia	.
Sweden	1.8	Germany	0.8	Luxembourg	0.7	Spain	0.8
Austria	0.4	Greece	2.3	Malta	1.6	United Kingdom	5.6

Note: See Table 4.1.

Housing Benefits to Families

- Housing Benefits are Income-Adjusted and Tax-Free

In all the countries, with the exception of the Faroe Islands, housing benefits are granted to both families with children and childless families. In Norway, housing benefits are usually only granted to childless families if at least one person receives other cash benefits. The rules governing housing benefits to families with children are more favourable than those applying to childless families.

In Denmark and Iceland, the benefit is only payable to families who live in rented accommodation. In the other countries, families who own their accommodation may also qualify for housing benefits. 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.

Table 8.2 Average housing benefit per month to families, 2005

	Denmark	Finland	Norway	Sweden
<i>Average housing benefit per month per family, KR/EUR</i>				
Married and cohabiting couples				
- with children	1 507	289	2 537	1 700
- without children	573	176	2 330	742
Single people				
- with children	1 968	290	2 034	1 593
- without children	461	178	1 896	665
<i>Average housing benefit per month per family, PPP-Euro</i>				
Married and cohabiting couples				
- with children	144	238	224	154
- without children	55	146	206	67
Single people				
- with children	188	240	180	144
- without children	44	147	168	60

In Denmark, there has been an increase of some 30 per cent in the number of housing-benefit recipients from 1999 to 2005, despite the reform of the rules governing housing benefits, which were gradually implemented in the years 1999-2003. The amendment of the rules results 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 an indirect reduction of the maximum income amount for which the benefit may be granted. The increase in the number of families receiving housing benefits is presumably a result of the increased house building.

The number of housing-benefit recipients in Finland decreased as from 2000, as the majority of the students, who live in rented accommodation, were granted a housing supplement to their study grants instead of the ordinary housing benefits.

In Sweden, childless households lost their entitlement to housing benefits as from 1996, if the applicant was over 28 years of age, and many other childless households, who had received housing benefits according to special

HOUSING BENEFITS

Table 8.3 Families receiving housing benefits at the end of the years 1995-2005

	Denmark	Finland	Iceland ¹⁾	Norway	Sweden
<i>1995</i>					
Married and cohabiting couples	33 610	74 402	645	5 016	198 044
Single people	141 265	139 414	1 976	13 740	352 416
<i>2000</i>					
Married and cohabiting couples	33 619	33 359	780	5 360	50 016
Single people	136 051	136 993	3 681	17 982	195 368
<i>2004</i>					
Married and cohabiting couples	33 354	25 786	1 284	6 822	51 153
Single people	166 241	133 512	8 062	22 154	226 658
<i>2005</i>					
Married and cohabiting couples	31 727	24 245	1 285	6 135	51 437
Single people	168 906	130 569	8 704	22 434	223 829

Note: For further information, see Appendix 4 on www.nom-nos.dk

1 Figures for 1995 are from 1996.

rules, also lost this benefit. As from 1997, a number of significant changes were introduced, which resulted in a decrease in the number of households receiving housing benefits. The most important change is a new income-adjustment system, where temporary and permanent benefits are subject to an applicant's taxable income. Besides, the possibilities of receiving the benefit became limited, and individual income ceilings were fixed for cohabiting parents.

In Norway, the housing-benefit scheme was gradually extended, in that the requirements of the accommodation were reduced.

Housing Benefits to Pensioners

- Support to Pensioners with Low Incomes

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

In Denmark, the benefit may also be granted to pensioners who own the house or flat they live in, but only by way of a loan. To pensioners who live in housing-society dwellings, support will be granted by way of a supplement (40 per cent) and a loan (60 per cent). A heating supplement may be granted by way of personal supplements according to the Pensions Act to help cover heating costs. The benefit is payable to both retirement and disability pensioners. Previously, housing benefits were granted according to

**Table 8.4 Pensioners receiving housing benefits at the end of the years
1995-2005**

	Denmark ¹⁾	Finland	Norway	Sweden ²⁾
1995	332 002	145 289	48 640	554 700
2000	330 738	152 464	82 818	458 337
2004	330 817	158 968	81 881	431 000
2005	336 384	162 184	75 068	429 533

Note: For further information, see Appendix 4 on www.nom-nos.dk

1 As from 2003 inclusive of new disability pensioners, who receive housing benefits according to the new rules as a result of the anticipatory-pension reform from 1 January 2003.

2 Inclusive of 126 210 in 2004 and 135 976 people in 2004, who received sickness/activity allowance.

the same rules to both types of pensioners, but after the reform of the disability-pension scheme that entered into force in 2003, new disability pensioners are granted housing benefits according to rules that are somewhat less lenient (rent subsidy) than those applying to retirement pensioners and disability pensioners in the old system.

In Finland, housing benefits may be granted on the grounds of age or entitlement to pension. Housing benefits are payable to pensioners with low incomes, regardless of their living in their own or in rented accommodation. Also heating costs and water costs are taken into consideration, if they are not included as part of the rent. The rent costs that are approved each year, depend on the location of the accommodation as well as of the size of the family.

In Iceland, a supplement to the basic pension is payable to people living in Iceland. The benefit is not directly linked to the rent costs, but will mainly be granted to pensioners, who live alone and have low incomes.

In Norway, housing benefits are payable to recipients of retirement, disability and survivor's pensions. In relation to these target groups, there are no requirements as to the accommodation if their incomes do not exceed the minimum pension amount plus 30 per cent (NOK 141 508 for a single pensioner). In respect of incomes exceeding that amount, requirements concerning the accommodation have to be met in order for housing benefits to be payable, but an upper income limit has been fixed. Not all rented accommodation qualifies for housing benefits for these groups. Municipal rented accommodation and housing co-operatives qualify for housing benefits. This also applies to housing units with care facilities for which an establishment supplement is granted.

In Sweden, housing benefits are payable to retirement pensioners, disability pensioners 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.

HOUSING BENEFITS

Table 8.5 Average housing benefit per month to pensioners, 2005

	Denmark ¹⁾	Finland	Norway	Sweden
<i>Average housing benefit per month to married or cohabiting pensioners</i>				
- KR/EUR	1 656	159	2 182	} 2 085 ²⁾ 189 ²⁾
- PPP-Euro	158	132	193	
<i>Average housing benefit per month to single pensioners</i>				
- KR/EUR	2 116	150	1 430	}
- PPP-Euro	202	124	126	

1 As from 2003 inclusive of new disability pensioners, who receive housing benefits according to the new rules as a result of the anticipatory-pension reform from 1 January 2003.

2 Applies to both couples and single people (including recipients of sickness and activity allowances).

Expenditure on and Financing of Housing Benefits

Differences and Similarities in the Social Expenditure on Housing Benefits

There are distinct differences in the amounts spent by each country on housing benefits, measured in PPP per capita. Denmark spends the most followed by Sweden, while Norway spends the least, followed by Iceland. Both in Denmark, Finland and Sweden, housing benefits play an important part for pensioners with low pension incomes, but particularly in Sweden, there are many single providers with low incomes who receive housing benefits. In Finland, housing benefits are payable as part of the pension.

Changes in the Social Expenditure on Housing Benefits from 2004 to 2005

In Denmark, the expenditure on rent subsidies to families and on housing benefits to pensioners increased from 2004 to 2005, primarily as a result of an increase in the number of recipients.

In Finland, the expenditure on general housing benefits decreased as the number of households receiving housing benefits decreased by 4 484. This was largely due to the healthy economy. Housing benefits to pensioners is in Finland

part of the pension system, and the expenditure is included in the expenditure on pensions in Chapter 7. A total of EUR 297 million was paid in housing benefits to pensioners in 2005.

In Iceland, the expenditure on housing benefits increased by 4.2 per cent at constant prices, which was due to a price increase in the housing market.

In Norway, the expenditure on housing benefits decreased by 3 per cent at constant prices. The decrease was due to a decrease in the housing benefits to owner-occupiers.

In Sweden, the expenditure on housing benefits increased by 1 per cent at constant prices. The modest expenditure increase is due to a favourable wage development.

Table 8.6 Expenditure on and financing of housing benefits, 2005

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK	DDK	EUR	ISK	NOK	SEK
<i>Services, million</i>						
A. Housing benefit to people in rented housing	10 917	.	423	2 150	1 549	} 14 775 7 333
a. Of whom pensioners	8 324	.	-	-	511	
B. Housing benefit to owner-occupiers	-	.	13	-	1 255	
a. Of whom pensioners	-	.	-	-	199	
Services, total	10 917	.	437	2 150	2 803	14 775
Total expenditure, million	10 917	.	437	2 150	2 803	14 775
Total expenditure per capita, PPP-Euro	192	.	69	63	54	148
Expenditure as percentage of the GDP	0.7	.	0.3	0.2	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 2004-2005 in terms of 2005 prices</i>						
- Million	282	.	-3	88	-89	148
- Per cent	2.7	.	-0.8	4.3	-3.1	1.0

Chapter 9

Other Social Benefits

The previous chapters describe 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 in relation to the EU and to the Nordic countries.

Table 9.1 Expenditure on other social benefits, as percentages of the total social expenditure in the EU, the Faroe Islands, Iceland and Norway, 2004

Denmark	3.5	Belgium	1.6	Hungary	0.6	The Netherlands	4.7
Faroe Islands	2.5	The Czech Republic	2.9	Ireland	2.3	Poland	0.8
Finland	2.0	Cyprus	4.5	Italy	0.2	Portugal	1.0
Iceland	2.6	Estonia	1.1	Latvia	1.2	Slovakia	3.1
Norway	2.5	France	1.5	Lithuania	2.6	Slovenia	2.8
Sweden	2.2	Germany	1.7	Luxembourg	2.2	Spain	0.9
Austria	1.5	Greece	2.4	Malta	1.2	United Kingdom	0.8

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 support.

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 wages to their employees.

Cash Benefits

Social Assistance

- Last Resort in the Social Safety Net

In all Nordic countries, social assistance will be granted when all other support options in connection with loss of income or in other social situations have been exhausted. Consequently, the assistance, which is means-tested in all the countries, is the last resort of assistance that is granted by the social security systems. It will be given either as a substitute for other sources of income or as a supplement to a very low personal income. The assistance is awarded and granted according to need in order to meet costs of living. In all the countries, the social assistance is subject to a household's income.

Social assistance does not influence the granting of any other social benefit or subsidy in any of the countries.

In Denmark and Iceland, social assistance is taxable. In the Faroe Islands, Finland, Norway and Sweden, it is a tax-free net benefit.

In Denmark, cash assistance to people, who are obliged to provide for children, equals about 80 per cent of the maximum rate of the unemployment benefit. For non-providers, the assistance equals about 60 per cent of the unemployment benefit. Young people under the age of 25, who do not have any children living with them, are entitled to special, lower youth benefits. Recipients of cash benefits, who pay high net rents or have large obligations as providers, may furthermore be granted a special benefit that is tax-free. Income such as income from work will be deducted from the cash assistance, whereas child benefits and rent subsidies do not cause the assistance to be reduced. Rent subsidy will, however, be taken into account when the special assistance is calculated.

OTHER SOCIAL BENEFITS

With a view to ensuring that it pays better to work, a ceiling was introduced in 2003 in relation to the entire assistance in the form of cash benefit, special benefits and rent subsidy after six months' receipt of cash benefits. Besides, cash benefits to married couples will be reduced after six months at the same time as the employment deduction will be increased. Besides, the cash benefits to young people under 25 will be reduced after six months to a level corresponding to the State education grants and loans.

As from July 1 2002, a condition for being awarded the full cash assistance amount is that one has been a resident in the country for at least seven out of the past eight years. People, who do not comply with this requirement, are entitled to the so-called start assistance, which is lower than cash assistance. Local authorities may furthermore grant assistance based on need to non-recurrent expenses, removals, medical treatment, medication, dental treatment and the like, to cash assistance recipients and to others, who are unable to pay the costs.

In case a recipient of cash assistance rejects an offer of work or activation without reasonable course and is not available for work, the local authorities may discontinue payment of the assistance. In case a recipient of cash assistance rejects an offer of activation or fails to appear without reasonable course when he has been offered activation, the local authorities may reduce the assistance by up to one third.

In the Faroe Islands, assistance granted in accordance with the Welfare Act is divided into temporary and permanent assistance. Temporary assistance will be provided in case of illness, divorce or lack of working opportunities. The benefit is based on need. Permanent assistance will be awarded at an amount corresponding to the one retirement pensioners, who have no other income, receive with a supplement for each child corresponding to the child supplement according to the Pension Act.

In Finland, Central Government fixes the basic amount of the social assistance each year. Cash assistance may be payable in the event that payment of other benefits is delayed. Local authorities may also grant benefits in time to prevent people from getting into financial difficulties. In case a person on several occasions refuses to accept a job offer or training, the social assistance may be reduced by 20 or 40 per cent.

In Iceland, local authorities are obliged to pay out social assistance to those unable to provide for themselves. The Ministry of Social Affairs has drawn up guidelines for what should be taken into consideration in connection with the award.

In Norway, everyone is in principle responsible for his or her own provision by utilizing all sources of income and other options of provision. This implies that all general forms of income, such as income from work, public and private

pensions, family provision, family allowances, cash benefits, governmental housing benefits and other financial options, must be exhausted in full before social assistance becomes payable. The Government has drawn up recommended guidelines for the award of the support, which include the expenditure on current, daily costs towards maintenance. These guidelines are a recommended starting point for the estimates that local authorities have to make. There is no upper limit to the amount of the assistance, which may also be granted by way of a loan. The social authorities may in special cases grant financial assistance to people who are in need of help in order to overcome or adapt to a difficult situation where they would otherwise not qualify for social assistance.

Table 9.2 Rules governing award of social assistance, 2005

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Social assistance payable as a fixed amount?	Yes	Yes	Yes ³⁾	Yes ⁴⁾	No	No ⁵⁾
Social assistance calculated individually by local authorities?	No	No	Yes	No	Yes	Yes
Do housing costs influence the amount of the social assistance?	No ¹⁾	Yes	Yes	No	Yes	Yes
Social assistance taxable?	Yes	No	No	Yes	No	No
Social assistance payable as a supplement to other social benefits?	Yes	Yes	Yes	Yes	Yes	Yes
Social assistance payable as a supplement to income from work?	No ²⁾	Yes	Yes	Yes	Yes	Yes

1 The amount of the cash benefits depends on the rent. Cash-assistance recipients, who have high net costs for rent are granted a special allowance, e.g. when the rent, etc., after deduction of housing benefits exceeds the fixed amount limits.

2 Social assistance (cash assistance) will in general not be granted as a supplement to a low income from work. Award of cash assistance is subject to the occurrence of a life event such as for example unemployment or dissolution of marriage or co-habitation.

3 Each year, a "national standard" is calculated, which local authorities apply when calculating social assistance, cf. the text above. Local authorities may also award a so-called preventive social assistance individually.

4 In 2005, the maximum amount for single people over 18 years was ISK 84 245 and for co-habiting couples ISK 134 792 in the municipality of Reykjavik. Income in the month in which an application is submitted as well as in the month before that will be deducted from the amount - with the exception of child allowance and housing benefit.

5 Central Government fixes national standards each year for the entire country concerning the usual subsistence expenses. Besides, one may be granted social assistance towards payment of reasonable rent and certain other needs.

OTHER SOCIAL BENEFITS

In Sweden, the purpose of the social assistance, which is called "financial assistance", is twofold: if the need cannot be met in any other way, social assistance must partly serve to guarantee a family a reasonable financial standard of living, and partly as a preventive and rehabilitating measure. Local authorities usually offer unemployed social-assistance recipients measures that prepare them for work. Those, who are fit to work, but who do not apply for work or accept work offers or the like, will often lose their entitlement to financial assistance. Central Government fixes national standards each year concerning the usual subsistence expenses, such as food, clothing and consumer goods. Usual subsistence expenses also include rent and transport. The majority of the social assistance is granted towards payment of such expenses. Social assistance may also be granted for other purposes, such as dental treatment, medical treatment, spectacles, equipment in the home and removal expenses. When the amount of the social assistance is being calculated, a recipient's total income is taken into consideration, such as maintenance allowance, child allowance, housing benefit, etc. If, for instance, the housing benefit is increased by SEK 200 per month, the social assistance amount will be reduced accordingly. As in Norway, there is no upper limit, and the financial assistance may also be granted provided it will be paid back later, for example to students during the summer period.

Table 9.3 shows the disposable income per month after tax, payment for day-care institution and rent when receiving social assistance in respect of the various family types. Figures 9.1 and 9.2 show the compensation levels for a single person without children and a couple with children, respectively. The amount, which singles and couples have to live for when they receive social assistance, varies somewhat from one Nordic country to another, the amount being largest in Denmark and Iceland and smallest in Sweden. For single people without children, the compensation level is highest in Sweden for the lowest income groups, while it in all the countries is much lower in respect of people, who previously had high incomes. This also applies to couples with two children, for which group the compensation level for the lowest incomes apart from Sweden, however, is also relatively high in Denmark.

Figure 9.1 Disposable income per month after tax and payment of rent for single childless people when receiving social assistance (December) 2005

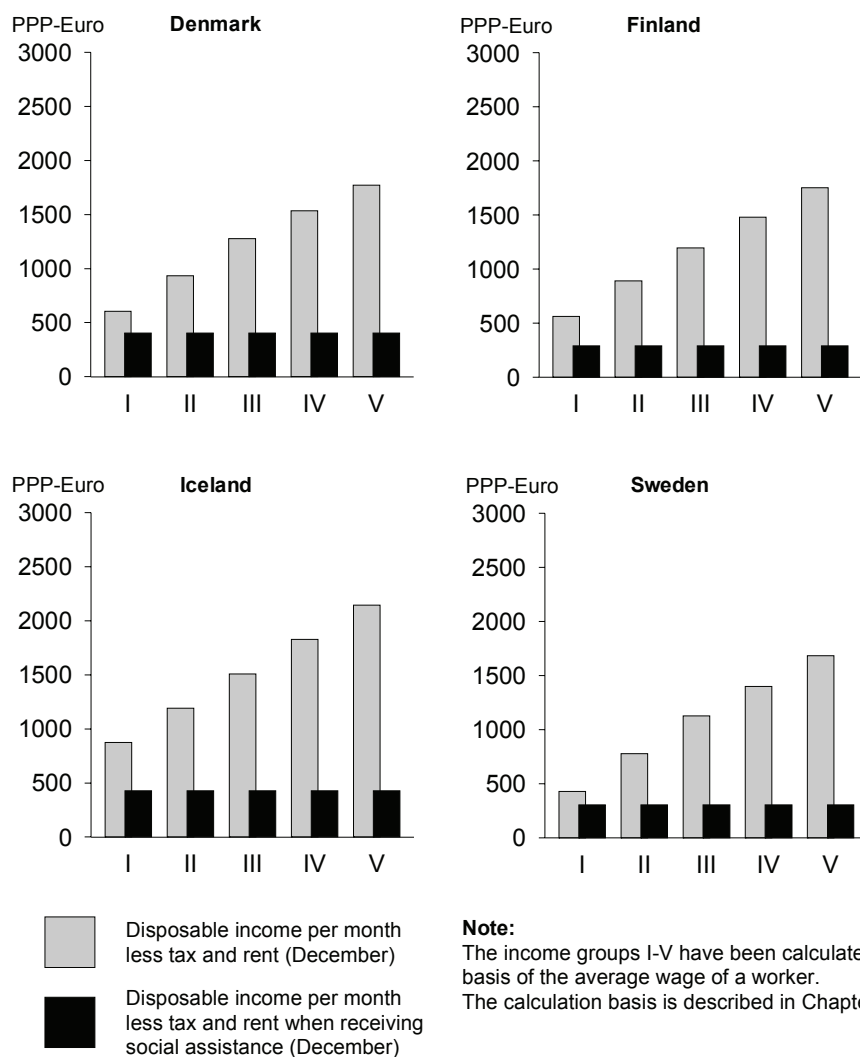


Figure 9.2 Disposable income per month after tax and payment for day-care institution and of rent for a couple with two children when receiving social assistance (December) 2005

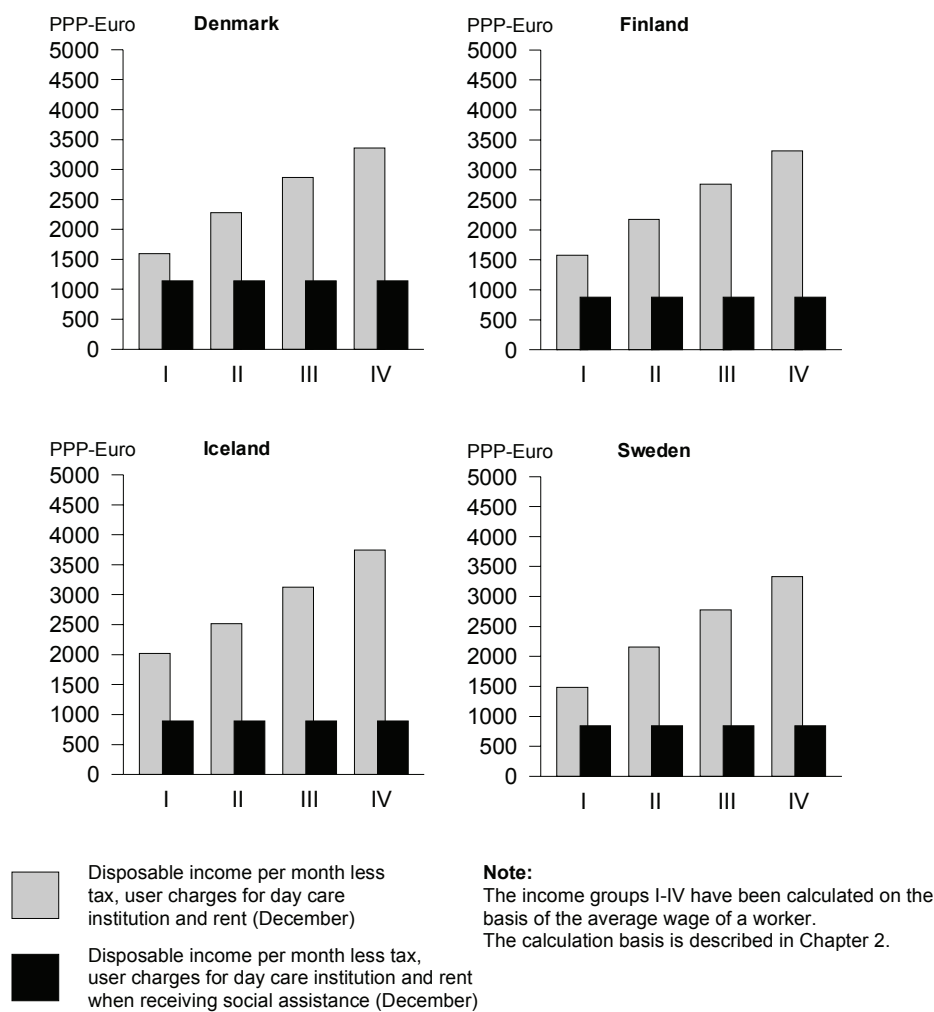


Table 9.3 Disposable monthly income after tax, payment for day-care institution and rent when receiving social assistance (December) 2005

	Denmark ¹⁾	Finland	Iceland ¹⁾	Sweden
<i>National currency</i>				
Single provider with 1 child	9 149	582	85 897	5 090
Single childless person	4 226	351	49 740	3 360
Couples with 2 children	11 967	1 060	103 199	9 290
Childless couple	8 758	609	87 453	5 590
<i>PPP-Euro</i>				
Single provider with 1 child	873	481	740	461
Single childless person	403	290	428	304
Couples with 2 children	1 141	876	889	841
Childless couple	835	503	753	506

1 The benefit is the same as for non-insured unemployed people but in this calculation rent has been included as an expense.

Table 9.4 Individuals receiving social assistance during the year, in thousands and as percentages of the population 16/18 years or over, 2005

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Thousands</i>	179.3	1.0	279.6	5.3	150.6	271.6
<i>As percentages of the population 16/18 years or over</i>	4.3	2.9	6.7	2.4	4.2	3.8

Note: Calculations based on all people of 18 years and over (in Iceland 16 years in 1995) - children not included. Married couples who receive social assistance, and where the assistance is payable to one of the spouses only, count as two individuals. In respect of Norway, the figures for 2003 include recipients of the introduction benefit and so cannot be directly compared with those from previous years. In Sweden and Iceland, children over 18 years living at home also count as assistance recipients. The figures for Denmark include recipients of cash assistance payable towards maintenance (including refugees), but 6 667 recipients of the introduction benefit to refugees in 2005 were not included. Activated cash assistance recipients are included under labour-market measures. The statistics concerning cash assistance recipients were changed as from 2004, for which reason the figures cannot be compared with those from previous years. The Swedish figures include refugees.

OTHER SOCIAL BENEFITS

Table 9.5 Number of individuals 16/18 years and over, who receive social assistance, in total and as percentages of the population, per 1 December, 1995-2005

	Denmark ¹⁾	Faroe Islands	Finland	Iceland ²⁾	Norway ³⁾	Sweden ⁴⁾
<i>Total number</i>						
1995	97 399	..	170 058	..	76 054	..
2000	82 020	430	147 824	1 841	63 732	..
2004	94 516	388	130 329	2 095	70 053	135 472
2005	89 410	447	124 882	1 794	68 843	135 565
<i>As percentages of the population aged 16/18 years and over</i>						
1995	2.4	..	4.5	..	2.3	..
2000	2.0	1.3	3.7	0.9	1.9	..
2004	2.3	1.1	3.2	1.0	2.0	1.9
2005	2.1	1.3	3.0	0.8	1.9	1.9

1 The statistics concerning cash assistance recipients were changed as from 2004, for which reason the figures cannot be compared with those from previous years.

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

3 In respect of Norway, the figures from 2003 include recipients of introduction benefits and so cannot be directly compared with figures from before 2003.

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

Table 9.6 Individuals receiving social assistance during the year, by age, in total and as percentages of their age groups, 2005

	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	176 669	10.5	6.8	4.1	1.2	0.2
New, total	51 730	4.8	1.8	0.9	0.2	0.0
<i>Faroe Islands</i>						
Recipients, total	1 002	5.6	4.3	2.3	2.1	0.3
New, total	233	.	.	.	.	.
<i>Finland</i>						
Recipients, total	279 559	14.7	8.7	7.2	4.2	1.7
New, total	75 851	5.1	2.1	1.6	1.0	0.7
<i>Iceland</i>						
Recipients, total	5 257	4.8	3.2	2.1	1.1	0.5
New, total	2 273	2.1	1.3	0.9	0.5	0.3
<i>Norway²⁾</i>						
Recipients, total	150 562	7.8	6.3	4.4	2.0	0.9
New, total	47 641	3.3	1.9	1.2	0.6	0.2
<i>Sweden³⁾</i>						
Recipients, total	271 606	10.0	5.2	4.0	1.8	0.7
New, total	80 711	3.4	1.5	1.0	0.5	0.3

1 Exclusive of 2 350 recipients, whose family type has not been stated. Besides, the statistics on the number of cash-assistance recipients were changed as from 2004, for which reason the figures cannot be compared with those from previous years.

2 In respect of Norway, the figures include recipients of the introduction benefit and consequently cannot be directly compared with the figures from before 2003.

3 Includes only people who have a full personal identification number.

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Figure 9.3 Recipients of social assistance during the year as percentages of the population 16/18 years and more, 1995-2005

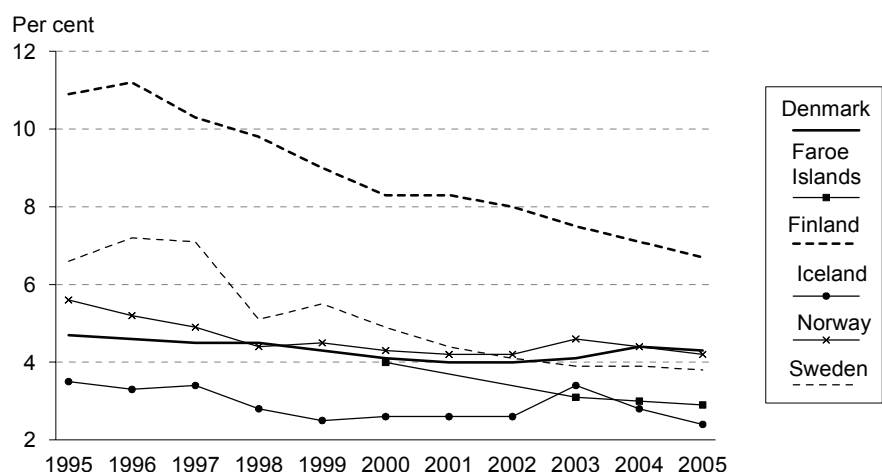


Table 9.7 Families, who received social assistance during the year as percentages of all families, by type of family, 2005

	Denmark	Finland	Iceland	Norway	Sweden
<i>Families by type (per cent)</i>					
Single men	8.1	14.2	9.9	9.1	9.0
- with children	9.5	17.4	21.1	7.7	7.3
- without children	8.0	14.1	5.0	9.2	9.2
Single women	5.9	10.8	10.4	7.1	10.5
- with children	19.0	26.3	14.3	15.8	20.8
- without children	3.7	8.7	10.2	5.2	7.8
Married/cohabiting couples	5.2	3.4	0.6	3.0	2.2
- with children	8.3	4.9	0.9	3.8	2.9
- without children	3.0	2.4	0.3	2.4	1.5
Total	6.1	8.4	4.3	5.5	6.1
- with children	10.2	9.0	4.6	5.0	6.2
- without children	4.9	8.3	4.2	6.2	5.8

Note: Cf. Table 9.4. Figures for Denmark exclude 2 350 people, whose family type has not been specified. Figures for Sweden comprise only households where the registered person is between 18 and 64 years. The total number of households is an estimate.

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 for their close relatives, the so-called reunification of families.

A common feature of the Nordic countries is that a social safety net has been established and that a number of measures for the integration of refugees received into the country have been implemented. The rules do, however, vary considerably from one country to another.

At present, most of the asylum seekers or refugees that are received into the Nordic countries are people who have arrived at the borders applying for asylum. The statistics include both people who have arrived at the border of the country concerned and applied for asylum without being rejected and convention refugees. Reunifications of families are, however, not included in the statistics. The large number of residence permits granted to refugees in Denmark in 1995 can be attributed to refugees from Ex-Yugoslavia, who had been granted a temporary residence permit, applying for and being granted residence permits as refugees.

In Denmark, asylum seekers get board and lodging plus pocket money during their stay at an asylum centre. The municipalities handle the integration activities in respect of newly arrived refugees and other foreigners, who are offered a 3-year introduction programme that comprises courses in social knowledge, the Danish language and activation. Foreigners, who came to Denmark before 1 July 2002, are awarded an introduction benefit that corresponds to the cash benefits. Foreigners, who came to Denmark after 1 July 2002, and who do not comply with the requirement of having stayed in Denmark for at least seven out of the past eight years, are awarded a lower introduction benefit, which equals the so-called start assistance. Central Government reimburses 75 per cent of the local authorities' expenditure on introduction benefits during the 3-year introduction programme and furthermore grants a number of supplements towards payment of the local authorities' expenditure.

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The refugee policy in the Faroe Islands is a Danish matter. The Danish Aliens Act has been implemented in the Faroe Islands. The Danish Immigration Service is the highest responsible authority in this field and makes decisions concerning asylum and residence permits in the Faroe Islands. Decisions are, however, made in co-operation with the Faroese authorities. These cases are very rare in the Faroe Islands, and until now years have passed between each application for asylum or residence permit on humanitarian grounds.

In Finland, Central Government covers local authorities' expenditure on refugees for the first three years of the refugees' stay.

In Iceland, refugees are granted social assistance from the moment they are received into the country. Central Government pays the first 12 months of assistance.

In Norway, asylum seekers and refugees who have been received in a government reception centre are granted a maintenance allowance according to special rules that apply to people staying at such centres. For individuals, whose asylum has been denied, the allowance will be reduced. Central Government covers the local authorities' average expenditure on refugees and people, who are staying in the country on humanitarian grounds, during the first five years of their stay. Social assistance to refugees is awarded according to the Act on Social Services and Benefits in the same way as to all other recipients of social assistance.

A scheme was introduced entitling and obliging newly arrived immigrants with needs for basic qualifications to partake in an individually planned training programme. The programme runs for a year and is full time. Participation entitles to a benefit of NOK 121 398 in 2005. The benefit is taxable. The programme contains courses in Norwegian, civics and other measures. As a supplement to the benefit, supplementary social assistance may be awarded according to the current rules.

In Sweden, refugees receive a benefit from Central Government during their stay in the reception centres for refugees while they await a reply to their applications. From the moment they are received into the country and the initiated introduction, refugees are entitled to a special benefit by way of social assistance or an introduction benefit to refugees. Central Government reimburses the local authorities' expenditure on this benefit for the first four years.

Table 9.8 Number of refugees received, exclusive of reunified families, who have been granted residence permits in the Nordic countries, 1995-2005

	Denmark	Finland	Iceland	Norway	Sweden
1995	20 347	1 415	5	4 602	5 642
2000	5 156	1 212	31	4 781	10 546
2004	1 592	1 662	3	4 926	9 074
2005	1 147	1 501	2	3 997	7 332

Table 9.9 Number of asylum seekers, 1995-2005

	Denmark	Finland	Iceland	Norway	Sweden
1995	5 104	854	4	1 460	9 047
2000	10 347	3 170	25	10 842	16 303
2004	1 633	3 861	76	7 950	23 161
2005	1 283	3 574	87	5 366	24 322

Services

This section deals only with services that are not aimed at any particular sector, such as services offered to substance abusers. These offers are provided both by the health-care services and by the social-assistance system.

In all the Nordic countries, there are also a number of services that are not specifically aimed at any of the previously mentioned target groups. These may include unspecified services provided by the social authorities, help in case of crises, family counselling, centres for battered women, re-establishment centres, homes for the homeless and others with special social problems, who may be in need of temporary accommodation.

Treatment of Alcohol and Drug Abuse

- Several Kinds of Treatment Available

Special institutions for abusers administer treatment of substance abusers. There are both institutions for alcohol abusers and institutions for drug addicts.

Some of these are privately owned institutions that have agreements with the public authorities concerning cover of their running costs. In all the countries, part of the treatment is provided by the psychiatric-treatment system.

In all countries, outpatient treatment is provided, and in some of the countries efforts are made to include families and social networks in the treatment.

In Denmark, Finland and Sweden, compulsory treatment may be initiated if an abuser is deemed to be a danger to him/herself or to people in his or her environment. In Norway, people may be compulsorily admitted to an institution for up to three months for examination and planning of treatment. Also pregnant abusers may be compulsorily admitted to an institution and kept there during the entire pregnancy, if the abuse is of such a nature that it is likely to harm the child and that other measures may not be sufficient.

It is difficult to assess the number of abusers and the treatment of them, as treatment of abusers cannot be statistically separated from other somatic and psychiatric treatment.

Expenditure on and Financing of Other Social Benefits

Differences and Similarities in the Expenditure on Other Social Benefits

Expenditure on other social benefits is highest in Denmark, followed by Norway and Sweden, while the Faroe Islands and Finland are largely at identical levels, measured in PPP per capita.

The relatively high expenditure in Denmark is a result of non-insured people, who do not qualify for unemployment benefit, receiving cash benefits. In Finland and Sweden, such people are granted a cash labour-market benefit that may be supplemented by social assistance, if need be. A large part of the expenditure on social assistance in Finland and Sweden is supplementing benefits to the unemployed. Besides, the number of refugees and asylum seekers that is received into the country also plays a part, as they in all the countries receive social assistance or some other income-substituting benefit. There are also certain differences amongst the countries as to whether abusers are treated in special institutions or in the general somatic and psychiatric treatment system.

Changes in the Expenditure on Other Social Benefits from 2004 to 2005

In Denmark, there was a decrease in the expenditure on cash benefits under other social benefits from 2004 to 2005. There was a decrease in the expenditure on cash benefits, as a result of a decrease in the number of recipients, which must be seen in relation to the decreasing unemployment rate. Besides, there was a decline in the expenditure on the introduction benefit, etc., to refugees in accordance with the Act on Integration as a result of the decreasing number of refugees. The expenditure on services increased, on the other hand, from 2004 to 2005, including the expenditure on institutions for the homeless and treatment of abusers.

In the Faroe Islands, the expenditure on cash benefits under other social benefits decreased from 2004 to 2005. The expenditure on social assistance to non-insured individuals thus declined by 3.3 per cent, whereas there were no changes in the services under other social benefits.

In Finland, the expenditure on social assistance decreased by 5.4 per cent at constant prices. This was mainly due to the drop in the unemployment rate, as well as the fact that local authorities took the initiative in activating the long-term unemployed. The number of recipients of social assistance decreased by 23 655 people. The expenditure on treatment of abusers increased by 6.9 per cent.

In Iceland, the expenditure on other social benefits decreased by 11.4 per cent at constant prices, where cash benefits decreased by 8.3 per cent and services by 14 per cent. The decrease is solely due to an improvement in the economy which results in the average unemployment rate decreasing from 3.1 per cent in 2004 to 2.6 per cent in 2005.

In Norway, the expenditure on other social benefits increased by 3 per cent at constant prices. The increase in the expenditure was mainly due to the expenditure on newly arrived refugees (immigrants). Besides, the expenditure on rehabilitation and treatment of abusers increased by 13.7 per cent, corresponding to NOK 355 million.

In Sweden, the expenditure on other social benefits increased by 2.8 per cent, which was mainly a result of the expenditure on treatment of abusers and of other adults.

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Table 9.10 Expenditure on and financing of other social benefits, 2005

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
<i>Cash benefits, millions</i>						
A. Income-substituting/ supplementing benefits	10 061	51	421	1 692	5 554	8 584
a. Of which social assistance	-	51	406	1 612	4 954	8 584
B. Other benefits	1 730	-	17	694	198	1 216
Cash benefits, total	11 791	51	439	2 385	5 752	9 800
<i>Services, millions</i>						
A. Institutions, etc.	961	2	82	-	696	39
B. Rehabilitation and treatment of abusers	992	10	138	771	2 938	4 341
C. Other	1 712	2	155	1 791	2 414	2 252
Services, total	3 664	13	375	2 562	6 048	6 632
Total expenditure, millions	15 455	64	813	4 947	11 800	16 432
Expenditure as percentage of the GDP	1.0	0.6	0.5	0.5	0.6	0.6
<i>Financed by (per cent)</i>						
- Public authorities	99.3	100.0	97.9	93.6	98.9	100.0
- Employers	0.7	0.0	2.1	4.8	0.7	0.0
- The insured (contribu- tions and special taxes)	0.0	0.0	0.0	1.6	0.5	0.0
<i>Changes 2004-2005 in terms of 2005 prices</i>						
- Million	95	-3	-5	-630	349	452
- Per cent	0.6	-4.9	-0.6	-11.3	3.0	2.8

Table 9.11 Expenditure on other social benefits and services in PPP/capita, 2005

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Cash benefits, total	208	100	69	70	110	98
Services, total	65	26	59	75	116	67
Other social benefits, total	272	127	128	145	226	165

Chapter 10

Social Expenditure

Following a description of the social protection systems in the previous chapters, an overall description of the social expenditure is presented in this chapter. As mentioned in Chapter 2, the Nordic social expenditure statistics follow the calculation method used by EUROSTAT.

The Nordic countries' and the EU's expenditure on social affairs measured in relation to the Gross Domestic Product (GDP) and per capita in PPP-Euro, broken down by functions, is shown in the two following tables.

Table 10.1 Social expenditure as percentages of the GDP in the EU, the Faroe Islands, Iceland and Norway, 2004

Denmark	30.7	Belgium	29.3	Hungary	20.7	The Netherlands	28.5
Faroe Islands	26.8	The Czech Republic	19.6	Ireland	17.0	Poland	20.0
Finland	26.7	Cyprus	17.8	Italy	26.1	Portugal	24.9
Iceland	22.9	Estonia	13.4	Latvia	12.6	Slovakia	17.2
Norway	23.7	France	31.2	Lithuania	13.3	Slovenia	24.3
Sweden	32.9	Germany	29.5	Luxembourg	22.6	Spain	20.0
Austria	29.1	Greece	26.0	Malta	18.8	United Kingdom	26.3

Note: See Table 4.1.

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Table 10.2 Social expenditure per inhabitant broken down by main groups in the EU, the Faroe Islands, Iceland and Norway, 2004, PPP/Euro

	Families and children	Unemployment	Illness	Old age, disability and survivors	Housing benefits	Other social benefits	Total
Denmark	1 072	779	1 693	4 202	197	284	8 225
Faroe Islands	922	231	1 532	2 576	.	139	5 516
Finland	767	654	1 701	3 348	74	135	6 679
Iceland	910	159	2 268	2 951	63	170	6 522
Norway	1 064	281	2 973	4 366	58	229	8 970
Sweden	810	524	2 142	4 628	151	182	8 437
Austria	840	466	1 954	4 418	29	114	7 822
Belgium	531	938	2 085	3 828	16	120	7 519
The Czech Republic	253	119	1 066	1 482	15	88	3 023
Cyprus	382	166	807	1 763	80	151	3 349
Estonia	203	26	503	846	5	18	1 602
France	618	567	2 188	3 608	208	109	7 299
Germany	732	597	1 895	3 578	58	117	6 977
Greece	324	278	1 242	2 617	109	110	4 680
Hungary	341	83	830	1 483	56	18	2 810
Ireland	779	414	2 113	1 432	164	113	5 015
Italy	267	119	1 565	4 074	6	11	6 043
Latvia	125	40	292	710	7	15	1 189
Lithuania	124	22	414	806	.	36	1 401
Luxembourg	2 075	562	2 988	5 987	86	264	11 964
Malta	154	205	800	1 717	48	37	2 964
The Netherlands	362	471	2 284	3 951	97	355	7 521
Poland	99	75	423	1 553	.	17	2 167
Portugal	202	217	1 158	2 195	1	37	3 810
Slovakia	213	124	599	989	3	62	1 990
Slovenia	368	132	1 402	2 261	.	120	4 283
Spain	151	555	1 329	2 213	34	39	4 321
United Kingdom	458	180	2 089	3 696	387	53	6 863

Note: See Table 4.1.

The account of the social expenditure has been divided into four sections. First, an account is given of the social expenditure trends from 1995 to 2005; then the purposes of the social expenditure are described, followed by the financing of the total social expenditure, and finally the significance of taxation in relation to the total social expenditure is shown.

Changes in the Social Expenditure, 1995-2005

The development in the social expenditure, in total and per capita, at current and at constant prices and in relation to the gross domestic product (GDP) and in purchasing power parities (PPP-Euro) since 1995, appears from the tables below. It should be noted that all the countries now use the ESA95/SNA-93 classification when calculating the GDP, which has resulted in corrections of the gross domestic products.

Table 10.3 Social expenditure, in total and per capita, 1995-2005

	Social expenditure		Social expenditure per capita		Social expenditure per capita aged 15-64 years	
	At current prices, million KR/EUR	At 2005 prices, million KR/EUR	At current prices KR/EUR	At 2005 prices KR/EUR	At current prices KR/EUR	At 2005 prices KR/EUR
<i>Denmark</i>						
1995	325 634	402 158	62 223	76 845	92 352	114 055
2000	373 495	411 477	69 948	77 061	104 894	115 561
2004	450 363	458 153	83 599	85 045	125 977	128 156
2005	467 251	467 251	86 346	86 346	130 489	130 489
<i>Faroe Islands</i>						
1995	..	..	..	..	..	..
2003	2 480	2 663	54 145	58 142	86 399	92 778
2004	2 621	2 647	54 268	55 368	85 388	87 119
2005	2 698	2 698	55 806	55 806	87 740	87 740
<i>Finland</i>						
1995	30 200	34 639	5 913	6 782	8 857	10 159
2000	33 142	35 198	6 403	6 800	9 567	10 160
2004	40 567	40 924	7 759	7 828	11 628	11 730
2005	42 001	42 001	8 021	8 021	12 031	12 031
<i>Iceland</i>						
1995	85 984	121 065	321 580	452 784	499 834	703 767
2000	131 390	161 007	467 324	572 665	717 535	879 277
2004	210 372	218 762	719 007	747 682	1 092 223	1 135 783
2005	222 271	222 271	751 260	751 260	1 135 291	1 135 291
<i>Norway</i>						
1995	253 620	309 924	58 181	71 097	90 091	110 091
2000	360 341	393 158	80 237	87 544	123 766	135 038
2004	451 587	458 719	98 344	99 897	150 231	152 603
2005	463 983	463 983	100 727	100 727	153 671	153 671
<i>Sweden</i>						
1995	612 633	673 896	69 405	76 345	108 988	119 886
2000	674 658	725 439	76 041	81 765	118 252	127 153
2004	838 059	841 886	93 185	93 610	143 147	143 800
2005	855 600	855 600	94 946	94 946	145 672	145 672

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Table 10.4 Social expenditure in relation to the GDP, 1995-2005¹⁾

	GDP, million KR/EUR	Social expenditure as percentage of the GDP	Index for social ex- penditure in relation to the GDP (1995=100)
<i>Denmark</i>			
1995	1 019 545	31.9	100
2000	1 293 964	28.9	90
2004	1 459 399	30.9	97
2005	1 551 967	30.1	94
<i>Faroe Islands</i>			
1995	5 322	..	..
2000	10 182	22.8	..
2004	9 764	26.8	..
2005	10 328	26.1	..
<i>Finland</i>			
1995	95 916	31.5	100
2000	132 272	25.1	80
2004	152 345	26.6	84
2005	157 162	26.7	85
<i>Iceland</i>			
1995	452 139	19.0	100
2000	660 975	19.9	105
2004	916 765	22.9	121
2005	1 021 510	21.8	114
<i>Norway</i>			
1995	928 745	27.3	100
2000	1 423 864	25.3	93
2004	1 906 062	23.7	87
2005	1 942 887	23.9	87
<i>Sweden</i>			
1995	1 772 021	34.6	100
2000	2 196 764	30.7	89
2004	2 573 176	32.7	94
2005	2 670 547	32.0	93

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

Table 10.5 Social expenditure per capita, 1995-2005 (PPP-Euro in terms of 2005 prices)

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
1995	7 329	..	5 604	3 900	6 284	6 912
2000	7 350	..	5 619	4 933	7 738	7 402
2004	8 111	5 281	6 468	6 440	8 829	8 475
2005	8 235	5 323	6 628	6 471	8 903	8 596

Social Expenditure by Type and Purpose

The social expenditure is broken down by type into cash benefits and services. By distributing the benefits according to purpose, a division is made according to the social needs or risks that the benefit is primarily aimed at relieving. The distribution of the social expenditure according to the purpose of the benefit is rather stable in each country. New legislation and changes in the social patterns have, however, given rise to shifts in the distribution. The comparison of the countries shows some differences in the distribution of the social expenditure according to purpose. The main reason for this may to some extent be attributed to differences in the individual countries' assessment of the importance of benefits for various purposes.

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Table 10.6 The social expenditure in per cent, broken down by main groups, 1995-2005

	Denmark	Faroe Islands	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>2004</i>						
Families and children	13.0	17.1	11.4	14.0	11.9	9.6
Unemployment	9.5	4.3	9.8	2.5	3.1	6.2
Illness	20.6	28.4	25.5	34.8	33.1	25.4
Old age	37.2	31.2	33.3	28.0	28.7	37.9
Disability	13.9	15.9	13.2	14.7	18.7	14.8
Survivors	0.0	0.7	3.7	2.6	1.2	2.2
Housing	2.4	0.0	1.1	1.0	0.6	1.8
Other social benefits	3.5	2.6	2.1	2.6	2.5	2.2
Total	100.0	100.0	100.0	100.0	100.0	100.0
<i>2005</i>						
Families and children	12.9	16.9	11.6	13.9	12.1	9.8
Unemployment	8.6	4.6	9.3	1.8	2.7	6.2
Illness	20.7	27.5	25.9	34.8	32.2	24.3
Old age	37.5	31.9	33.7	28.6	29.5	38.3
Disability	14.4	16.1	12.9	15.1	19.1	15.4
Survivors	0.0	0.7	3.6	2.6	1.2	2.2
Housing	2.4	0.0	1.1	1.0	0.6	1.8
Other social benefits	3.4	2.4	2.0	2.3	2.6	2.0
Total	100.0	100.0	100.0	100.0	100.0	100.0

1 Services in connection with illness, the elderly and the disabled have been calculated according to a different method in Denmark and Norway.

Table 10.7 Social expenditure, in per cent, broken down by type and purpose, 2005

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Families and children</i>						
Cash benefits	41	50	55	43	56	51
Services	59	50	45	57	44	49
Total	100	100	100	100	100	100
<i>Unemployment</i>						
Cash benefits	96	99	90	82	85	87
Services	4	1	10	18	15	13
Total	100	100	100	100	100	100
<i>Illness</i>						
Cash benefits	16	9	18	20	32	24
Services	84	91	82	80	68	76
Total	100	100	100	100	100	100
<i>Old age</i>						
Cash benefits	83	64	89	70	74	78
Services	17	36	11	30	26	22
Total	100	100	100	100	100	100
<i>Disability</i>						
Cash benefits	70	43	73	68	82	59
Services	30	57	27	32	18	41
Total	100	100	100	100	100	100
<i>Survivors</i>						
Cash benefits	1	88	100	100	98	100
Services	99	12	0	0	2	0
Total	100	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	76	79	54	48	49	60
Services	24	21	46	52	51	40
Total	100	100	100	100	100	100
<i>Cash benefits, total</i>	61	45	63	48	59	59
<i>Services, total</i>	39	55	37	52	41	41
<i>Social expenditure, total</i>	100	100	100	100	100	100

Note: For further information, see Appendix 4 on www.nom-nos.dk.

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 reports, 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 Financing¹

Current contributions to the financing of the social expenditure are, in the Nordic statistics, broken down by the sources contributing to the individual benefits, i.e. public authorities and employers, the contributions and special taxes payable by the insured as well as interest and capital gains (other financing). As mentioned in Chapter 2, social costs are listed as net amounts, which means that investments, etc., and user charges payable by the citizens for social services have not been included.

There are many similarities in the financing of the social security systems in the Nordic countries but also major differences.

One of the similarities is that Central Government, directly or indirectly, through compulsory employer duties or duties payable by the employees, plays a significant part when it comes to the financing of cash benefits, whereas the local authorities play the most important part in the financing of services.

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

The public authorities' (Central Government, county and local authorities) direct financing of the social cash benefits vary from about 71 per cent in the Faroe Islands to about 8 per cent in Iceland, while the public authorities' direct financing of services vary from 99.7 per cent in Denmark to about 95.2 per cent in Norway.

In all the Nordic countries, the local authorities are responsible for the day-to-day running of services such as child-minding, child and youth welfare, health sector and care and nursing provided to the elderly and the disabled. In Norway and Iceland, the State is responsible for the hospital sector.

¹ For further information, see Appendix 4 on www.nom-nos.dk

In Denmark, the local authorities are responsible for the administration of the cash benefits, while the responsibility in the other countries rests with Central Government.

All the Nordic countries have high ambitions as regards the social sector, which entails that the financing comprises very large amounts with both large macro-economic and budgetary significance.

The fiscal quotas, i.e. the sum of the direct and the indirect taxes as a proportion of the GDP, are generally high and among the highest in the world.

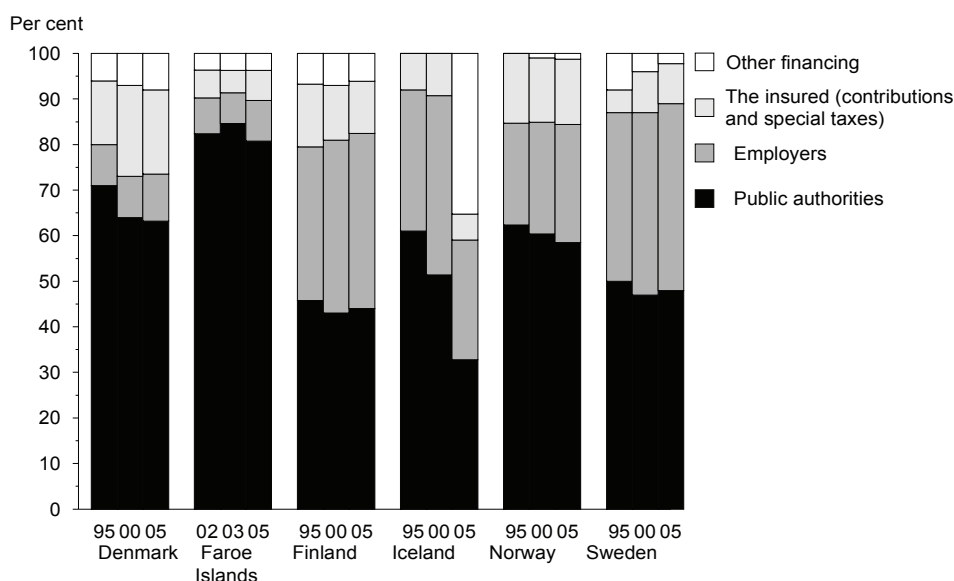
In spite of the many common traits, there are, however, considerable differences.

It should be mentioned that Finland and Sweden to a higher degree than the other countries, rely on employer duties in the financing of the social cash benefits. More than half of the cash benefits are in those two countries financed by means of duties payable by employers. The share payable by the employees is highest in Denmark. The local-authority financing of the cash benefits is in general limited. It is highest in Denmark, where Central Government does not fully reimburse the local authorities their expenditure on cash benefits.

In respect of the financing of the social services, the most significant difference is the distribution of the burden between Central Government and the local authorities. This reflects the government grants' importance to the financing, and to which extent the grants are general or earmarked. In Denmark and Sweden, where the grants are mainly general, the local authorities finance the majority of the expenditure on services. In Finland, which has a high proportion of grants distributed on sectors, Central Government's proportion of the financing is considerably higher.

The distribution of current contributions to the financing of the social expenditure during the years 1995-2005 is shown in Figure 10.1. The large increase in Other financing for Iceland is due to yields from the pension funds.

Figure 10.1 Current contributions to the financing of the social expenditure, 1995, 2000 and 2005



Note: For further information, see Appendix 4 on www.nom-nos.dk.

Block Grants and Government Reimbursement to Local and County Authorities

In the Nordic countries, the local authorities are responsible for the administration of part of the social services and benefits. The local authorities are in direct contact with the citizens and recipients of social benefits, and in the first instance they also meet the costs of services and benefits.

Local and county authorities receive block grants and/or reimbursements from Central Government. A block grant may be given as a general contribution or may be earmarked for specific purposes and may, for instance, be calculated on the basis of the number of inhabitants and their age distribution, or according to the tax base in the individual municipalities.

Government reimbursement may be fixed by law as percentages of the municipal expenditure or as fixed amounts. Government reimbursement

may also be calculated as the difference between expenditure and contributions from other sources, including municipal contributions.

In Denmark, local authorities administer the main part of the social cash benefits and meet the costs of those benefits in the first instance. The costs are subsequently reimbursed, fully or partly, by Central Government. In the other Nordic countries, social benefits are mainly administered by government or other central bodies.

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

Funds for Pension Purposes

The contributions financing the social expenditure are normally spent on current payments in the course of the year, but are, especially in relation to pensions, also used for the establishment of funds.

The purpose of the funds may be to guarantee that means are available for future payments (premium reserve systems). The establishment of funds may also occur in distribution systems (where the costs should, in principle, be covered by the contributions of the current year) so as to create a buffer to reduce variations in incoming and outgoing payments over time.

In Norway, social expenditure, including expenditure on employment pensions, is currently financed via the public budget, and the expenditure is consequently excluded from Table 10.8. 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 10.8 Size of funds for pension purposes, December 2005. Billion KR/EUR

	Basic pension	Employment pension	Supplementary pension
<i>Denmark¹⁾</i>	.	416	423
<i>Finland</i>	0.2	101	11
<i>Iceland</i>	.	10 515	.
<i>Sweden²⁾</i>	..	769	..

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

2 Comprises only the AP funds.

Taxation Rules and the Impact of Taxation on the Social Expenditure

Social cash benefits may be either exempt from tax or subject to tax. In all the countries, it is of great importance whether a benefit is tax-free or taxable, as the level of taxation is relatively high. The proportion of the taxable cash benefits of the total cash benefit amount has increased in recent years in all five countries. There are, however, considerable differences from one country to another. The largest tax-free cash benefits are granted to families and children. Other social benefits (social assistance) are subject to tax in Denmark and Iceland, but not in the other Nordic countries. According to the ESSPROS specification, housing benefits count as services.

In Table 10.9, the tax percentages, including the social expenditure for a single childless person with an average wage earner's pay (AW100) have been included. 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 amongst the various countries, both as to wages/salaries and to social benefits. Iceland, being the country with the lowest taxation on earned income, imposes practically no tax on social services. Also in the other countries, the taxation on several of the benefits is considerably lower and especially so on pensions. The table does not provide an in-depth explanation of the significance of taxation to the social benefits, but contributes to illustrating the impact thereof.

The majority of the social cash benefits are taxable in the Nordic countries.

In several other OECD countries, a large part of the cash benefits is not subject to tax, or there are favourable tax rules concerning this type of income. Consequently, the tax system compensates in this way for low social cash benefits.

In several countries, tax relief instead of direct cash benefits is granted on social grounds. Tax relief for children will for example be equivalent to child supplements.

In the Nordic countries, very little tax relief is granted on social grounds.

In addition to the direct taxation, recipients of social cash benefits also pay indirect tax on their consumption, and there are considerable differences from one country to another. The traditional way of illustrating the social expenditure does not allow for these differences of taxation.

In order to evaluate the significance of these differences, both the OECD and EUROSTAT have developed different methods for calculation of the net social expenditure.

The OECD has already published estimates concerning several OECD countries (2005).

In the OECD calculations of the net social expenditure, both direct and indirect taxes have been deducted from the social expenditure. Similarly, the calculated values of the tax relief granted on social grounds have been added. In order to avoid double taxation, tax relief that is granted in connection with lower taxation and has consequently already been calculated, has not been included.

The calculation was made in the following way:

- Social expenditure
- Less direct tax and social contributions paid on social cash benefits
- Less indirect tax on recipients' consumption of social cash benefits
- Plus value of tax relief granted on social grounds
- = Net social expenditure.

Source: The OECD (Adema 2005).

Several methodological and practical questions still remain in connection with the net social expenditure calculation.

The calculation of the indirect taxation of the consumption of the social cash benefits is, for example, only approximate.

The result of the calculations shows, however, that there are considerable limitations in the traditional calculation of the social expenditure.

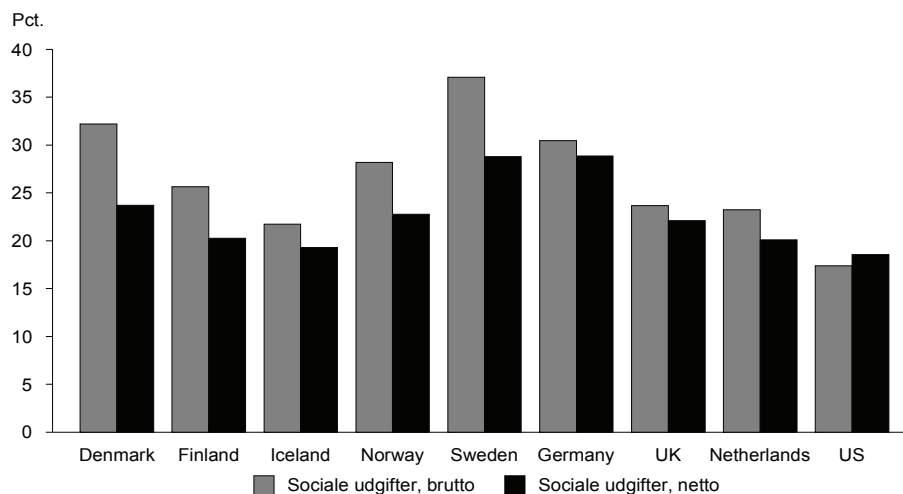
The result of the calculations of selected OECD countries can be seen in Figure 10.2.

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.

SOCIAL EXPENDITURE

Figure 10.2 Gross and net social expenditure 2003, as percentages of the GDP at factor costs



Source: The OECD (Social Expenditure Database (SOCX 2007), 1980-2003 (including net data for 2003)).

Table 10.9 Tax percentages of wages/salaries and social benefits, per month, for a single childless AW 100, in per cent, 2005

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
Tax on: wages/salaries in per cent	39	40	32	29	29	38
Tax on daily cash benefits in connection with pregnancy and birth	30	40	27	28	24	36
Tax on unemployment benefits	30	31	24	1	24	34
Tax on sickness benefits	30	34	27	..	29	36
Tax on retirement pension	28	5	27	10	14	28
Tax on disability pension	30	19	21	..	14	28
Tax on social benefits, non-insured persons	25	..	19	1	..	29

Note: For further information, see Appendix 4 on www.nom-nos.dk

Table 10.10 Taxation on cash benefits, 2005

	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	58 729	23 958	64	36
II. Unemployment	38 956	37 338	-	100
III. Illness	94 124	14 996	-	100
IV. Old age	170 374	142 170	1	99
V. Disability	65 498	45 795	16	84
VI. Survivors	135	1	-	100
VII. Housing	10 917	-	-	-
VIII. Other social benefits	15 455	11 791	10	90
IX. Administration	13 069	-	-	-
Total I.-IX.	467 256	276 049	9	91
<i>Finland</i>				
I. Families and children	4 705	2 568	59	41
II. Unemployment	3 770	3 388	-	100
III. Illness	10 528	1 857	-	100
IV. Old age	13 697	12 192	4	96
V. Disability	5 263	3 821	8	92
VI. Survivors	1 470	1 466	3	97
VII. Housing	437	-	-	-
VIII. Other social benefits	813	439	96	4
IX. Administration	1 318	-	-	-
Total I.-IX.	42 001	25 731	11	89
<i>Iceland</i>				
I. Families and children	30 320	12 916	47	53
II. Unemployment	4 014	3 279	4	96
III. Illness	76 086	15 578	-	100
IV. Old age	62 589	43 636	-	100
V. Disability	33 096	22 589	8	92
VI. Survivors	5 625	5 625	5	95
VII. Housing	2 150	2 150	24	76
VIII. Other social benefits	4 947	2 385	-	100
IX. Administration	3 429	-	-	-
Total I.-IX.	222 255	108 159	8	92

... to be continued

SOCIAL EXPENDITURE

Table 10.10 ... continued

	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>Norway</i>				
I. Families and children	55 151	30 733	60	40
II. Unemployment	12 182	10 357	-	100
III. Illness	146 190	46 221	-	100
IV. Old age	134 124	99 649	-	100
V. Disability	86 727	71 458	4	96
VI. Survivors	5 508	5 399	-	100
VII. Housing	2 803	-	-	-
VIII. Other social benefits	11 800	5 752	86	14
IX. Administration	9 203	-	-	-
Total I.-IX.	463 981	269 569	10	90
<i>Sweden</i>				
I. Families and children	80 994	41 569	56	44
II. Unemployment	51 145	44 623	-	100
III. Illness	200 278	48 699	-	100
IV. Old age	316 059	246 636	-	100
V. Disability	127 208	75 665	2	98
VI. Survivors	17 941	17 941	-	100
VII. Housing	14 775	-	-	-
VIII. Other social benefits	16 432	9 800	100	-
IX. Administration	30 768	-	-	-
Total I.-IX.	8 555 600	484 933	7	93

Note: For further information, see Appendix 4 in www.nom-nos.dk

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:

- Supplementary tables for the publication
- The social expenditure and the financing of it, broken down by individual entries
- Specification of the social expenditure
- The typical cases used as basis for the figures in this publication
- Description of the calculation basis for the typical cases
- The tables on income distribution and relative poverty used as basis for the tables and figures in this publication
- Description of the calculation basis for the tables on income distribution
- Further information on statistical bureaus, committees and ministries.

The home page also contains the database *Social and Health Indicators*, where the most important indicators in this publication can be found in an interactive database, in which the results may be shown both as graphic presentations and on maps.

Appendix 2

The Basis for the Adjustment of the Social Benefits

DENMARK: All transfer incomes and a number of other rates are adjusted annually as at 1 January by means of a rate-adjustment percentage, which reflects the development in the annual wages/salaries in the labour market. Consequently, the annual adjustment by means of the rate-adjustment percentage comprises the rates for social pensions, sickness, maternity and unemployment benefits, voluntary early retirement benefits and transition allowances, cash benefits, rehabilitation allowances, child allowances and child supplements as well as housing subsidies. The various amounts that are included in the calculation basis for the various benefits and various kinds of support are also adjusted by means of the rate-adjustment percentage. The child allowance and the housing subsidy shall, however, be adjusted as from 2004 by the increase in the consumer price index.

The maximum amount of the unemployment benefit is adjusted by means of the rate-adjustment percentage. In respect of people, 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 are typically adjusted in accordance with the general agreement.

The adjustment has been laid down in both an act on a rate-adjustment percentage and in the individual acts on the various cash benefits, etc. The rate-adjustment percentage is calculated on the basis of the adjustment of the annual wages/salaries for workers and civil servants in the year that lies two years before the year, which the rate-adjustment percentage concerns, seen in relation to the year three years previously. The rate-adjustment percentage for 2005 was for example fixed on the basis of the adjustment of the annual wages/salaries from 2002 to 2003.

THE FAROE ISLANDS: The adjustment of the social benefits is based on special legislation, which lays down the annual adjustment at 4 per cent. The legislation covers pensions, pension supplements, special supplements to pensioners and maintenance allowance, with the exception of the basic amount of the retirement pension, which is not adjusted.

Unemployment benefits, sickness benefits and benefits in connection with pregnancy are adjusted in relation to the wage development.

FINLAND: The social benefits are adjusted in the following way:

Unemployment benefits, social assistance and basic/minimum pension are adjusted once a year on the basis of the consumer-price index of the previous year.

The employment pension is increased annually, where 20 per cent are fixed in relation to the wage/salary development and 80 per cent on the basis of the consumer prices.

Sickness benefits and parental daily cash benefits shall not be adjusted at year-end for those who have already been awarded the benefit (if a person for example falls ill in December, the payment for January shall not be changed).

The income ceilings are, however, increased annually on the basis of the APL-index by 50 per cent in relation to the wage/salary development of the previous year and as to 50 per cent on the basis of the consumer price index of the previous year.

The child supplement is adjusted following a parliamentary decision.

ICELAND: All social benefits are adjusted annually on the basis of the wage/salary and price developments of the government budget. The benefits in question are: basic pension to retirement and disability/anticipatory pensioners, unemployment benefits, public sickness benefits and maternity benefits to those who are not in gainful employment. Moreover, the income levels concerning basic and disability/anticipatory pensions are adjusted in relation to the wage/salary development at as 1 September each year.

THE BASIS FOR THE ADJUSTMENT OF THE SOCIAL BENEFITS

The employment pension is adjusted in relation to the consumer-price index. **NORWAY:** The retirement pension and the disability/anticipatory pension payable by the Social Insurance Scheme are calculated on the basis of the basic amount of the Social Insurance Scheme. The basic amount is adjusted by the Stortinget (the Norwegian parliament) following discussions between the Government and the pensioners' organisations. Usually, the adjustment is implemented on 1 May. The purpose of the adjustment of the basic amount is to give pensioners, who receive pension from the Social Insurance Scheme, an income development corresponding to the development for people in gainful employment.

Sickness benefits are not adjusted during a period of illness. Consequently, sickness benefits will not be adjusted if changes occur in an ill person's wage/salary level or in the basic amount during his/her sickness-benefit period.

The income basis for the fixation of daily cash benefits in case of unemployment is fixed for the entire period at the transition to unemployment benefits and will not be changed, should changes occur in the general income level in society.

The Ministry of Social Affairs (now the Ministry of Labour and Social Inclusion) fixed recommended guidelines in 2001 for the award of social assistance. These guidelines will be evaluated and revised at regular intervals according to need, and the latest adjustment took place in 2006. As from 1 January 2007, rates will be increased by 5 per cent in addition to the ordinary price increase. There are no rules governing an annual adjustment of the child allowance. The Parliament fixes the annual rates in connection with the annual budget negotiations. These rates have not been price-adjusted since 1995, where the rate adjustments were a result of other conditions, such as the connection with the tax system and the child allowance being payable until a child turns 18 years (previously 16 years) since 2000.

SWEDEN: The benefits that are supplements to incomes from work or continuations thereof (such as pensions) are more often than not automatically adjusted on the basis of the price development. The price-basic amount is used for the adjustment of the minimum pension amount.

The pension level and the ceiling for the sickness and the parental insurances (sickness and parental benefits) are important examples of benefits that are adjusted in this way.

Benefits that are means-tested are often adjusted in a different way.

In respect of the national standard of the social contribution (social assistance), the Government makes decisions every year as to an adjustment

on the basis of price changes and the calculations of the National Consumer Agency on how much different family types need for maintenance. The system allows for the possibilities of taking into account changed consumer patterns, etc.

The housing benefits are fixed amounts and will be awarded on the basis of given incomes. They will only be altered following political decisions. The same applies to maintenance allowance advances.

The child supplement is a general allowance that in spite thereof is not adjusted on the basis of the price development but only following a political decision.

Appendix 3

The Nordic Social Policy

The Nordic Welfare Model

The Nordic welfare model may be characterized in the following way:

1. The public welfare policy is rather comprehensive. It covers social security, social services, health, education and training, housing, employment, etc., with the purpose of ensuring the most basic needs.
2. Government involvement has been strong in all fields of policy. The political measures to obtain full employment have been based on macro-economic policy, social policy and an active labour-market policy.
3. The Nordic welfare systems are based on a high degree of universalism, i.e. all citizens are entitled to basic social security and services irrespective of their position in the labour market. The universalism has contributed to broad public support to the welfare policy.
4. The income protection is based on two elements: In most schemes, there is an income-independent basic insurance and an income-dependent benefit to those, who have been on the labour market. Compared with other industrialized countries, public income transfers play a significant part, for which reason the ratio of the social expenditure of the GDP has been high. Public financing of transfer incomes has been considerable, and consequently the tax level has been high.
5. The Nordic countries may also be characterized as service states, in which the significance of the local democracy is large. Social and health services are financed by way of taxes with no high user payment, and the aim is that all citizens have their needs met. Local authorities (municipalities and counties) provide the services and more often than not they also produce them.
6. The income distribution is relatively levelled. The income disparities in the Nordic countries as to wage/salary distribution and disposable

incomes are limited compared with other countries. There are no large gaps between the various income groups, and consequently poverty and differences in the standard of living have been relatively limited.

7. Equal opportunities are a basic principle in the Nordic welfare states. In the Nordic countries, women have a high participation rate, and in most families there are two providers. Social measures are based on individual rights so that women are not financially dependent on their spouses.¹

Although the basic principles of the Nordic welfare countries still apply, user charges are becoming more and more common instead of all welfare services being financed via taxes. The setting up of funds for pension financing also becomes increasingly significant.

Organization of the Nordic Social Policy

DENMARK: Denmark has a three-tiered taxation and administration system (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, 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 the administration of services and benefits from the National Health Insurance Service, including

¹ Points 1-7 from *Nordic Social Policy, Changing Welfare States*. Edited by Mikko Kautto, Matti Heikkilä, Björn Hvinden, Staffan Marklund and Niels Ploug.

payments to general practitioners and dentists as well as subsidies to medication. The county authorities also manage other aspects of the social field, such as residential institutions for children and young people and housing for the disabled and socially vulnerable groups.

Both municipal and county authorities receive block grants from Central Government.

Central Government is responsible for and manages a number of labour-market measures, including activation of the insured unemployed, by way of the employment service, which is run by the State.

THE FAROE ISLANDS: There is a two-tiered taxation and administration system in the Faroe Islands (Home Rule and municipalities). The overall responsibility for the legislation and the administration and payment of the majority of the social benefits as well as the majority of the social services rests with the Home Rule.

The municipal authorities are responsible for day-care facilities to children and certain welfare services. Besides, they pay a small part of the expenditure on municipal doctors, school doctors, visiting nurses, home-care nurses, etc.

The unemployment benefit is financed by the labour-market parties and administered by a board composed of representatives for the labour market. A small part of the retirement pensions are also administered and financed by the labour-market parties.

FINLAND: Also in Finland, the Government has the overall responsibility for the legislation. The taxation system is a two-tiered system (government and municipalities) but the administrative system is three-tiered (government, regions and municipalities).

The Finnish pension system consists of two parts: an employment pension and a national pension. The employment pension is a work-related and insurance-based pension while the national pension is awarded to all citizens in the country, who receive only a small employment pension or none at all. The private sector's employment-pension schemes are managed by private insurance companies.

The local authorities are responsible for arranging health and social services for all residents in the municipalities. Public health care services are supplemented by private health care services, for which the expenses are partly reimbursed by the public Sickness Insurance Scheme.

Cash benefits in connection with unemployment consist of an earnings-related allowance and a basic allowance. Most employees are covered by the unemployment insurance fund and are entitled to the benefit based on accrual.

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 home help, institutions and care of children and young people. 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 illness.

Local authorities are responsible for the social assistance.

NORWAY: There is a three-tiered administrative and political system in Norway (government, counties and municipalities) and the same applies to the social sector.

Most of the social income transfers (sickness benefits, rehabilitation benefits and pensions) are administered by Central Government through the National Insurance Scheme.

The National Insurance Scheme is financed by contributions from employers, employees and the State. Employers' contributions depend on the regional zone in which an enterprise is located (five different zones in all).

Local authorities administer and are responsible for social assistance, primary health care, home help and home nursing, institutions for children, young people, the elderly and the disabled.

Central Government has recently taken over the responsibility for the hospital sector, which has left counties with only a minor responsibility.

SWEDEN: There is also a three-tiered administrative system in Sweden (government, counties and municipalities). Central Government is responsible for most of the income transfers, such as sickness benefits, parental benefits, unemployment benefits and the industrial injury insurance that is administered by the Swedish Social Security Fund.

THE NORDIC SOCIAL POLICY

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

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- Table 8.4.a Pensioners receiving housing benefits at the end of the years 1995-2005
- Table 10.7.a Social expenditure broken down by type and purpose as percentages of the GDP, 2005
- Table 10.x Current contributions to the financing of the social expenditure in per cent, broken down by contributions made by public authorities, employers, the insured and other financing, 1995-2005
- Table 10.9.a Tax percentages and social fees duties on wages/salaries and social benefits, per month, for a single childless AW, 2005
- Table 10.10.a Cash benefits exempt from tax/subject to tax, in total and as percentages of the GDP, 1995-2005

Table 3 Mean population by gender and age 2005

	Denmark		Faroe Islands		Finland		Iceland		Norway		Sweden	
	1 000	Per cent	1 000	Per cent	1 000	Per cent	1 000	Per cent	1 000	Per cent	1 000	Per cent
<i>Men</i>												
0-6 years	236	9	3	10	204	8	15	10	209	9	346	8
7-17 "	383	14	5	21	360	14	25	17	350	15	647	14
18-24 "	207	8	2	9	235	9	15	10	197	9	382	9
25-49 "	965	36	9	34	891	35	54	36	829	36	1 534	34
50-64 "	538	20	4	18	544	21	24	16	421	18	893	20
65-79 "	276	10	2	9	274	11	12	8	214	9	499	11
80- "	75	3	1	3	60	2	4	2	73	3	175	4
I alt	2 680	100	25	100	2 567	100	148	100	2 293	100	4 477	100
<i>Women</i>												
0-6 years	225	8	2	10	195	7	14	10	200	9	329	7
7-17 "	363	13	4	18	346	13	24	16	331	14	614	14
18-24 "	200	7	2	8	224	8	14	10	190	8	365	8
25-49 "	944	34	7	32	860	32	52	36	805	35	1 479	32
50-64 "	536	20	4	17	551	21	23	16	412	18	881	19
65-79 "	321	12	2	10	354	13	13	9	252	11	576	13
80- "	147	5	1	5	148	6	5	4	141	6	310	7
I alt	2 736	100	23	100	2 679	100	147	100	2 331	100	4 553	100
<i>Men and women</i>												
0-6 years	461	9	5	10	399	8	29	10	409	9	675	7
7-17 "	746	14	8	18	705	13	50	17	681	15	1262	14
18-24 "	408	8	4	9	459	9	30	10	386	8	747	8
25-49 "	1 909	35	16	33	1751	33	106	36	1 634	35	3 013	33
50-64 "	1 074	20	8	17	1095	21	46	16	833	18	1 774	20
65-79 "	596	11	5	10	628	12	26	9	466	10	1 075	12
80- "	222	4	2	4	208	4	9	3	215	5	485	5
I alt	5 416	100	48	100	5 246	100	296	100	4 624	100	9 030	100

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Table 4.2.a Families by family type 2005

	Denmark ¹⁾	Finland	Iceland ²⁾	Norway	Sweden ^{3,4)}
<i>Number of families with children aged 0-17 years (1 000)</i>	673	592	44	604	1 088
Percentage of whom are:					
- Married couples	62.3	62.3	57.2	57.0	} 78.8
- Cohabiting couples	17.2	17.7	21.3	21.7	
- Single parents	20.5	20.0	21.5	21.3	
Total	100.0	100.0	100.0	100.0	100.0
<i>Number of childless families (1 000)</i>	2 228	2 249	65	1 500	4 074
Percentage of whom are:					
- Married couples	27.3	25.9	43.1	32.4	} 30.0
- Cohabiting couples	7.8	8.4	5.5	6.1	
- Single parents	64.9	65.8	51.4	61.5	
Total	100.0	100.0	100.0	100.0	100.0
<i>Number of single parents with children (per cent):</i>					
Men	14.0	12.8	4.1	17.0	19.7
Women	86.0	87.2	95.9	83.0	80.3
Total	100.0	100.0	100.0	100.0	100.0
<i>Number of singles childless people (per cent):</i>					
Men	50.4	48.4	49.2	47.5	50.2
Women	49.6	51.6	50.8	52.5	49.8
Total	100.0	100.0	100.0	100.0	100.0
<i>Average number of persons per family</i>	1.9	1.8	2.6	2.2	1.8

1 There are a further 16 428 families consisting of children under 18 not living at home.

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

3 Figures taken from committee survey performed by Statistics Sweden of the economy of the households.

4 Cohabiting couples included as married couples.

Table 4.11.a Children enrolled in day-care institutions and publicly financed day-care (1 000) by age, 1995-2005

	Denmark ¹⁾	Faroe Islands	Finland ²⁾	Iceland ³⁾	Norway ⁴⁾	Sweden ⁵⁾
<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 years	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>2003</i>						
<1 years	8	0.1	1	0	1	0
1-2 years	107	1.2	41	6	55	131
3-5 years	191	1.8	117	12	157	263
0-5 years, total	306	3.1	159	18	213	394
6 years	59	0.6	38	-	.	76
0-6 years, total	364	3.7	197	18	.	470
7-10 years	177	0.6	4	-	.	243
<i>2004</i>						
<1 years	10	0.2	1	0	2	0
1-2 years	110	1.1	43	7	62	136
3-5 years	189	1.9	116	12	159	271
0-5 years, total	310	3.1	160	19	223	407
6 years	60	0.6	39	.	.	76
0-6 years, total	369	3.7	198	19	.	484
7-10 years	176	0.8	3	.	.	238

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

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

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

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

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

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Table 4.11.b Children enrolled in day-care institutions and publicly financed day-care, by age as percentages of the respective age groups, 1995-2005

	Denmark ¹⁾	Faroe Islands	Finland ²⁾	Iceland ³⁾	Norway ⁴⁾	Sweden ⁵⁾
<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 years	15	..	2	7	2	.
1-2 years	77	..	35	59	37	60
3-5 years	92	..	66	92	78	86
0-5 years, total	75	..	46	68	52	66
6 years	90	..	67	-	.	77
0-6 years, total	77	..	49	58	.	68
7-10 years	63	..	3	.	.	51
<i>2003</i>						
< 1 years	12	18	1	7	2	0
1-2 years	83	82	37	75	48	66
3-5 years	95	86	68	94	87	95
0-5 years, total	77	73	46	74	61	71
6 years	87	83	67	.	.	83
0-6 years, total	79	75	49	63	.	72
7-10 years	63	21	1	.	.	59
<i>2004</i>						
< 1 years	15	21	1	6	3	0
1-2 years	85	79	37	76	54	67
3-5 years	95	88	69	94	91	95
0-5 years, total	79	74	47	73	64	71
6 years	88	83	67	.	.	84
0-6 years, total	80	75	50	63	.	73
7-10 years	63	28	1	.	.	61

1 Cf. table 4.11.a

2 Cf. table 4.11.a

3 Cf. table 4.11.a

4 Cf. table 4.11.a

5 Cf. table 4.11.a

Table 4.12.a Children and young people placed outside of their own homes during the year, by age and per 1 000 inhabitants in the respective age groups, 1995-2005

	1995	2000	2004	2005		
				Total	Boys	Girls
<i>Denmark¹⁾</i>						
0-6 years	3.9	4.5	3.9	3.8	3.7	3.7
7-14 years	11.9	13.0	12.3	10.6	12.0	13.4
15-17 years	29.3	33.1	31.1	28.0	30.2	32.3
18-20 years	15.0	17.1	19.2	17.5	18.8	20.0
0-20 years	12.0	13.0	12.9	11.6	12.7	13.7
<i>Finland</i>						
0-6 years	5.2	5.7	6.5	6.7	6.8	6.7
7-14 years	8.5	9.6	10.7	11.1	12.0	10.2
15-17 years	12.7	16.1	19.8	20.9	20.8	21.0
18-20 years	9.0	11.7	14.5	14.4	14.4	14.5
0-20 years	8.1	9.7	11.3	11.7	12.1	11.4
<i>Iceland²⁾</i>						
0-6 years	2.1	2.5	3.8	0.4	0.6	0.7
7-12 years	3.9	4.5	6.6	3.1	2.9	2.7
13-16 years	5.9	8.3	7.7	12.4	12.5	12.6
0-16 years	3.6	4.9	5.9	4.2	4.2	4.2
<i>Norway</i>						
0-6 years	3.4	3.6	4.0	4.1	4.3	3.8
7-14 years	7.9	7.9	8.7	8.8	9.1	8.3
15-17 years	14.2	17.4	18.2	18.0	17.0	19.0
18-19 years	7.4	11.0	16.3	16.6	17.4	15.7
0-19 years	7.1	7.9	9.7	9.9	10.1	9.6
<i>Sweden³⁾</i>						
0-6 years	3.6	3.6	4.0	3.9	4.1	3.7
7-14 years	7.0	7.1	7.7	7.7	7.9	7.4
15-17 years	14.4	16.8	17.2	17.1	16.3	18.0
18-20 years	5.1	11.8	13.6	13.5	14.2	12.6
0-20 years	6.5	8.0	8.9	8.9	9.1	8.8

1 Including children and young people with reduced physical and/or mental capabilities.

2 The distribution on age and gender is based on estimates.

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

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Table 5.3.a Development in the unemployment rate by gender, 1995-2005

		Average number of unemployed people	Unemployed people as percentages of the labour force					
			Total	Men	Women	16-24 year-olds		
						Total	Men	Women
<i>Denmark¹⁾</i>								
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	
2004	163 000	5.6	5.2	6.1	8.4	8.9	7.8	
2005	143 000	5.0	4.6	5.5	8.6	8.5	8.8	
<i>Faroe Islands²⁾</i>								
1995	2 600	12.7	10.1	16.1	..	..	..	
2000	1 000	4.2	2.5	6.6	..	..	..	
2004	950	3.5	2.9	4.5	..	..	..	
2005	930	3.3	2.9	3.9	9.5	9.2	9.8	
<i>Finland³⁾</i>								
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	
2004	229 000	8.9	8.8	9.0	20.7	22.0	19.4	
2005	220 000	8.5	8.3	8.7	20.1	20.6	19.5	
<i>Iceland⁴⁾</i>								
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	
2004	4 900	3.1	3.2	2.9	8.1	9.3	6.8	
2005	4 300	2.6	2.6	2.6	7.2	8.5	6.0	
<i>Norway⁵⁾</i>								
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	
2004	106 000	4.5	4.9	4.0	11.6	12.5	10.6	
2005	111 000	4.6	4.8	4.4	12.0	11.5	12.0	
<i>Sweden⁶⁾</i>								
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	
2004	246 000	5.5	5.9	5.1	12.3	13.5	11.0	
2005	270 400	6.0	6.2	5.7	14.3	15.9	12.7	

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

2 Figures from 2005 are based on annual labour-force surveys in November. Include 16-64-year-olds.

3 The age group for Finland is 15-24 year-olds instead of 16-24 year-olds.

4 Data are based on the labour-force surveys.

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

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

Table 5.4.a Number of people (1 000) who received cash benefits for at least one day in connection with unemployment, 1995-2005

	Denmark	Faroe Islands	Finland	Iceland ¹⁾	Norway ¹⁾	Sweden ²⁾
<i>1995</i>						
Insured	672	6	683	19	310	824
Non-insured	111	1	270	..	-	137
Total	783	7	827	19	310	961
Total in per cent of the labour force	28	36	34	..	14	22
<i>2000</i>						
Insured	490	2	340	7	165	622
Non-insured	70	1	287	..	-	55
Total	560	3	603	7	165	677
Total in per cent of the labour force	20	12	23	4	7	16
<i>2004</i>						
Insured	491	2	340	14	196	543
Non-insured	82	0	249	..	-	90
Total	573	2	572	14	196	633
Total in per cent of the labour force	21	9	22	9	8	14
<i>2005</i>						
Insured	470	3	329	10	172	528
Non-insured	73	0	241	..	..	94
Total	543	3	549	10	172	622
Total in per cent of the labour force	20	10	21	6	7	13

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

2 Double registration may appear, as a person during one year may have been registered as being both insured and non-insured. In 2004, 19.000 people were calculated as being both insured and non-insured, and in 2005, the number was 21 000 people.

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Table 5.7.a Number of activated people, 1995-2005

	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
2004, total	240 102	34 340	74 732	8 443	2.7	2.4
2005, total	244 818	32 041	70 159	7 580	2.5	2.1
Of whom:						
- Subsidized employment	96 740	10 632	33 050	2 605	1.2	0.7
- Education and training	97 555	6 476	20 624	1 474	0.7	0.4
- Other	10 616	21 495	16 485	3 501	0.6	1.0
<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
2004, total	211 857	54 411	81 972	16 413	3.2	5.3
2005, total	213 683	58 404	79 531	16 152	3.0	5.0
Of whom:						
- Subsidized employment	87 121	12 498	34 230	4 505	1.3	1.4
- Education and training	62 276	12 563	29 217	4 356	1.1	1.4
- Other	64 286	33 343	16 084	7 291	0.6	2.3
<i>Iceland</i>						
1995, total	..	..	..	..	..	..
2000, total	3 811	764	..	..	..	..
2004, total	6 780	1 369	..	..	..	..
2005, total	6 325	1 271	..	..	..	..
Of whom:						
- Subsidized employment	231	138	..	..	..	..
- Education and training	3 394	596	..	..	..	..
- Other	2 718	557	..	..	..	..
<i>Norway</i>						
1995, total	..	..	42 145	16 482	1.9	5.6
2000, total	..	..	11 439	3 520	0.5	1.1
2004, total	69 388	..	16 958	5 093	0.7	1.7
2005, total	59 622	..	13 150	4 087	0.5	1.3
Of whom:						
- Subsidized employment	..	..	1 932	..	0.1	..
- Education and training	..	..	5 220	..	0.2	..
- Other	..	..	5 998	..	0.2	..
<i>Sweden</i>						
1995, total	781 000	..	275 100	..	6.1	..
2000, total	470 970	..	166 159	..	3.8	..
2004, total	408 670	..	168 851	..	3.8	..
2005, total	595 138	..	185 986	..	4.1	..
Of whom:						
- Subsidized employment	141 391	..	87 883	..	1.9	..
- Education and training	314 019	..	56 887	..	1.3	..
- Other	139 728	..	41 217	..	0.9	..

Table 6.4.a Employees' calculated absence due to illness for at least one week as percentages of all employees, 1995-2005¹⁾

	Denmark ²⁾	Finland	Iceland	Norway	Sweden
1995					
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
2000					
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
2004					
Men	1.2	2.2	..	2.9	2.8
Women	2.2	2.8	..	4.3	4.7
Total	1.7	2.4	..	3.6	3.7
2005					
Men	1.5	2.1	..	2.6	2.8
Women	2.2	2.8	..	3.9	4.4
Total	1.8	2.5	..	3.2	3.6

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

2 15-66 year-olds.

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Table 7.4.a Pension recipients by age, in thousands and as percentages of the age group as at December 2005

	Denmark		Faroe Islands		Finland		Iceland		Norway		Sweden	
	1 000	As per-centage of each age group	1 000	As per-centage of each age group	1 000	As per-centage of each age group	1 000	As per-centage of each age group	1 000	As per-centage of each age group	1 000	As per-centage of each age group
<i>Men</i>												
16-39 years	13	1.6	0.1	1.4	16	2.0	2	2.9	16	2.4	31	2.5
40-49 "	21	5.2	0.1	3.2	22	5.8	1	5.8	23	7.0	41	6.6
50-54 "	15	8.3	0.1	5.6	24	12.3	1	7.4	18	11.8	33	11.3
55-59 "	20	10.4	0.1	8.8	45	21.6	1	9.2	28	18.3	51	16.1
60-62 "	44	42.4	0.1	12.0	47	50.5	1	12.5	24	29.9	54	29.0
63-64 "	38	69.8	0.1	17.4	46	84.4	0	15.7	22	54.1	47	46.4
65-66 "	47	92.7	0.1	24.4	47	105.2	1	48.3	24	64.9	89	100.6
67+ "	310	104.5	2.5	97.2	304	104.7	14	99.4	263	104.3	627	106.3
Total	508	24.0	3.2	17.7	551	26.6	20	17.3	418	24.0	973	28.3
<i>Women</i>												
16-39 years	11	1.3	0.1	1.7	12	1.6	2	4.4	18	2.7	41	3.4
40-49 "	22	5.8	0.2	5.4	18	4.8	2	9.7	33	10.2	70	11.6
50-54 "	19	10.4	0.2	10.7	20	9.9	1	12.1	27	18.1	57	19.8
55-59 "	28	14.5	0.2	15.8	40	19.1	1	15.5	41	27.6	90	28.5
60-62 "	64	60.9	0.1	20.8	51	52.9	1	21.0	31	39.4	82	44.5
63-64 "	47	83.7	0.1	27.2	50	85.8	1	26.6	24	59.4	63	62.5
65-66 "	51	97.3	0.1	38.1	54	106.2	1	56.9	26	66.7	89	99.3
67+ "	422	102.2	3.2	100.3	469	103.9	17	100.7	368	103.5	829	104.0
Total	663	30.1	4.2	25.1	713	32.3	27	23.2	568	31.4	1 320	37.0
<i>Men and women</i>												
16-39 years	24	1.4	0.2	1.6	28	1.8	4	3.6	34	2.5	72	2.9
40-49 "	42	5.5	0.3	4.2	40	5.3	3	7.7	56	8.6	111	9.1
50-54 "	34	9.3	0.2	8.0	44	11.1	2	9.7	45	14.9	90	15.5
55-59 "	48	12.4	0.3	12.0	85	20.3	2	12.2	69	22.9	141	22.3
60-62 "	107	51.7	0.3	16.4	98	51.7	1	16.7	55	34.6	137	36.7
63-64 "	86	76.9	0.2	22.0	96	85.1	1	21.2	46	56.8	110	54.5
65-66 "	98	95.0	0.2	31.1	101	105.6	2	52.7	50	65.8	178	99.9
67+ "	732	103.2	5.7	98.9	773	104.2	31	100.1	631	103.8	1 456	105.0
Total	1 171	27.1	7.4	21.3	1 264	29.5	47	20.2	986	27.8	2 293	32.8

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

Table 7.6.a Pensioners receiving retirement pension in total and pensioners receiving basic/guaranteed minimum pension at the end of the years 1995-2005

	Retirement pensioners, total			Retirement pensioners who only receive basic/minimum pension				
	Total (1 000)	Men (1 000)	Women (1 000)	Total (1 000)	Men (1 000)	Women (1 000)	Men, per cent	Women, per cent
<i>Denmark</i>								
1995	709	288	421	328	79	250	24.0	76.0
2000	706	290	416	244	49	195	20.0	80.0
2004	746	316	431	205	44	161	21.4	78.6
2005	808	347	461	227	57	170	25.1	74.9
<i>Faroe Islands</i>								
1995	..	..	..	..	..	..	..	..
2000	6	2.4	3.2	..	..	..	..	..
2004	6	3.2	2.6	..	..	..	..	..
2005	6	3.2	2.5	..	..	..	..	..
<i>Finland¹⁾</i>								
1995	804	304	501	108	13	95	12.0	88.0
2000	870	339	531	90	14	76	15.6	84.4
2004	917	369	549	69	12	57	17.4	82.6
2005	940	382	558	66	12	54	18.2	81.2
<i>Iceland</i>								
1995	26	..	..	..	..	..	..	..
2000	29	13	16	2	1	2	31.2	68.8
2004	31	14	17	3	1	2	30.9	69.1
2005	31	14	17	3	1	2	30.9	69.1
<i>Norway</i>								
1995	625	309	316	258	40	218	15.5	84.5
2000	629	259	370	237	33	204	13.9	86.1
2004	626	260	366	200	25	175	12.5	87.5
2005	629	262	367	192	24	168	12.5	87.6
<i>Sweden</i>								
1995	1 590	682	908	307	28	279	9.1	90.9
2000	1 604	694	910	226	24	202	10.6	89.4
2004	1 650	725	925	171	20	151	11.7	88.3
2005	1 684	591	796	161	20	141	12.4	87.6

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

SUPPLEMENTARY TABLES

Table 7.7.a Pensioners receiving retirement pension by way of basic/guaranteed minimum pension and employment pension at the end of the years 1995-2005

	Retirement pensioners who receive both basic/minimum and employment pension					Retirement pensioners who only receive employment pension (new Finish and Swedish system)				
	Total (1 000)	Men (1 000)	Women (1 000)	Men, per cent	Women, per cent	Total (1 000)	Men (1 000)	Women (1 000)	Men, per cent	Women, per cent
<i>Denmark</i>										
1995	381	209	171	55.0	45.0	.	.	.	.	.
2000	463	242	221	52.2	47.8	.	.	.	.	.
2004	541	272	269	50.2	49.8	.	.	.	.	.
2005	581	290	291	49.9	50.1	.	.	.	.	.
<i>Finland¹⁾</i>										
1995	641	265	377	41.3	58.7	55	26	29	47.3	52.7
2000	683	278	405	40.7	59.3	97	47	50	48.5	51.5
2004	421	134	287	31.8	68.2	428	223	205	52.1	47.9
2005	417	132	285	31.7	68.3	457	238	219	52.1	47.9
<i>Iceland</i>										
1995	..	..	..	..	..	.	.	.	.	.
2000	25	11	14	43.7	56.3	.	.	.	.	.
2004	26	12	15	44.2	55.8	.	.	.	.	.
2005	15	12	15	44.1	55.9	.	.	.	.	.
<i>Norway</i>										
1995	367	214	153	58.3	41.7	.	.	.	.	.
2000	392	226	166	57.7	42.3	.	.	.	.	.
2004	426	235	191	55.2	44.8	.	.	.	.	.
2005	437	238	199	54.4	45.5	.	.	.	.	.
<i>Sweden</i>										
1995	1 283	654	629	51.0	49.0	.	.	.	.	.
2000	1 378	670	708	48.6	51.4	.	.	.	.	.
2004 ²⁾	1 280	602	678	47.0	53.0	199	103	96	51.8	48.2
2005 ²⁾	1 226	571	655	46.6	53.4	297	153	144	51.5	48.5

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

2 Pensioners with basic and employment pensions are pension recipients according to the old system, while pension recipients according to the new Swedish system are the income-based pension plus any other kind of pension.

SUPPLEMENTARY TABLES

Table 7.14.a Pensioners receiving disability pension by way of basic/guaranteed minimum pension and/or employment pension, in total and in per cent, 1995-2005

	1995		2000		2004		2005	
	Total	Per cent	Total	Per cent	Total	Per cent	Total	Per cent
<i>Denmark</i>								
18-19 years	485	0.3	570	0.4	755	0.4	824	0.4
20-29 "	8 317	5.4	7 598	4.9	8 115	4.3	8 412	4.3
30-39 "	18 305	11.9	18 364	11.9	21 260	11.4	21 778	11.2
40-49 "	34 919	22.7	33 757	21.8	42 346	22.7	44 370	22.8
50-59 "	57 198	37.2	60 933	39.4	74 898	40.1	77 108	39.6
60-64 "	34 504	22.4	33 366	21.6	39 539	21.2	42 397	21.8
Total 18-64 years	153 728	100.0	154 588	100.0	186 913	100.0	194 889	100.0
65-66 years	12 918	.	12 263	.	10 289	.	3 735	.
<i>Faroe Islands</i>								
18-19 years	..	..	5	0.4	8	0.6	4	0.3
20-29 "	..	..	62	5.0	52	4.2	57	3.8
30-39 "	..	..	165	13.3	140	11.2	150	9.9
40-49 "	..	..	264	21.3	235	18.8	277	18.3
50-59 "	..	..	434	35.1	468	37.5	582	38.4
60-64 "	..	..	307	24.8	346	27.7	447	29.5
Total 18-64 years	..	..	1 237	100.0	1 249	100.0	1 517	100.0
65-66 years	..	..	115	.	109	.	233	.
<i>Finland</i>								
16-19 years	1 978	0.6	1 569	0.6	758	0.3	921	0.3
20-29 "	9 031	2.9	8 240	3.0	9 482	3.6	9 718	3.6
30-39 "	20 379	6.6	18 451	6.7	17 519	6.6	17 330	6.4
40-49 "	49 498	16.0	43 096	15.6	40 630	15.2	39 764	14.8
50-59 "	113 830	36.8	108 344	39.2	119 222	44.7	119 697	44.4
60-64 "	114 787	37.1	96 569	35.0	79 361	29.7	81 998	30.4
Total 16-64 years	309 503	100.0	276 269	100.0	266 972	100.0	269 428	100.0
65-66 years	.	.	.	.	.	.	.	.
<i>Iceland</i>								
16-19 years	322	3.5	193	2.1	242	1.9	223	1.7
20-29 "	1 048	11.5	971	10.4	1 439	11.0	1 376	10.3
30-39 "	1 825	20.0	1 719	18.3	2 215	17.0	2 157	16.2
40-49 "	1 973	21.6	2 362	25.2	3 303	25.3	3 397	25.6
50-59 "	2 234	24.5	2 600	27.7	3 676	28.2	3 842	28.9
60-64 "	1 712	18.8	1 533	16.3	2 162	16.6	2 300	17.3
Total 16-64 years	9 114	100.0	9 378	100.0	13 038	100.0	13 295	100.0
65-66 years	905	.	902	.	833	.	876	.
<i>Norway</i>								
18-19 years	778	0.4	544	0.2	623	0.2	761	0.3
20-29 "	6 625	3.3	7 687	3.1	7 623	2.7	8 094	2.8
30-39 "	19 106	9.4	24 011	9.6	24 798	8.9	25 555	9.0
40-49 "	44 153	21.7	51 285	20.5	54 394	19.6	56 036	19.7
50-59 "	73 415	36.0	99 405	39.8	112 809	40.7	113 791	39.9
60-64 "	59 700	29.3	67 054	26.8	77 094	27.8	80 756	28.3
Total 18-64 years	203 777	100.0	249 986	100.0	277 341	100.0	284 993	100.0
65-66 years	32 524	.	28 526	.	33 543	.	34 698	.
<i>Sweden¹⁾</i>								
16-19 years	3 138	0.7	3 910	0.9	2 937	0.5	1 964	0.4
20-29 "	12 181	2.9	13 924	3.2	19 399	3.6	21 399	3.8
30-39 "	31 645	7.5	34 463	7.9	45 538	8.4	46 747	8.4
40-49 "	78 902	18.8	78 134	17.8	100 671	18.7	105 656	19.0
50-59 "	156 598	37.3	174 686	39.9	209 373	38.8	211 241	37.9
60-64 "	137 394	32.7	132 826	30.3	161 724	30.0	169 782	30.5
Total 16-64 years	419 858	100.0	437 943	100.0	539 642	100.0	556 789	100.0
65-66 years	.	.	.	.	.	.	.	.

1 The age group 16-19 years included in 2004 the 18-19 year-olds.

SUPPLEMENTARY TABLES

Table 7.14.b.1 Pensioners receiving disability pension by way of basic/guaranteed minimum pension and/or employment pension as percentages of the respective age groups, 1995-1997

	1995			1996			1997		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
<i>Denmark</i>									
18-19 years	0.2	0.1	0.2	0.2	0.1	0.2	0.2	0.2	0.2
20-29 "	1.2	0.9	1.1	1.2	0.9	1.1	1.2	0.9	1.0
30-39 "	2.4	2.2	2.3	2.4	2.1	2.3	2.4	2.1	2.3
40-49 "	4.4	4.7	4.5	4.4	4.7	4.5	4.4	4.6	4.5
50-59 "	8.4	9.2	8.8	8.2	9.0	8.6	8.0	8.7	8.4
60-64 "	14.4	14.4	14.4	13.8	14.2	14.0	13.3	13.9	13.6
Total 18-64 years	4.3	4.4	4.3	4.2	4.2	4.3	4.2	4.4	4.3
65-66 years	14.5	14.1	14.3	14.4	14.1	14.2	14.2	14.0	14.1
<i>Faroe Islands</i>									
18-19 years	..	..	..	..	..	..	..	..	..
20-29 "	..	..	..	..	..	..	..	..	..
30-39 "	..	..	..	..	..	..	..	..	..
40-49 "	..	..	..	..	..	..	..	..	..
50-59 "	..	..	..	..	..	..	..	..	..
60-64 "	..	..	..	..	..	..	..	..	..
Total 18-64 years	..	..	..	..	..	..	..	..	..
65-66 years	..	..	..	..	..	..	..	..	..
<i>Finland</i>									
16-19 years	0.9	0.6	0.8	0.9	0.6	0.7	0.9	0.6	0.8
20-29 "	1.6	1.2	1.4	1.6	1.1	1.3	1.5	1.1	1.3
30-39 "	3.1	2.2	2.7	3.0	2.2	2.6	2.9	2.2	2.5
40-49 "	6.6	5.2	5.9	6.5	5.1	5.8	6.4	5.1	5.8
50-59 "	20.9	17.9	19.4	19.4	16.6	18.0	18.0	15.6	16.8
60-64 "	49.5	44.4	47.6	47.9	43.4	45.6	46.1	41.9	43.9
Total 16-64 years	9.8	8.7	9.2	9.5	8.5	9.0	9.2	8.3	8.8
65-66 years	.	.	.	.	.	.	.	.	.
<i>Iceland</i>									
16-19 years	2.1	1.8	1.9	2.0	1.8	1.9	1.9	1.8	1.9
20-29 "	2.7	2.4	2.6	2.7	2.5	2.6	2.8	2.6	2.7
30-39 "	3.8	4.3	4.3	3.9	4.5	4.5	3.9	4.6	4.6
40-49 "	4.7	6.6	5.6	5.0	7.1	6.0	5.1	7.4	6.2
50-59 "	7.4	11.9	9.7	7.5	12.0	9.7	7.8	12.3	10.0
60-64 "	13.3	20.6	17.0	13.4	20.7	17.2	13.2	21.3	17.4
Total 16-64 years	4.6	6.3	5.4	4.7	6.5	5.6	4.8	6.7	5.7
65-66 years	16.8	26.4	21.8	18.8	28.6	23.8	19.4	28.2	23.8
<i>Norway</i>									
18-19 years	0.4	0.3	0.4	0.4	0.3	0.4	0.5	0.4	0.4
20-29 "	1.1	0.9	1.0	1.1	1.0	1.0	1.2	1.1	1.1
30-39 "	2.7	3.2	2.9	2.8	3.3	3.0	2.8	3.4	3.2
40-49 "	5.7	8.6	7.1	5.8	8.7	7.2	6.0	8.8	7.4
50-59 "	13.1	19.6	16.3	12.8	19.4	16.1	13.0	19.7	16.3
60-64 "	32.0	35.7	33.9	31.3	36.0	33.7	30.9	36.6	33.8
Total 18-64 years	6.3	8.5	7.4	6.3	8.7	7.5	6.5	8.9	7.6
65-66 years	42.5	43.0	42.8	41.7	42.7	42.2	41.7	43.2	42.5
<i>Sweden</i>									
16-19 years	0.9	0.7	0.8	0.9	0.6	0.8	0.9	0.7	0.8
20-29 "	1.0	1.0	1.0	1.0	1.0	1.0	1.1	1.1	1.1
30-39 "	2.3	2.9	2.6	2.3	2.9	2.6	2.3	2.9	2.6
40-49 "	5.2	7.5	6.4	5.3	7.6	6.4	5.2	7.6	6.4
50-59 "	12.7	16.9	14.7	13.3	16.7	14.5	11.9	16.4	14.2
60-64 "	33.7	34.7	34.2	32.2	34.0	33.2	32.5	34.4	33.5
Total 16-64 years	6.7	8.5	7.6	6.7	8.5	7.6	6.7	8.6	7.7
65-66 years	.	.	.	.	.	.	.	.	.

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Table 7.14.b.2 Pensioners receiving disability pension by way of basic/guaranteed minimum pension and/or employment pension as percentages of the respective age groups, 1998-2000

	1998			1999			2000		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
<i>Denmark</i>									
18-19 years	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
20-29 "	1.2	0.9	1.0	1.2	0.9	1.0	1.2	0.9	1.1
30-39 "	2.4	2.1	2.2	2.4	2.1	2.2	2.4	2.1	2.2
40-49 "	4.4	4.6	4.5	4.4	4.6	4.5	4.4	4.7	4.5
50-59 "	7.9	8.6	8.3	7.8	8.5	8.1	7.7	8.6	8.1
60-64 "	12.9	13.6	13.2	12.5	13.2	12.8	12.1	12.9	12.5
Total 18-64 years	4.2	4.4	4.3	4.2	4.4	4.3	4.2	4.5	4.3
65-66 years	13.6	13.7	13.7	13.2	13.9	13.5	12.9	13.5	13.2
<i>Faroe Islands</i>									
18-19 years	..	..	..	..	..	..	0.6	0.2	..
20-29 "	..	..	..	..	..	..	1.1	1.1	..
30-39 "	..	..	..	..	..	..	2.1	3.0	..
40-49 "	..	..	..	..	..	..	2.9	5.9	..
50-59 "	..	..	..	..	..	..	6.4	10.0	..
60-64 "	..	..	..	..	..	..	15.8	17.2	..
Total 18-64 years	..	..	..	..	..	..	3.8	5.6	..
65-66 years	..	..	..	..	..	..	16.0	18.2	..
<i>Finland</i>									
16-19 years	0.8	0.7	0.8	0.8	0.6	0.7	0.7	0.5	0.6
20-29 "	1.5	1.1	1.3	1.5	1.1	1.3	1.5	1.1	1.3
30-39 "	2.8	2.1	2.5	2.8	2.2	2.5	2.9	2.2	2.5
40-49 "	6.3	5.1	5.7	6.2	5.0	5.6	6.1	4.9	5.5
50-59 "	16.6	14.5	15.6	15.8	13.9	14.8	15.6	13.8	14.7
60-64 "	44.0	39.9	41.8	41.5	37.4	39.4	39.1	35.0	36.9
Total 16-64 years	9.0	8.1	8.5	8.7	7.9	8.3	8.5	7.7	8.1
65-66 years	.	.	.	.	.	.	.	.	.
<i>Iceland</i>									
16-19 years	2.1	1.7	1.9	2.3	2.0	2.1	1.4	1.0	1.1
20-29 "	2.6	2.7	2.7	2.7	2.8	2.7	2.3	2.7	2.3
30-39 "	4.0	4.7	4.7	4.2	5.1	5.1	3.7	5.3	4.1
40-49 "	4.9	7.6	6.2	5.3	8.4	6.8	5.1	7.8	5.9
50-59 "	7.9	12.1	10.0	8.0	12.7	10.3	7.4	12.2	8.9
60-64 "	13.3	21.4	17.4	12.8	21.6	17.3	12.3	22.0	15.8
Total 16-64 years	4.8	6.8	5.8	5.0	7.3	6.1	4.5	6.9	5.2
65-66 years	17.6	26.6	22.2	17.5	28.8	23.3	19.0	32.2	23.7
<i>Norway</i>									
18-19 years	0.5	0.4	0.5	0.6	0.5	0.5	0.6	0.5	1.0
20-29 "	1.3	1.1	1.2	1.3	1.2	1.3	1.4	1.2	1.0
30-39 "	3.0	3.6	3.3	3.1	3.8	3.4	3.1	3.9	4.0
40-49 "	6.2	9.2	7.7	6.5	9.6	8.0	6.7	9.8	8.0
50-59 "	13.4	20.5	16.9	13.7	21.3	17.5	14.0	21.8	18.0
60-64 "	31.3	37.7	34.6	31.6	39.7	35.3	31.8	39.3	36.0
Total 18-64 years	6.9	9.6	8.2	7.3	10.3	8.8	7.5	10.6	9.0
65-66 years	41.5	43.9	42.7	41.2	45.0	43.2	41.2	45.7	43.0
<i>Sweden</i>									
16-19 years	0.9	0.7	0.8	1.0	0.8	0.9	1.1	0.8	1.0
20-29 "	1.1	1.1	1.1	1.2	1.2	1.2	1.3	1.3	1.3
30-39 "	2.3	2.9	2.6	2.3	2.9	2.6	2.4	3.1	2.7
40-49 "	5.2	7.6	6.4	5.3	7.6	6.5	5.5	7.9	6.7
50-59 "	11.6	16.2	13.9	11.4	16.3	13.9	11.6	16.8	14.2
60-64 "	30.5	33.3	32.0	28.8	32.6	30.8	27.6	32.4	30.0
Total 16-64 years	6.6	8.6	7.6	6.6	8.7	7.7	6.7	9.0	7.8
65-66 years	.	.	.	.	.	.	.	.	.

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Table 7.14.b.3 Pensioners receiving disability pension by way of basic/guaranteed minimum pension and/or employment pension as percentages of the respective age groups, 2001-2003

	2001			2002			2003		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
<i>Denmark</i>									
18-19 years	0.3	0.2	0.2	0.3	0.2	0.2	0.3	0.2	0.2
20-29 "	1.3	1.0	1.1	1.3	1.0	1.2	1.4	1.0	1.2
30-39 "	2.5	2.2	2.3	2.6	2.3	2.4	2.7	2.4	2.6
40-49 "	4.6	5.0	4.7	4.8	5.3	5.1	5.0	5.5	5.3
50-59 "	7.9	9.1	8.5	8.3	9.8	9.0	8.6	10.4	9.4
60-64 "	11.9	12.7	12.3	11.8	12.8	12.3	11.6	13.1	12.4
Total 18-64 years	4.3	4.7	4.5	4.5	5.0	4.8	4.7	5.3	5.0
65-66 years	12.4	13.3	12.9	12.3	13.4	12.8	12.2	13.3	12.8
<i>Faroe Islands</i>									
18-19 years	0.9	0.2	..	0.9	0.3	..	0.7	0.7	0.7
20-29 "	1.0	0.9	..	1.0	0.7	..	1.0	0.7	0.9
30-39 "	1.9	2.9	..	1.7	2.6	..	1.8	2.6	2.2
40-49 "	2.9	5.1	..	2.7	5.2	..	2.7	4.8	3.7
50-59 "	6.4	10.5	..	6.3	10.2	..	6.2	10.2	8.1
60-64 "	14.4	16.5	..	13.1	16.3	..	12.7	17.5	14.9
Total 18-64 years	3.7	5.4	..	3.5	5.3	..	3.5	5.8	4.4
65-66 years	17.9	18.4	..	19.1	19.0	..	19.9	18.5	19.3
<i>Finland</i>									
16-19 years	0.5	0.4	0.5	0.4	0.3	0.4	0.3	0.2	0.3
20-29 "	1.5	1.1	1.3	1.6	1.1	1.4	1.6	1.2	1.4
30-39 "	2.8	2.2	2.5	2.9	2.2	2.6	3.0	2.3	2.6
40-49 "	5.9	4.9	5.4	5.9	4.9	5.4	5.9	4.8	5.4
50-59 "	15.1	13.5	14.3	15.3	13.7	14.5	15.4	13.7	14.6
60-64 "	35.1	30.5	32.7	33.5	29.2	31.3	31.9	28.0	29.9
Total 16-64 years	8.3	7.4	7.8	8.2	7.3	7.8	8.3	7.4	7.8
65-66 years	.	.	.	.	.	.	.	.	.
<i>Iceland</i>									
16-19 years	1.6	1.2	1.3	1.5	1.2	1.3	1.5	1.1	1.2
20-29 "	2.3	2.8	2.4	2.4	3.1	2.6	2.7	3.6	3.0
30-39 "	3.5	5.6	4.2	3.6	5.8	4.4	3.8	6.3	4.8
40-49 "	5.5	8.2	6.3	5.6	8.6	6.6	5.9	9.1	7.1
50-59 "	7.7	12.6	9.3	7.8	12.8	9.6	7.9	13.3	10.0
60-64 "	12.4	21.8	15.8	12.6	22.1	16.3	13.7	22.1	17.0
Total 16-64 years	4.7	7.1	5.4	4.8	7.5	5.8	5.1	8.0	6.2
65-66 years	18.3	32.1	23.6	16.4	30.2	22.0	15.9	30.3	21.8
<i>Norway</i>									
18-19 years	0.5	0.5	0.5	0.6	0.5	0.5	0.6	0.5	0.6
20-29 "	1.3	1.2	1.3	1.4	1.2	1.3	1.4	1.2	1.3
30-39 "	3.1	3.8	3.5	3.1	3.8	3.4	3.1	3.8	3.4
40-49 "	6.6	9.8	8.2	6.7	9.7	8.2	6.8	9.8	8.3
50-59 "	14.2	22.0	18.1	14.4	22.3	18.3	14.7	22.6	18.6
60-64 "	31.7	39.7	35.7	31.4	39.7	31.4	30.7	39.7	35.2
Total 18-64 years	7.7	10.8	9.2	7.8	11.0	9.4	8.0	11.2	9.5
65-66 years	40.3	46.1	43.4	39.4	46.1	43.1	39.8	46.6	43.4
<i>Sweden¹⁾</i>									
16-19 years	1.2	0.9	1.0	1.3	1.0	1.1	1.5	1.1	1.0
20-29 "	1.3	1.3	1.3	1.5	1.5	1.5	1.6	1.6	1.6
30-39 "	2.4	3.3	2.9	2.6	3.7	3.1	2.6	4.0	3.3
40-49 "	5.7	8.4	7.0	6.0	9.1	7.5	6.1	9.5	7.8
50-59 "	11.9	17.6	14.7	12.6	18.8	15.7	12.9	19.6	16.2
60-64 "	26.9	32.8	29.9	26.5	33.7	30.1	25.8	33.9	29.8
Total 16-64 years	6.8	9.4	8.1	7.1	10.1	8.6	7.4	10.7	8.9
65-66 years	.	.	.	.	.	.	.	.	.

1 The age group 16-19 years included in 2003 the 17-19 year-olds and in 2004 the 18-19 year-olds.

Table 7.14.b.4 Pensioners receiving disability pension by way of basic/guaranteed minimum pension and/or employment pension as percentages of the respective age groups, 2004-2005

	2004			2005		
	Men	Women	Total	Men	Women	Total
<i>Denmark</i>						
18-19 years	0.3	0.2	0.2	0.3	0.2	0.3
20-29 "	1.5	1.1	1.3	1.5	1.2	1.4
30-39 "	2.8	2.5	2.7	2.9	2.6	2.8
40-49 "	5.2	5.8	5.5	5.4	6.0	5.7
50-59 "	9.0	11.0	10.0	9.3	11.5	10.4
60-64 "	11.5	13.2	12.4	11.5	13.4	12.5
Total 18-64 years	4.9	5.5	5.2	5.1	5.8	5.4
65-66 years	9.3	10.7	10.0	3.2	3.9	3.6
<i>Faroe Islands</i>						
18-19 years	0.7	0.5	0.6	0.0	0.6	0.3
20-29 "	1.0	0.8	0.9	1.2	0.7	1.0
30-39 "	1.7	2.5	2.1	1.8	2.4	2.1
40-49 "	2.7	4.6	3.6	2.7	4.4	3.5
50-59 "	6.3	10.2	8.1	5.8	10.1	7.8
60-64 "	12.3	17.9	14.9	11.5	15.3	13.3
Total 18-64 years	3.5	5.4	4.4	3.4	5.1	4.2
65-66 years	14.7	15.6	15.1	15.9	17.2	16.5
<i>Finland</i>						
16-19 years	0.3	0.3	0.3	0.4	0.3	0.4
20-29 "	1.6	1.2	1.4	1.6	1.3	1.5
30-39 "	3.0	2.3	2.6	3.0	2.3	2.7
40-49 "	5.8	4.8	5.3	5.7	4.8	5.3
50-59 "	15.6	13.9	14.7	15.6	14.0	14.8
60-64 "	30.4	26.8	28.6	28.8	25.6	27.2
Total 16-64 years	8.2	7.3	7.8	8.2	7.4	7.8
65-66 years	.	.	.	.	.	.
<i>Iceland</i>						
16-19 years	1.6	1.3	1.4	1.4	1.1	1.3
20-29 "	2.9	3.9	3.4	2.8	3.6	3.2
30-39 "	3.9	6.8	5.3	3.7	6.6	5.1
40-49 "	6.2	9.4	7.8	5.9	9.7	7.8
50-59 "	8.3	13.6	10.9	8.3	13.7	10.9
60-64 "	13.6	23.4	18.6	13.8	23.1	18.5
Total 16-64 years	5.3	8.5	6.9	5.3	8.5	6.9
65-66 years	16.0	28.7	22.3	17.6	28.1	22.8
<i>Norway</i>						
18-19 years	0.6	0.5	0.6	0.8	0.6	0.7
20-29 "	1.4	1.3	1.4	1.5	1.4	1.5
30-39 "	3.2	3.9	3.5	3.3	4.1	3.7
40-49 "	6.9	10.0	8.4	7.0	10.2	8.6
50-59 "	15.0	22.8	18.8	15.0	22.8	18.8
60-64 "	29.7	39.2	34.5	28.9	38.7	33.8
Total 18-64 years	8.1	11.5	9.8	8.3	11.7	10.0
65-66 years	40.1	47.1	43.7	39.8	47.6	43.8
<i>Sweden¹⁾</i>						
16-19 years	1.6	1.2	0.7	2.0	1.5	1.8
20-29 "	1.8	1.8	1.8	2.0	2.0	2.0
30-39 "	2.8	4.4	3.6	2.9	4.6	3.7
40-49 "	6.4	10.4	8.5	6.5	10.9	8.7
50-59 "	13.5	20.7	16.8	13.7	21.3	17.5
60-64 "	25.5	34.7	32.0	24.8	34.5	29.6
Total 16-64 years	7.9	11.7	9.4	8.2	12.4	10.3
65-66 years	.	.	.	.	.	.

1 The age group 16-19 years included in 2003 the 17-19 year-olds and in 2004 the 18-19 year-olds.

SUPPLEMENTARY TABLES

Table 8.3.a Families receiving housing benefits at the end of the years 1995-2005

	Denmark	Finland	Iceland ¹⁾	Norway	Sweden
<i>Number of recipients</i>					
<i>1995</i>					
Married and cohabiting couples	33 610	74 402	645	5 016	198 044
- with children	21 672	49 753	372	5 016	180 798
- without children	11 938	24 649	273	..	17 246
Single people	141 265	139 414	1 976	13 740	352 416
- with children	66 026	55 838	657	13 740	228 021
- without children	75 239	83 576	1 319	-	124 395
<i>2000</i>					
Married and cohabiting couples	33 619	33 359	780	5 360	50 016
- with children	21 284	25 559	417	4 954	47 622
- without children	12 335	7 800	363	406	2 394
Single people	136 051	136 993	3 681	17 982	195 368
- with children	61 700	50 184	1 296	15 725	161 548
- without children	74 351	86 809	2 385	2 257	33 820
<i>2004</i>					
Married and cohabiting couples	33 354	25 786	1 284	6 822	41 295
- with children	17 199	20 561	695	6 186	38 867
- without children	16 155	5 225	589	636	2 428
Single people	166 241	133 512	8 062	22 154	179 500
- with children	70 766	44 382	2 544	16 536	140 449
- without children	95 475	89 130	5 518	5 618	39 051
<i>2005</i>					
Married and cohabiting couples	31 727	24 245	1 285	6 135	51 437
- with children	16 320	19 198	728	5 435	47 150
- without children	15 407	5 047	557	700	4 287
Single people	168 906	130 569	8 704	22 434	223 829
- with children	71 570	43 330	2 912	14 670	164 620
- without children	97 336	87 239	5 792	7 764	59 209

1 1995=1996.

Table 8.4.a Pensioners receiving housing benefits at the end of the years 1995-2005

	Denmark ¹⁾	Finland	Norway	Sweden ²⁾
<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>2004</i>				
Married or cohabiting pensioners	57 794	8 117	3 612	..
Single pensioners	273 023	146 804	78 269	..
Total	330 817	158 968	81 881	431 000
<i>2005</i>				
Married or cohabiting pensioners	57 918	8 066	2 664	..
Single pensioners	278 466	150 141	72 404	..
Total	336 384	162 184	75 068	429 533

1 As from 2003 inclusive of new disability pensioners, who receive housing benefits according to the new rules of the anticipatory-pension reform from 1 January 2003.

2 inclusive of 135 976 people, who received sickness/activity allowance.

SUPPLEMENTARY TABLES

Table 10.7.a Social expenditure broken down by type and purpose as percentages of the GDP, 2005

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Families and children</i>						
Cash benefits	1.5	2.2	1.6	1.3	1.6	1.6
Services	2.2	2.2	1.4	1.7	1.3	1.5
Total	3.8	4.3	3.0	3.0	2.8	3.0
<i>Unemployment</i>						
Cash benefits	2.4	1.2	2.2	0.3	0.5	1.7
Services	0.1	0.0	0.2	0.1	0.1	0.2
Total	2.5	1.2	2.4	0.4	0.6	1.9
<i>Illness</i>						
Cash benefits	1.0	0.7	1.2	1.5	2.4	1.8
Services	5.1	6.4	5.5	5.9	5.1	5.7
Total	6.1	7.0	6.7	7.4	7.5	7.5
<i>Old age</i>						
Cash benefits	9.2	5.2	7.8	4.3	5.1	9.2
Services	1.8	2.9	1.0	1.9	1.8	2.6
Total	11.0	8.2	8.7	6.1	6.9	11.8
<i>Disability</i>						
Cash benefits	3.0	1.8	2.4	2.2	3.7	2.8
Services	1.3	2.3	0.9	1.0	0.8	1.9
Total	4.2	4.1	3.3	3.2	4.5	4.8
<i>Survivors</i>						
Cash benefits	0.0	0.1	0.9	0.6	0.3	0.7
Services	0.0	0.0	0.0	0.0	0.0	0.0
Total	0.0	0.2	0.9	0.6	0.3	0.7
<i>Housing</i>						
Services	0.7	0.0	0.3	0.2	0.1	0.6
Total	0.7	0.0	0.3	0.2	0.1	0.6
<i>Other social benefits</i>						
Cash benefits	0.8	0.5	0.3	0.2	0.3	0.4
Services	0.2	0.1	0.2	0.3	0.3	0.2
Total	1.0	0.6	0.5	0.5	0.6	0.6
<i>Cash benefits, total</i>	17.8	11.6	16.4	10.4	13.9	18.2
<i>Services, total</i>	11.5	14.0	9.5	11.0	9.5	12.7
<i>Social expenditures, total¹⁾</i>	29.3	25.6	25.9	21.4	23.4	30.9

1 The total social expenditures is in this table without administration costs.

Table 10.x Current contributions to the financing of the social expenditure in per cent, broken down by contributions made by public authorities, employers, the insured and other financing, 1995-2005

	Public authorities total	Employers	The insured (contributions and special taxes)	Other financing	Total
<i>Denmark</i>					
1995	71	9	14	6	100
2000	64	9	20	7	100
2004	64	10	20	7	100
2005	63	10	18	8	100
<i>Faroe Islands</i>					
1995	..	..	..	..	..
2002	82	8	6	4	100
2004	83	8	6	4	100
2005	81	9	7	4	100
<i>Finland</i>					
1995	46	34	14	7	100
2000	43	38	12	7	100
2004	44	39	11	5	100
2005	44	38	11	6	100
<i>Iceland</i>					
1995	61	31	8	-	100
2000	51	39	9	-	100
2004	38	28	6	28	100
2005	33	26	6	35	100
<i>Norway¹⁾</i>					
1995	62	22	15	-	100
2000	60	24	14	1	100
2004	59	26	14	1	100
2005	58	26	14	1	100
<i>Sweden</i>					
1995	50	37	5	8	100
2000	47	40	9	4	100
2004	49	41	9	2	100
2005	48	41	9	2	100

1 There has been a change in the calculation method for the social expenditure, so that figures from before 2002 are not completely comparable with figures from after 2002.

SUPPLEMENTARY TABLES

Table 10.9.a Tax percentages and social duties on wages/salaries and social benefits, per month, for a single childless AW, 2005

	Denmark	Finland	Iceland	Norway	Sweden
	DKK	EUR	ISK	NOK	SEK
Wages/salaries, gross	26 692	21 481	2 723	246 500	31 565
Wages/salaries, net	16 317	12 917	1 845	175 198	22 486
Tax on: wages/salaries in per cent	39	40	32	29	29
Daily cash benefits in connection with pregnancy and birth, gross	14 157	21 481	1 720	197 200	30 030
Daily cash benefits in connection with pregnancy and birth, net	9 876	12 917	1 261	142 751	22 750
Tax on daily cash benefits in connection with pregnancy and birth	30	40	27	28	24
Unemployment benefits, gross	14 170	12 354	1 290	91 426	18 738
Unemployment benefits, net	9 884	8 518	986	90 948	14 167
Tax on unemployment benefits	30	31	24	1	24
Sickness benefits, gross	14 157	15 656	1 723	..	30 029
Sickness benefits, net	9 876	10 354	1 263	..	21 416
Tax on sickness benefits	30	34	27	..	29
Retirement pension, gross	11 438	8 153	1 703	172 101	16 546
Retirement pension, net	8 216	7 733	1 251	155 487	14 298
Tax on retirement pension	28	5	27	10	14
Disability pension, gross	14 173	10 364	1 415	..	16 587
Disability pension, net	9 919	8 399	1 117	..	14 316
Tax on disability pension	30	19	21	..	14
Social benefits, non-insured persons, gross	8 577	..	500	84 245	..
Social benefits, non-insured persons, net	6 419	..	404	83 767	..
Tax on social benefits, non-insured persons	25	..	19	1	..

Table 10.10.a Cash benefits exempt from tax/subject to tax, in total and as percentages of the GDP, 1995-2005

	Cash benefits exempt from tax			Cash benefits subject to tax		
	Total, million KR/EUR	As percent- age of the GDP	As percent- age of all cash benefits	Total, million KR/EUR	As percent- age of the GPD	As percent- age of all cash benefits
<i>1995</i>						
Denmark	18 764	2	9	188 292	18	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	15	89
Finland	2 601	2	12	18 599	14	88
Iceland	5 672	1	9	57 501	9	91
Norway	23 736	2	12	178 615	13	88
Sweden	32 695	2	8	352 586	16	92
<i>2004</i>						
Denmark	26 867	2	10	240 540	16	90
Finland	2 718	2	11	22 469	15	89
Iceland	8 821	1	9	94 143	10	91
Norway ¹⁾	27 042	2	10	239 058	14	90
Sweden	34 759	1	7	445 549	17	93
<i>2005</i>						
Denmark	25 970	2	9	250 079	16	91
Finland	2 730	2	11	23 001	15	89
Iceland	8 719	1	8	99 440	10	92
Norway ¹⁾	26 444	1	10	243 125	13	90
Sweden	34 888	1	7	450 045	17	93

1 Figures up until 2001 are not comparable with figures for 2004 and 2005.

Appendix 5

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
Web: www.sst.dk

The Labour Market Authority
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
Web: www.udlst.dk

FURTHER INFORMATION

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.social.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

Social Appeals Board
Amaliegade 25
P.O. Boks 9080
DK-1022 Copenhagen K
Phone +45 33 41 12 00
Fax + 45 33 41 14 00
Web: www.ast.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 family and
consumer affairs
Stormgade 2-6
DK-1470 Copenhagen K
Phone +45 33 95 13 10
Fax +45 33 95 13 11
Web: www.minff.dk

The Ministry of Refugee,
Immigration and Integration Affairs
Holbergsgade 6
DK-1057 Copenhagen K
Phone +45 33 92 33 80
Fax +45 33 11 12 39
Web: www.inm.dk

FAROE ISLANDS

Ministry of Health and Social Affairs
Eirargarður 2
FO-100 Torshavn
Phone +298 304050
Fax +298 354045
Web: www.ahr.fo

Statistics Faroes
P.O Box 2068
Fo-165 Argir
Phone +298 352800
Fax +298 352801
Web: www.hagstova.fo

FURTHER INFORMATION

FINLAND

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

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.stm.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

Finnish Centre for Pensions
FIN-00065 Finnish Centre for
Pensions
Phone +358 10 75 11
Fax +358 9 1481 172
Web: www.etk.fi

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

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

FURTHER INFORMATION

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

Norwegian Labour and
Welfare Organisation
C.J. Hambros plass 2
P.O. Box 5 St. Olavs Plass
N-1310 Oslo
Phone +47 21 07 00 00
Fax +47 21 07 00 01
Web: www.nav.no

Norwegian Board of Health
Universitetsgata 2
P.O. Box 7000 St. Olavs Plass
N-0031 Oslo
Phone +47 81 02 00 50
Fax +47 24 16 30 01
Web: www.shdir.no

Ministry of Labour
and Social Inclusion
P.O. Box 8011 Dep.
N-0030 Oslo
Phone +47 22 24 90 90
Fax +47 22 24 87 11
Web: www.dep.no/asd

National Knowledge Centre
for Health Services
Pilestedet park 7
P.O. Box 7004, St. Olavs plass
N-0130 Oslo
Phone +47 23 25 50 00
Fax +47 23 25 50 10
Web: www.kunnskapssenteret.no

FURTHER INFORMATION

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
Health and Welfare
S-106 30 Stockholm
Phone +46 8 55 55 30 00
Fax +46 8 55 55 32 52
Web: www.sos.se

National Board of Occupational
Safety and Health
S-171 84 Solna
Phone +46 8 730 90 00
Fax +46 8 730 19 67
Web: www.arbssky.se

Statistics Sweden
P.O. Box 24300
S-104 51 Stockholm
Phone +46 8 506 940 00
Fax +46 8 661 52 61
Web: www.scb.se

National Labour Market Board
S-113 99 Stockholm
Phone +46 8 5860 60 00
Fax +46 8 5860 64 99
Web: www.amv.se/ams

National Social Insurance Board
S-103 51 Stockholm
Phone +46 8 786 90 00
Fax +46 8 411 27 89
Web: www.forsakringskassan.se

Swedish Immigration Board
P.O. Box 6113
S-601 70 Norrköping
Phone +46 11 15 60 00
Fax +46 11 10 81 55
Web: www.migrationsverket.se

Swedish Integration Board
P.O. Box 633
S-601 14 Norrköping
Phone +46 11 36 13 00
Fax +46 11 36 13 01
Web: www.integrationsverket.se

OTHER

OECD
Unité des Services à la Clientèle
Service des Publications
2, rue André-Pascal
F-75775 Paris Cedex 16
France
Web: www.oecd.org

World Health Organization
Regional Office for Europe
Scherfigsvej 8
DK-2100 Copenhagen Ø
Denmark
Web: www.who.dk

FURTHER INFORMATION

EUROSTAT
Office for Official Publications
of the European Communities
L-2985 Luxembourg
Luxembourg
Web: Europa.eu.int/comm/eurostat

Nordic Medico-Statistical
Committee (NOMESCO)
Islands Brygge 67
DK-2300 Copenhagen S
Phone: +45 72 22 76 25
Fax: +45 32 95 54 70
Web: www.nom-nos.dk

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