

**BASIC INDICATORS OF LABOUR  
AND SOCIAL PROTECTION  
IN THE CZECH REPUBLIC  
TIME SERIES AND GRAPHS**

**2012**



**Prague 2013**

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**ISBN 978-80-7421-067-9**

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## LIST OF ABBREVIATIONS

CR.....	Czech Republic
CSSA.....	Czech Social Security Administration
CZ-NACE.....	Classification of Economic Activities
CZK.....	Czech Crowns
CZSO .....	Czech Statistical Office
EC.....	European Commission
ESSPROS.....	European System of integrated Social Protection Statistics
EU.....	European Union
GDP.....	Gross Domestic Product
LAU.....	Local Administrative Units
MoLSA .....	Ministry of Labour and Social Affairs
MS.....	Member States of European Union
NUTS.....	Nomenclature of Territorial Units for Statistics
PAYGO.....	Pay-as-you-go - ongoing funding of the pension systemě



## 1. Introduction

The Czech Republic, as an independent state, was established on January 1, 1993 by a split of the former Czech and Slovak Federal Republic. With an area of 78 866 sq. km, population of 10,5 mil. and population density of 133 inhabitants per sq. km, it could be classed as a small Central European state. The area of the state is administratively structured into 76 territorial entities - (LAU 1 - districts with approximately 120 thous. inhabitants on average) and the capital Prague (NUTS 3 and LAU 1 at the same time) with 1 247 mil. inhabitants at the end of 2012. Concerning territorial performance of state administration the district offices were abolished in 2003, function of state administration, which these authorities had exercised until that time, passed largely on municipal and regional offices. The local government is performed on the level of individual municipalities (ca 6,3 thous. municipalities) and from January 1, 2000 also on the level of 14 regions (it corresponds with the classification NUTS 3) that represent higher self-government units. They were gradually involved in some functions formerly provided at the level of district offices or ministries.

The economic and social transformation proceeding after 1989 had an impact on certain demographic characteristics of the population. The most significant aspects are postponement of a family establishment and birth of children. Number of born children had dropped constantly. Since 1993 the natural population increment has turned into a decrement. Since 2006 number of live-born children has exceeded number of deaths. In 2012 there were 108,6 thous. of live births and 108,2 thous. of deaths. In December 31, 2012 number of inhabitants in Czech Republic made up 10 516 thous.

Growth of GDP in constant prices detected decrease by 0,9 % (in current prices there was increase by 0,6 %) in Czech Republic in 2012. Economy was affected mainly by persisting debt crisis in Eurozone. Income situation of households has been worsened (real current incomes have decreased), tension on labour market has been intensified, investment activity has remained weak due to reduction of governmental investment and due to caution of companies and households. In 2012 inflation rate reached 3,3 % (particularly for reason of increase of lower rate of value added tax since January 2012 and deregulation in housing) and contributed to slow-down of consumer's demand. After slight decrease of final consumption in 2011 its slump deepened to 2,8 % in 2012 substantially due to household sector than government. Internal demand was also restrained by approved measures to consolidate public budgets and by fear of households of further economic development.

From the point of view of unemployment development the situation in 2012 was not as favourable as in previous year. There was ongoing annual decrease of unemployment in 1st half-year, however its rate slowed down. In June 2012 unemployment rate was the same as a year before - 8,1 %. Starting 2nd half-year there was evident change of trend influenced by continuing economic recession. Unemployment started to increase up to 9,4 % in December 2012 (i.e. annually by 0,8 percentage point). Average unemployment rate in 2012 remained the same as in 2011 (8,6 %) due to lower values in 1st half-year. Average number of job seekers made up 504,4 thous. in 2012 (i.e. less by 3,4 thous. annually) and 543,3 thous. at the end of 2012 (contrarily by 36,9 thous. more).

Table No. 1.1

## Basic Demographic and Socio-economic Indicators

Indicator	Unit	Year										
		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	
Population as of December 31		10 211	10 221	10 251	10 287	10 381	10 468	10 507	10 533	10 504	10 516	
0-14		1 554	1 527	1 501	1 480	1 477	1 480	1 494	1 518	1 541	1 560	
aged	thous.	7 234	7 260	7 293	7 325	7 391	7 432	7 414	7 379	7 263	7 188	
15-64	persons	1 423	1 434	1 457	1 482	1 513	1 556	1 599	1 636	1 701	1 768	
65+		93 685	97 664	102 211	105 831	114 632	119 570	118 348	117 153	108 673	108 576	
Live births		111 288	107 177	107 938	104 441	104 636	104 948	107 421	106 844	106 848	108 189	
Deaths		72,0	72,5	72,9	73,4	73,7	74,0	74,2	74,4	74,7	75,0	
Expectence of life at birth: men	years	78,5	79,0	79,1	79,7	79,9	80,1	80,1	80,6	80,7	80,9	
women		-17 603	-9 513	-5 727	1 390	9 996	14 622	10 927	10 309	1 825	387	
Natural increase of population		25 789	18 635	36 229	34 720	83 945	71 790	28 344	15 648	16 889	10 293	
Migration balance	number of person	8 186	9 122	30 502	36 110	93 941	86 412	39 271	25 957	18 714	10 680	
Total growth of population		2 688 107	2 929 172	3 116 056	3 352 599	3 662 573	3 848 411	3 758 979	3 790 880	3 823 401	3 845 926	
GDP (in current prices)	CZK mil.	4,7	9,0	6,4	7,6	9,2	5,1	-2,3	0,8	0,9	0,6	
GDP growth (current prices)		0,1	2,8	1,9	2,5	2,8	6,3	1,0	1,5	1,9	3,3	
Average inflation rate	%	9,9	9,2	9,0	8,1	6,6	5,5	8,0	9,0	8,6	8,6	
Average registered unemployment rate		5 132	5 133	5 174	5 199	5 198	5 232	5 287	5 269	5 223	5 257	
Economically active persons	thous. persons											

Source: CZSO, MoLSA



## 2. Pension Insurance

Pension system of CR is based on basic mandatory pension insurance according to the Act No. 155/1955 Coll., Pension Insurance Act (first pillar), starting 2013 on voluntary pension savings according to the Act No. 426/2011 Coll. (second pillar) and on supplementary pension savings according to the Act No. 427/2011 Coll., which has substituted supplementary pension insurance with state contribution according to the Act No. 42/1994 Coll. (third pillar).

The system of basic pension insurance is based on mandatory involvement and on a running basis (pay-as-you-go = PAYGO). The scheme is universal and secures all economically active persons; its funding is based on solidarity amongst generations. The regulation is unified for all insured persons except some administrative and organizational variations in cases when bodies of social security of departments of defense, interior and justice are responsible for decision-making.

The following pension benefits are provided under pension insurance: old-age pension, disability pension, widow's pension, widower's pension and orphan's pension. A pension is composed of two elements: a basic amount (stipulated by universal fix amount identical for all pensioners) and the percentage-base assessment based on the insured period and earnings achieved. Czech Social Security Administration takes a decision on claim, amount and payment of pension benefits except cases when relevant authorities of social welfare of Ministry of Defence, Ministry of Interior and Ministry of Justice are appropriate for these issues.

After passage of Pension Insurance Act in 1995 number of legislative changes has been adopted. For example adjustments effective since 2004, when increase in the retirement age after 2007 has been approved. Furthermore, early retirement was limited by cancellation of temporarily reduced pension (except for disability pensioners), crediting of studies for the purposes of pension insurance has been reduced as well as cancelling the condition enabling entitlement to the payment of old-age pensions concurrently with income from gainful activities. Rate of premium for pension insurance was increased by two percentage points (from 26% to 28% of the assessment base) and at the same time the rate of contribution to the state employment policy decreased by two percentage points (from 3,6% to 1,6% of the assessment base). Gradual increase in the minimum assessment base for setting premiums for the self-employed in 2004-2006 has been also adopted.

In 2006 there were changes in the partial disability pensions and widow's pensions paid in concurrence with another pension. Payment of partial disability pensions, which had not been paid or reduced due to income from gainful activities, has been paid in full amount since February 2006. Amount of widow pension for widows who became entitled to this pension before 1 January 1996 (and their widow pension was limited due to exceeding of stipulated amount) has been adjusted since July 2006. With regard to adoption of the Act No. 108/2006 Coll., On Social Services, which introduced a new benefit - care allowance, increase of pension for helplessness has been abolished since 2007.

The legal regulation adopted in 2008 (the Act No. 306/2008 Coll.), which has become effective in principle since January 1, 2010, implemented the first phase of pension reform with intention to improve financial sustainability and long-term stability of basic pension insurance. The most significant changes include:

- gradual extension of the insurance period required for entitlement to old-age pension from 25 years to 35 years including non-contributory periods of insurance or to 30 years without non-contributory periods of insurance,
- gradual limitation on crediting of non-contributory insurance periods also for entitlement to the old-age pension to 80% except period of personal care for a child under age of 4 years

- or for a person dependent on care of other person or due to former basic military service,
- uninterrupted continuation in gradual increases in the retirement age to 65 years for men and women who have not brought up any child or one child and to 62 - 64 years for women (by the number of the brought up children), if they have brought up at least two children,
- gradual extension of the period for the early retirement from three to five years,
- cancellation of condition for entitlement to old-age pension in addition to income from gainful employment, which consisted in negotiation the employment relationship for a maximum period of one year,
- increase of percentage amount of old-age pension for the period of employment after becoming entitled to old-age pension from the concurrent receipt of this pension,
- the change of a full disability pension to old-age pension in the same amount at the age of 65 years,
- unification of the existing fixed age limit for the "permanent" entitlement of women to men and to a widower's pension at the age of 4 years below the retirement age for men the same birth date,
- new definition of disability (introduction of three-degree) with "permanent" protection of existing amounts of partial disability pensions in case of change from II. degree of disability to I. degree,
- unification of the age limit, to which the so-called imputed amount of time for the percentage amount of disability pension for men and women (for men and women of retirement age set for women of the same birth date, which did not bring up any child),
- cancellation of the duration of studies acquired in the period after the Act was enacted as non-con tributary period, except for assessment of entitlement to disability pensions,
- increase of reduction of the percentage-based assessment in case of early retirement from 0,9% to 1,5% of calculation base (from the 721st calendar days for every - as well as initiated - 90 calendar days).

Change of the Pension Insurance Act adopted in 2011 (the Act No. 220/2011 Coll.) reacted to the relevant judgment of the Constitutional Court, that legislation of determining the calculation base (from which the percentage-based assessment of pensions is calculated, along with the determination of the reduction limits) does not ensure (with other parameters of pension system construction) constitutionally guaranteed right to adequate material security and induce unacceptable inequalities between different groups of persons insured. Judgment of the Constitutional Court made possible to adjust reduction limits and to adopt another measures for increasing the principle of equivalence (merit) in basic pension system generally. The amendment of the Pension Insurance Act therefore includes other measures that improve financial sustainability of the basic pension insurance.

Among the most significant changes belongs:

- determination of the basic amount of pension, basic amount of pensions is always set as 9% of the average wage,
- determination of the amount of reduction limits and credit of amounts of the personal assessment base for determination of the calculation base. The Act clearly regulates rules for determination of reduction limits - in relation to the average wage - depending on the amount of reduction limits of the percentage for determining the amounts to be credited to level of calculation base from the personal assessment base. This change will be implemented gradually over a five-year transition period,
- continuation of gradual extension of reference period for determination of the personal assessment base from the current target state of 30 years to lifelong period with the fact that incomes before 1986 are not taken into account. In many cases the reference period shall include period of the systematic preparation for future careers in form of study, when insured persons usually do not reach any income. When calculating the pension the period of study is considered as excluded period and division of real income earned in reference period will not come to pass,
- continuation of increasing of the retirement age and acceleration of unification of the retirement age for men and women, the full unification of the retirement age will come up in 2041. For

- persons born in 1975 there will be single retirement age of 66 years and 8 months (this retirement age will be increased by 2 months for every year of birth after 1975),
- slower gradation of percentage rate for reducing the amount of the percentage-based assessment of early retirement - in case of pensions granted after December 31, 2011, the percentage-based assessment will be reduced for every (as well as initiated) 90 calendar days in period from 361st to 720th days by 1,2% of calculation base (compared to current 0,9% of the assessment base),
  - cancellation of a lump sum payment at termination of entitlement to widow's, respectively widower's pension due to enter to new marriage for entitlements after December 31, 2011,
  - reducing the period (from five to two years for entitlements after December 31, 2011) for repeated establishment of entitlement to widow's or widower's pension, if conditions stipulated by law are met again,
  - determination of way of paid pensions increase exclusively in accordance with the legal procedures and according to statistically identified growth of consumer price index and one-third of real wage growth.

Under Pension Insurance Act, paid out pensions are as of 2003 increased regularly in January of each year, whereas the minimum prescribed increase provided for under law reflects a 100% growth in prices and a 1/3 growth in real wages. Since 2008 (the Act No. 178/2008 Coll.) the Act has newly provided for the condition for raising the pensions in an extraordinary term already if prices increase by at least 5% (previously, this provision applied only if prices increased by at least 10%). At the same time, the Act stipulated that in 2008 pensions would be increased, apart from the regular term, from the pension benefit payment due in August 2008. It means pension benefits were increased two times in 2008. To raise pensions since January 2010 (in regular term) minimal increase stipulated according to law made up 0,9% - condition of 2% for compulsory valorization was not met - and the Government decided (with regard to its economic measures) not to raise pensions since January 2010. Pensions paid were increased since January 2011. By the Act No. 314/2012 Coll., temporary reduction of valorization for 2013 - 2015 was passed to decrease the growth of expenditure on pensions (increase of pensions was set according one third of the growth of prices and one third of the growth of real wage).

Voluntary pension schemes (second and third pillar) are regulated as individual savings systems in private pension companies based on capital funding.

Participants of voluntary pension savings system pay contribution to private pension company, which is 5% of the assessment base for contribution on pension insurance. At the same time contribution rate on basic pension insurance is reduced by 3% of the assessment base. The percentage amount of old-age pension amounts to 1,2% of the calculation base for each whole year of that part of the insurance period credited to the beneficiary.

Participants of supplementary pension savings (originally as supplementary pension insurance with state contribution) may receive state contribution depending on amount of participant contribution. Their entitlements from basic pension insurance system are not involved due to their participation. Amount of payments from this system have insignificant share in receipts of pensioners so far.

Table No. 2.1

## Development of Number of paid out Pensions

Year	Pension							total
	old-age	disability for degree of disability			widow's	widower's	orphan's	
		III. <sup>1)</sup>	II. <sup>2)</sup>	I.				
1996	1 806	408	124		625	31	58	3 052
1997	1 813	398	138		629	51	59	3 088
1998	1 859	392	145		627	68	56	3 147
1999	1 891	385	150		623	75	59	3 184
2000	1 919	382	155		619	79	57	3 210
2001	1 936	380	162		615	82	55	3 230
2002	1 921	382	171		612	85	56	3 227
2003	1 933	385	178		607	86	57	3 246
2004	1 965	388	184		604	88	56	3 285
2005	1 985	389	189		600	89	54	3 308
2006	2 024	390	199		598	91	53	3 355
2007	2 061	389	208		596	93	51	3 397
2008	2 102	383	216		594	94	49	3 438
2009	2 147	375	221		590	95	48	3 478
2010	2 306	248	57	170	587	96	48	3 511
2011	2 391	232	61	162	583	97	47	3 573
2012	2 398	221	65	164	580	98	48	3 574

## As % of total

1996	59,2	13,4	4,1		20,5	1,0	1,9	100,0
1997	58,7	12,9	4,5		20,4	1,6	1,9	100,0
1998	59,1	12,4	4,6		19,9	2,2	1,8	100,0
1999	59,4	12,1	4,7		19,6	2,4	1,8	100,0
2000	59,8	11,9	4,8		19,3	2,5	1,8	100,0
2001	59,9	11,8	5,0		19,0	2,5	1,7	100,0
2002	59,5	11,9	5,3		19,0	2,6	1,7	100,0
2003	59,5	11,8	5,5		18,7	2,7	1,7	100,0
2004	59,8	11,8	5,6		18,4	2,7	1,7	100,0
2005	60,0	11,8	5,7		18,1	2,7	1,6	100,0
2006	60,3	11,6	5,9		17,8	2,7	1,6	100,0
2007	60,7	11,4	6,1		17,5	2,7	1,5	100,0
2008	61,1	11,1	6,3		17,3	2,7	1,4	100,0
2009	61,7	10,8	6,4		17,0	2,7	1,4	100,0
2010	65,7	7,1	1,6	4,8	16,7	2,7	1,4	100,0
2011	66,9	6,5	1,7	4,5	16,3	2,7	1,3	100,0
2012	67,1	6,2	1,8	4,6	16,2	2,8	1,3	100,0

Source: CSSA

Notes: Number of pensions paid in December, incl. pensions paid abroad.

Widow's and widower's pensions incl. concurrence with direct pensions.

<sup>1)</sup> full disability pensions (until 2009)<sup>2)</sup> partial disability pensions (until 2009)

Table No. 2.2

Number of Pensioners in December 2003 - 2012

Year	total	Old-age		Proportional old-age	Disability for degree of disability			Widow's and widowers's	Orphan's	TOTAL
		non-reduced age limit <sup>1)</sup>	reduced after disab. <sup>2)</sup>		permanently reduced	temporarily	III. 3)			
men										
2003	1 891 577	1 635 500	225 933	26 144	380 416	173 569	67 438	55 202	2 590 844	
2004	1 923 728	1 648 673	250 663	24 372	384 203	179 173	63 374	54 020	2 625 685	
2005	1 942 079	1 656 890	270 892	14 297	385 149	184 906	60 632	52 543	2 645 100	
2006	1 976 693	1 667 628	295 328	13 737	385 764	194 281	57 411	50 968	2 683 784	
2007	2 011 281	1 677 398	323 263	10 620	383 913	202 773	54 195	48 415	2 719 161	
2008	2 049 530	1 690 727	354 415	4 388	377 723	211 022	51 507	47 754	2 754 011	
2009	2 092 894	1 697 687	391 734	3 473	370 154	215 790	49 281	46 798	2 790 391	
2010	2 245 707	1 705 059	425 166	3 227	344 048	54 973	46 711	46 021	2 819 093	
2011	2 326 984	1 716 138	498 803	2 986	227 640	58 034	42 131	45 693	2 873 004	
2012	2 329 054	1 692 236	521 090	2 796	215 840	62 612	40 471	45 856	2 866 056	
women										
2003	657 771	559 274	87 433	11 064	190 456	98 562	7 532	25 453	978 920	
2004	669 989	563 112	96 641	10 216	192 961	99 197	7 535	24 773	995 686	
2005	679 071	568 237	104 780	6 054	193 836	101 710	7 701	23 871	1 007 516	
2006	694 678	572 642	115 531	6 505	194 512	106 163	7 759	22 971	1 027 504	
2007	710 131	576 665	128 069	5 397	193 744	110 009	7 635	22 140	1 045 146	
2008	733 276	589 616	141 574	2 086	189 678	113 199	7 506	21 253	1 066 465	
2009	760 365	600 696	157 933	1 736	184 918	114 416	7 438	20 680	1 089 430	
2010	832 291	610 707	173 951	1 585	129 066	29 314	88 383	7 296	1 108 146	
2011	873 426	615 390	210 140	1 425	120 308	31 201	83 605	6 881	1 139 080	
2012	879 610	611 058	220 595	1 305	114 453	33 734	82 238	6 889	1 140 727	
women										
2003	1 233 806	1 080 226	138 500	15 080	189 960	77 007	59 906	25 749	1 611 924	
2004	1 253 759	1 085 561	154 042	14 156	191 242	79 976	55 839	28 247	1 629 999	
2005	1 263 008	1 088 653	166 112	8 243	191 313	83 196	52 931	28 672	1 637 584	
2006	1 282 015	1 094 986	179 797	7 232	191 252	88 128	49 652	27 997	1 656 280	
2007	1 301 150	1 100 733	195 194	5 223	16 097	190 169	46 560	27 275	1 674 015	
2008	1 316 254	1 101 111	212 841	2 302	14 922	188 045	44 001	26 501	1 687 546	
2009	1 332 529	1 096 991	233 801	1 737	13 861	185 236	41 843	26 118	1 700 961	
2010	1 413 416	1 096 352	251 217	1 642	12 696	114 862	39 415	25 854	1 710 947	
2011	1 453 558	1 100 748	286 663	1 561	107 332	26 833	35 250	23 649	1 733 924	
2012	1 449 444	1 084 178	300 495	1 491	10 553	101 387	33 582	23 666	1 725 329	

Source: CSSA

Notes: <sup>1)</sup> old-age pension granted after reaching the retirement age <sup>2)</sup> old-age pension granted to disabled pensioner after reaching 65 years of age  
<sup>3)</sup> full disability pensions (until 2009) <sup>4)</sup> partial disability pensions until 2009  
Do not include pensions remitted abroad.  
Only "solo", widow's, widower's and orphan's pension are listed (i.e. not those paid concurrently with other pension (old-age, disability, partial disability).  
Proportional old-age pension = old-age pensions granted pursuant to § 26 of the Act No. 100/1988 Coll. and pursuant to § 29 Paragraph b) of the Act No. 155/1995 Coll. (a short insurance period).  
Permanently reduced pension = up to 3 years prior to reaching the regular retirement age, according to § 31 of the Act No. 155/1995 Coll.  
Temporarily reduced pension = up to 2 years prior to reaching the regular retirement age, according to § 30 of the Act No. 155/1995 Coll.  
Non-reduced pension = old-age pension upon reaching the retirement age

Table No. 2.3

## Average Monthly Amounts of Solo Paid out Pensions in December 2003 - 2012

CZK

Year	total		Old-age		Proportional old-age	Disability for degree of disability			Widow's and widower's	Orphan's	TOTAL
	age limit <sup>1)</sup>	non-reduced after disab. <sup>2)</sup>	reduced permanently	temporarily		III. <sup>3)</sup>	II. <sup>4)</sup>	I.			
<b>total</b>											
2003	7 083	7 226	6 432	6 122	3 699	6 911	4 243	4 830	3 440	6 616	
2004	7 280	7 454	6 537	6 191	3 666	7 088	4 315	4 889	3 529	6 797	
2005	7 755	7 953	6 914	6 536	3 775	7 537	4 584	5 143	3 780	7 238	
2006	8 200	8 437	7 241	7 091	3 859	7 962	4 847	5 385	3 998	7 653	
2007	8 761	9 040	7 689	7 646	3 994	8 496	5 161	5 705	4 278	8 176	
2008	9 653	9 963	8 538	8 129	4 545	9 337	5 893	6 407	4 989	9 039	
2009	10 062	10 412	8 903	8 433	4 511	9 681	6 076	6 567	5 145	9 413	
2010	10 138	10 531	8 989	8 456	4 407	9 656	6 671	6 140	5 194	9 506	
2011	10 567	11 008	9 460	8 761	4 473	10 004	6 748	6 094	5 428	9 913	
2012	10 793	11 274	9 641	8 934	4 420	10 141	6 714	6 021	5 544	10 093	
<b>men</b>											
2003	7 909	8 044	7 241	6 934	3 376	7 449	4 501	3 770	3 426	7 285	
2004	8 141	8 306	7 379	7 020	3 313	7 628	4 579	3 862	3 512	7 487	
2005	8 671	8 860	7 802	7 406	3 413	8 096	4 861	4 123	3 761	7 969	
2006	9 168	9 401	8 170	7 932	3 503	8 538	5 133	4 358	3 977	8 419	
2007	9 796	10 077	8 687	8 503	3 664	9 094	5 457	4 668	4 254	8 990	
2008	10 728	11 036	9 565	9 067	4 239	9 943	6 193	5 412	4 960	9 888	
2009	11 189	11 536	9 982	9 416	4 249	10 301	6 384	5 580	5 114	10 311	
2010	11 254	11 657	10 073	9 457	4 178	10 142	6 978	6 432	5 660	10 408	
2011	11 714	12 177	10 571	9 858	4 294	10 482	7 036	6 399	5 920	10 835	
2012	11 962	12 472	10 762	10 074	4 285	10 597	6 997	6 076	5 534	11 034	
<b>women</b>											
2003	6 438	6 571	5 879	5 479	3 748	6 243	3 905	4 963	3 452	6 053	
2004	6 610	6 774	5 963	5 545	3 730	6 415	3 975	5 028	3 544	6 216	
2005	7 042	7 227	6 302	5 839	3 848	6 840	4 235	5 291	3 796	6 621	
2006	7 444	7 668	6 586	6 259	3 942	7 243	4 492	5 546	4 016	7 002	
2007	7 952	8 217	6 985	6 652	4 080	7 750	4 800	5 875	4 298	7 484	
2008	8 789	9 094	7 783	7 106	4 634	8 588	5 535	6 577	5 013	8 311	
2009	9 149	9 482	8 096	7 175	4 597	8 925	5 718	6 743	5 169	8 636	
2010	9 204	9 591	8 477	7 202	4 491	9 075	6 310	5 806	5 226	8 721	
2011	9 599	10 031	8 867	7 445	4 545	9 435	6 405	5 752	5 440	9 102	
2012	9 797	10 264	8 718	7 596	4 478	9 596	6 375	5 683	5 554	9 261	

Source: CSSA

Notes: <sup>1)</sup> old-age pension granted after reaching the retirement age<sup>2)</sup> old-age pensions granted to disabled pensioners after reaching age of 65 years<sup>3)</sup> full disability pensions (until 2009)<sup>4)</sup> partial disability pensions (until 2009)

Do not include pensions remitted abroad.

Only "solo" widow's, widower's and orphan's pension are listed (i.e. not those paid concurrently with other pension (old-age, disability, partial disability).

Proportional old-age pension = old-age pensions granted pursuant to § 26 of the Act No. 100/1988 Coll. and pursuant to § 29, Paragraph b) of the Act No. 155/1995 Coll. (a short insurance period).

Permanently reduced pension = up to 3 years prior to reaching the regular retirement age, according to § 31 of the Act No. 155/1995 Coll.

Temporarily reduced pension = up to 2 years prior to reaching the regular retirement age, according to § 30 of the Act No. 155/1995 Coll.

Non-reduced pension = old-age pension upon reaching the retirement age

Table No. 2.4

## Expenditures on Pensions by Type of Pension (civil sector)

mil. CZK

Year	Pension										total	
	old-age	disability for degree of disability			widower	orphanage	other <sup>3)</sup>	total	widow	widow		total
		III. <sup>1)</sup>	II. <sup>2)</sup>	I.								
1993	50 864	11 505	1 942		48	634	178	73 638	8 467			
1994	57 759	13 507	2 122		62	724	182	83 630	9 274			
1995	72 035	17 037	2 966		106	1 150	279	103 691	10 119			
1996	85 063	19 887	3 967		330	1 432	5	122 365	11 681			
1997	104 198	22 363	5 188		608	1 794	2	147 281	13 127			
1998	114 605	24 578	6 162		831	1 882		161 805	13 747			
1999	123 666	25 557	6 669		967	1 887		173 014	14 268			
2000	130 932	26 412	7 012		1 055	1 975		181 921	14 534			
2001	140 657	27 970	7 677		1 200	2 373		195 814	15 938			
2002	150 772	30 222	8 501		1 368	2 498		210 440	17 078			
2003	156 273	31 531	9 135		1 487	2 504		218 273	17 343			
2004	163 026	32 719	9 631		1 532	2 567		226 883	17 408			
2005	175 669	35 028	10 575		1 651	2 684		243 648	18 042			
2006	188 949	37 239	11 802		1 810	2 740		261 464	18 924			
2007	203 933	40 420	13 254		1 984	2 904		282 876	20 382			
2008	222 105	42 446	14 952		2 096	3 066		305 536	20 871			
2009	243 636	44 380	16 609		2 249	3 254		331 705	21 576			
2010	265 985	30 870	4 295	12 516	2 263	3 214		340 162	21 018			
2011	284 614	29 504	5 116	12 831	2 385	3 301		359 234	21 483			
2012	295 140	28 067	5 250	12 159	2 443	3 341		367 864	21 463			

Source: CSSA

Notes: Net expenditure in given year do not include advances to the post offices for the payment of pensions.

Since 1999 increase to pensions for the incapacitated is not included.

<sup>1)</sup> Until 2009 expenditures on full disability pensions<sup>2)</sup> Until 2009 expenditures on partial disability pensions<sup>3)</sup> Benefits granting according to legal regulations effective before the Act No. 155/1995 Coll.

Table No. 2.5

**Expenditures on Pensions in Relation to GDP**

Year	Expenditures on pensions <sup>)</sup> (mld. CZK)	Gross domestic product in current prices (mld. CZK)	Ratio (%)
1993	76,5	1 144,6	6,7
1994	88,2	1 323,3	6,7
1995	109,8	1 533,7	7,2
1996	127,6	1 761,6	7,2
1997	150,2	1 884,9	8,0
1998	166,1	2 061,6	8,1
1999	177,9	2 149,0	8,3
2000	186,9	2 269,7	8,2
2001	201,1	2 448,6	8,2
2002	213,6	2 567,5	8,3
2003	225,8	2 688,1	8,4
2004	230,9	2 929,2	7,9
2005	247,4	3 116,1	7,9
2006	272,9	3 352,6	8,1
2007	289,9	3 662,6	7,9
2008	312,5	3 848,4	8,1
2009	339,8	3 759,0	9,0
2010	346,2	3 790,9	9,1
2011	368,1	3 823,4	9,6
2012	382,0	3 845,9	9,9

Source: Ministry of Finance (state closing account), CZSO

<sup>)</sup>Including expenditures on pensions in the armed forces.



Table No. 2.6

### Relation between the Average Old-age Pension and the Average Wage

Year	Average pension <sup>1)</sup> (CZK)	Average wage (CZK)		Average pension as % of average wage	
		gross <sup>2)</sup>	net <sup>3)</sup>	gross	net
1988	1 496	3 095	2 451	48,3	61,0
1989	1 598	3 170	2 504	50,4	63,8
1990	1 731	3 286	2 586	52,7	66,9
1991	2 176	3 792	2 952	57,4	73,7
1992	2 413	4 644	3 563	52,0	67,7
1993	2 734	5 817	4 551	47,0	60,1
1994	3 059	6 896	5 351	44,4	57,2
1995	3 578	8 172	6 318	43,8	56,6
1996	4 213	9 676	7 520	43,5	56,0
1997	4 840	10 696	8 308	45,3	58,3
1998	5 367	11 693	9 090	45,9	59,0
1999	5 724	12 655	9 842	45,2	58,2
2000	5 962	13 490	10 447	44,2	57,1
2001	6 352	14 640	11 324	43,4	56,1
2002	6 830	15 711	12 082	43,5	56,5
2003	7 071	16 769	12 807	42,2	55,2
2004	7 256	17 882	13 601	40,6	53,3
2005	7 728	18 809	14 252	41,1	54,2
2006	8 173	20 050	15 506	40,8	52,7
2007	8 736	21 527	16 509	40,6	52,9
2008	9 347	23 280	17 714	40,2	52,8
2009	10 028	24 091	18 665	41,6	53,7
2010	10 093	24 526	18 962	41,2	53,2
2011	10 543	25 093	19 246	42,0	54,8
2012	10 770	25 903	19 903	41,6	54,1

Source: MoLSA

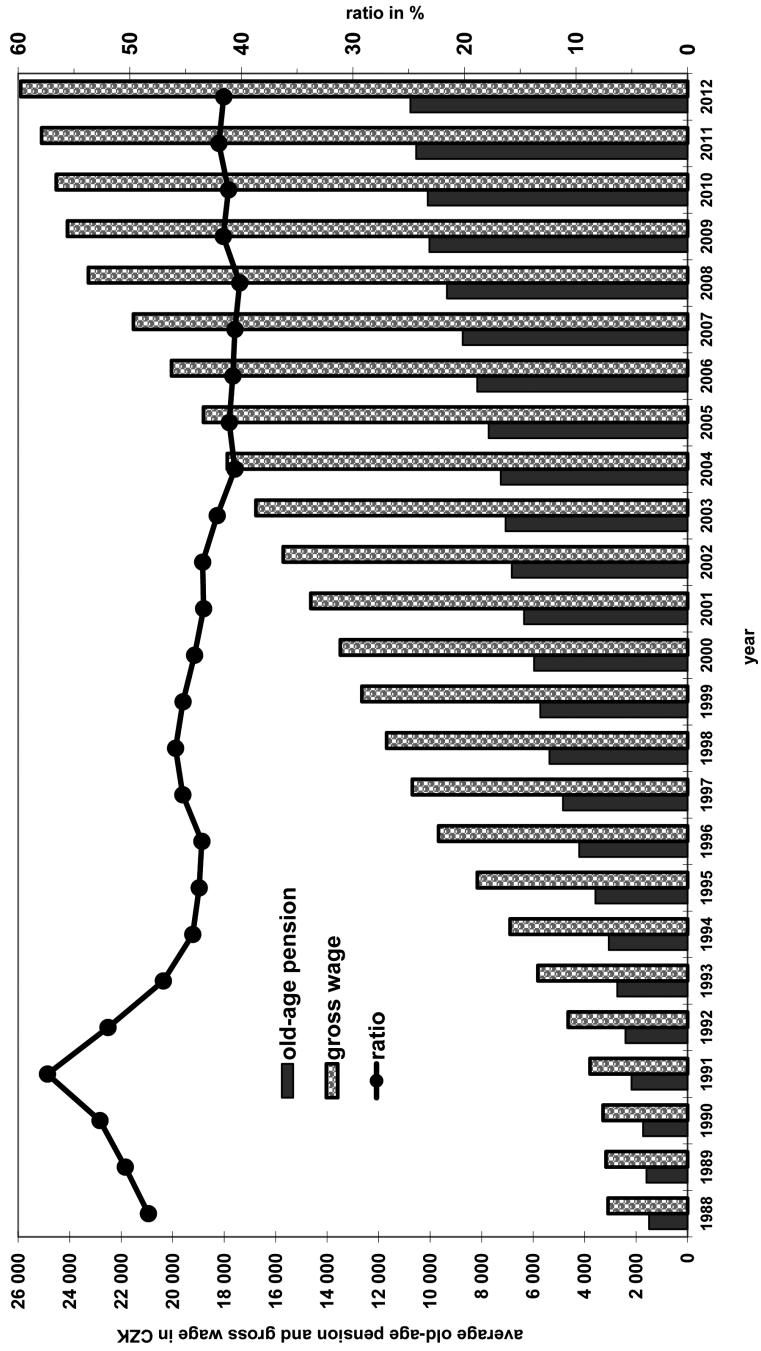
Notes:

<sup>1)</sup> Monthly average of annual pension paid out solo (without survivor's pension).<sup>2)</sup> Average gross wage = general assessment base (§ 17 subsection 2 of the Act No. 155/1995 Coll.) stipulated by government decree.<sup>3)</sup> Average net wage = average gross wage, minus the applicable income tax and health and social contributions.

Amount of wages and pensions are increased by state compensatory allowance (in period when it had belonged).

Graph No. 2.6.1

Development of Average Old-age Pension\* in Relation to Average Wage\*\*



\*) monthly average of annual payment pension paid out separately \*\*\*) average wage = general assessment base

Table No. 2.7

## Review of Increases to Paid out to Beneficiaries

Month and year in which the increase came into the effect	Increase of			Basic amount of a pension after increase
	the percentage amount		basic amount of pension	
	old-system pensioners	new-system pensioners		
April 1996	8 %	8 %	240 CZK	920 CZK
October 1996	6 %	6 %	140 CZK	1 060 CZK
August 1997	8 %	8 %	200 CZK	1 260 CZK
July 1998	9 %	5 %	50 CZK	1 310 CZK
August 1999	7,5 %	5 %		1 310 CZK
December 2000	9 %	5 %		1 310 CZK
December 2001	11 %	8 %		1 310 CZK
January 2003	4 %	3,8 %		1 310 CZK
January 2004	2,5 %	2,5 %		1 310 CZK
January 2005	5,4 %	5,4 %	90 CZK	1 400 CZK
January 2006	6 %	4 %	70 CZK	1 470 CZK
January 2007	6,6 %	5,6 %	100 CZK	1 570 CZK
January 2008	3 %	3 %	130 CZK	1 700 CZK
August 2008			470 CZK	2 170 CZK
January 2009	4,4 %	4,4 %		2 170 CZK
January 2011	3,9 %	3,9 %	60 CZK	2 230 CZK
January 2012	1,6 %	1,6 %	40 CZK	2 270 CZK

Source: MoLSA

Notes: Old-system pensioners = pensions granted before January 1, 1996.  
New-system pensioners = pensions granted after December 31, 1995.



### 3. Sickness Insurance

The sickness insurance system is intended for people in remunerative work, for whom it provides security through financial sickness insurance benefits in cases temporary inability to work due to an illness, injury or quarantine, caring for a family member, pregnancy and maternity or caring for a child.

Since January 1, 2009, sickness insurance has been regulated through the Act No. 187/2006 Coll., on Sickness Insurance, as amended. This Act represents a comprehensive unification of sickness insurance legislation for employees, self-employed people and groups of persons, whose participation in the sickness insurance was regulated by specific legislation. Sickness insurance is administered by district Social Security Administration for all insured persons (except members of armed forces, persons in custody and sentenced persons).

Contrary of self-employed people, whose participation in sickness insurance remains voluntary, employees participate on compulsory basis. An employee is subject to sickness insurance if he/she fulfils three basic conditions stipulated by the Sickness Insurance Act: the performance of work in the Czech Republic, the scope of work specified by minimum number of days (the employment lasted or should have lasted at least 15 calendar days) and the minimum arranged income (so-called decisive income, the boundary of which was set at 2 000 CZK, and which is raised according to the development of the average wage - for 2011 this boundary made up 2 000 CZK, for 2012 the amount of 2 500 CZK).

There are four types of benefits in the Czech Republic: sickness benefit, care benefit, maternity benefit and maternity compensation benefit. The amount of these benefits is calculated from the employee's income level in the decisive period (normally a period of 12 calendar months before calendar month in which the social event occurred). The calculation of the benefit is consequently based on daily average of these incomes (so-called daily assessment base), which is subject for further reduction.

New Act on Sickness Insurance has increased involvement of employers to their employee's incapacity for work in the connection with the provision of salary compensation to an employee in the starting period of temporary incapacity for work or quarantine. In 2009 and 2010, the sick employees were entitled to sickness benefit only from the 15th calendar day of temporary incapacity for work or quarantine (supported period lasts for a maximum of 380 calendar days beginning from the origin of temporary incapacity for work or order of quarantine, unless otherwise provided). Due to legal change effective in 2011 (in connection with economic measures) sickness benefit belongs from 22nd calendar day of temporary incapacity for work. In the period 2009 - 2010, during the first 14 calendar days an employee, whose employment relationship with an obligation for participation in sickness insurance remained effective, received salary compensation from the employer. From 2011, the employer pays the salary compensation for the first 3 weeks of temporary incapacity for work. The salary compensation is granted for working days - from the 4th working day of temporary incapacity for work or from the 1st working day in case of quarantine.

The obligation of employers to pay salary compensation to employees was compensated on the other side by reduction of sickness insurance premium rate (from previous 3.3 % to 2.3 %). Furthermore, in period of 2009 - 2010 employers were refunded by half of the salary compensation paid to their employees in the form of a deduction from the paid premium.

Table No. 3.1

## Basic Sickness Insurance Indicators

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Average number of persons insured under sickness insurance	4 517 546	4 483 455	4 466 699	4 435 434	4 389 251	4 442 703	4 497 033	4 597 021	4 572 443	4 253 139	4 310 960	4 211 549	4 471 889
Newly notified cases of incapacity for work	3 812 185	3 863 031	3 589 660	3 621 995	2 705 662	3 029 448	2 706 725	2 726 634	2 221 739	1 441 516	1 324 926	1 268 761	1 226 869
Number of calendar days of incapacity for work	106 730	110 431	110 411	110 306	94 083	99 346	95 428	94 274	86 757	64 956	59 208	55 924	56 483
Average period of 1 case of incapacity for work	28,0	28,6	30,8	30,5	34,8	32,8	35,3	34,6	39,1	45,1	44,7	44,1	46,1
Average percentage of incapacity for work	6,46	6,75	6,77	6,81	5,86	6,13	5,81	5,62	5,18	4,18	3,76	3,64	3,45
Incomes from sickness insurance (premium)*	27 285	29 653	31 563	33 316	35 738	37 679	40 535	44 354	46 677	23 338	24 103	24 669	24 894
Expenditures on sickness insurance benefits including	27 205	29 585	32 609	34 307	29 563	31 660	32 773	34 671	31 882	26 033	22 789	21 506	19 377
sickness benefit	23 653	25 574	28 222	29 523	24 704	26 258	26 963	27 881	24 769	18 215	14 944	13 354	11 465
family member care benefit / care benefit	785	957	893	1 004	730	819	825	893	811	729	431	640	682
maternity benefit	2 759	3 047	3 487	3 774	4 123	4 579	4 981	5 893	6 297	7 084	7 410	7 506	7 224
pregnancy and maternity compensatory benefit	8	7	7	6	5	5	4	4	4	5	4	6	7
Difference between incomes and expenditures	80	68	-1 046	-991	6 175	6 019	7 762	9 683	14 795	-2 695	1 314	3 163	5 517
Incomes / Expenditures	100,3	100,2	96,8	97,1	120,9	119,0	123,7	127,9	146,4	89,6	105,8	114,7	128,5

Source: CZSO, CSSA

\* incomes including fines, penalties, surcharge to insurance and other obligations and claims

Graph No. 3.1.1

Basic Sickness Insurance Indicators

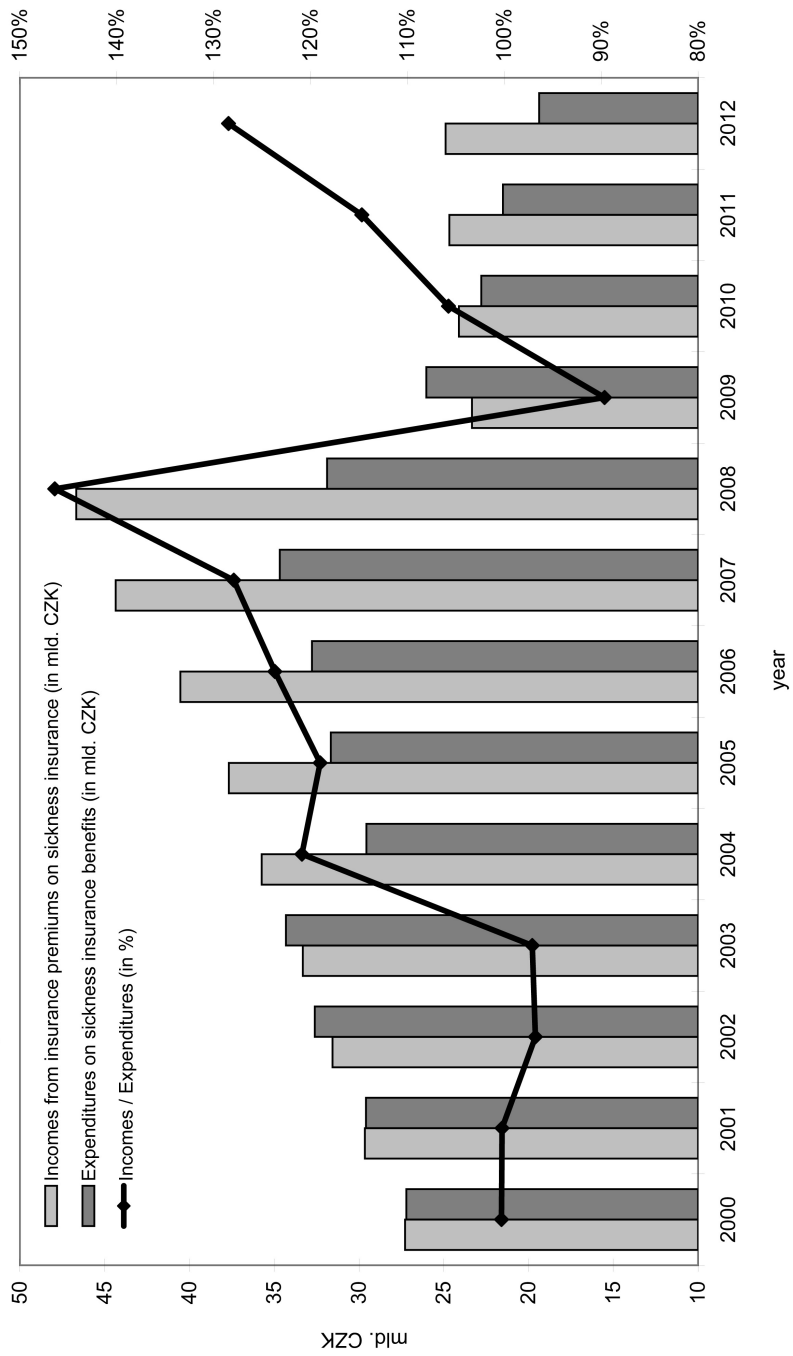


Table No. 3.2

**Development of the Average Daily Sickness Benefits,  
Average Daily Wage and their Ratio**

Year	Average wage <sup>1)</sup>		Average daily sickness benefit <sup>3)</sup> in CZK	Ratio of average daily sickness benefit to average daily wage in %
	monthly in CZK	daily <sup>2)</sup> in CZK		
1985	2 920	96	64	67
1989	3 170	104	69	66
1990	3 286	108	72	67
1991	3 792	125	77	62
1992	4 644	152	90	59
1993	5 817	191	106	55
1994	6 896	227	136	60
1995	8 172	269	146	54
1996	9 676	317	173	55
1997	10 696	352	150	42
1998	11 693	384	152	39
1999	12 655	416	158	38
2000	13 490	442	209	47
2001	14 640	481	226	47
2002	15 711	517	248	48
2003	16 769	551	262	48
2004	17 882	586	254	43
2005	18 809	618	260	42
2006	20 050	659	273	41
2007	21 527	708	285	40
2008	23 280	763	290	38
2009	24 091	792	361	46
2010	24 526	806	344	43
2011	25 093	825	353	43
2012	25 903	849	333	39

Source: MoLSA

<sup>1)</sup> Average wage = average assessment base stipulated by government decree

<sup>2)</sup> Average daily wage = average gross wage / average number of days per month

<sup>3)</sup> Until 1996 recorded as following ratio expenditures on sickness benefits / number of calendar days of incapacity for work based on CZSO data (for 1985 - 1992 there was conversion working to calendar days, since 1997 expenditures on sickness benefit / number of reimbursed days (CSSA data).



## 4. State Social Support

The system of State Social Support (regulated by the Act No. 117/1995 Coll., on the State Social Support, as amended) guarantees direct assistance especially for families with dependent children in specific social situations when this family cannot resolve these situations with their own forces and financial means. These situations include for example insufficient income, care for a new-born or small child, care for handicapped child, incompleteness of family etc. The system also financially contributes to families and individuals with low incomes to cover costs on housing.

Persons - Czech citizens and foreigners - have a right to benefits if they and the family/household members assessed jointly with them are registered as permanently resident in the Czech Republic and have their residence here. For non-EU foreign nationals, the registration as permanently resident in the Czech Republic is considered to be the period once 365 days have passed since the date they registered to stay in the Czech Republic. The Act on State Social Support stipulates other persons eligible for state social support benefits, if they have their residence in the Czech Republic. In the range of persons covered, there are also EU nationals who are subject of directly applicable legislation of the EU.

When entitlement for a benefit is assessed, property of family is not tested. Only family income was subject of testing in case of following benefits in 2012: child allowance, housing allowance and birth grant. Parental allowance, foster care benefits and funeral grant were provided without regard to family income. Income decisive for entitlement to state social support benefits includes, in particular, income from employment-related activity, income from entrepreneurship or other self-employment activity, sickness and pension scheme benefits, unemployment benefit, including similar income from abroad. Benefits are not subject of taxation.

The basis for determination of family income level when the entitlement to an income-tested benefit is assessed (as well as the amount of a benefit) is the living minimum. The living minimum represents the socially accepted minimum level of cash income that guarantees nutrition and other basic personal needs.

Applications for state social support benefits are handled by Labour Office of Czech Republic - regional branches and the branch for capital Prague, respectively their contact points according to permanent residence of the person entitled to the benefit.

In connection with stabilisation of public budgets, there were significant amendments of construction of most State Social Support benefits. Other legal changes came into force starting 2011 with regard to need of economic measures in authority of MoLSA: the term for election of variation of draw-down was shortened by parental allowance (by 4 years draw-down the lower amount of benefit was provided since 10th month - instead of original 22nd month - of child's age), entitlement to allowance was restricted only to families with a handicapped member and birth grant was newly paid on first-born child if family income in the calendar quarter prior to the birth does not exceed 2.4 times the family's living minimum.

Another significant changes in system of State Social Support benefits came into force in 2012 under the Social reform: social allowance was cancelled and entitlement to parental allowance has been newly regulated (parents may flexibly elect period of its drawing and its amount according to social situation of family; parental allowance is provided until the total amount of 220 thous. CZK is drawn, maximally up to 4 years of child's age; choice of the amount of parental allowance can be changed once in 3 month).

Mainly due to above mentioned legislative changes there was another annual decrease of expenditures on state social support benefits (by 0.5 mld. CZK to 35.5 mld. CZK). This level of total expenditures was in contrast with the situation in 2007, when - especially due to more than twofold annual increase of expenditures on parental benefit (in 2007 set at 40% of average month wage in non-commercial sphere) - total expenditures on State Social Support benefits made up 48.5 mld. CZK.

Table No. 4.1

## Expenditures on State Social Support Benefits

	mil. CZK												
<i>Benefits</i>	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Child allowance	12 748	12 799	13 353	12 519	11 790	11 195	11 033	10 236	6 232	4 736	3 862	3 498	3 334
Social allowance	6 199	6 041	6 271	5 822	5 262	4 779	4 418	4 607	3 174	2 962	3 100	786	49
Housing allowance	2 518	2 699	3 028	2 835	2 548	2 459	2 287	1 565	1 619	2 280	3 521	4 641	5 734
Transportation benefit <sup>1)</sup>	1 045	1 173	1 298	1 267	856	-3	-1	-	-	-	-	-	-
Parental benefit	7 691	7 701	8 022	7 964	10 425	12 627	13 526	28 690	28 294	28 586	27 722	25 709	24 963
Foster care benefits	339	366	395	407	427	467	585	771	844	922	1 005	1 073	1 237
Birth grant	581	616	791	807	832	895	1 591	2 097	1 647	1 579	1 565	292	144
Funeral grant	540	528	529	549	525	533	513	509	71	17	16	15	15
Other <sup>2)</sup>	194	20	14	8	3	2	89	57	2	-	-	-	-
<b>Total</b>	<b>31 855</b>	<b>31 942</b>	<b>33 700</b>	<b>32 178</b>	<b>32 669</b>	<b>32 954</b>	<b>34 041</b>	<b>48 532</b>	<b>41 883</b>	<b>41 082</b>	<b>40 791</b>	<b>36 014</b>	<b>35 475</b>

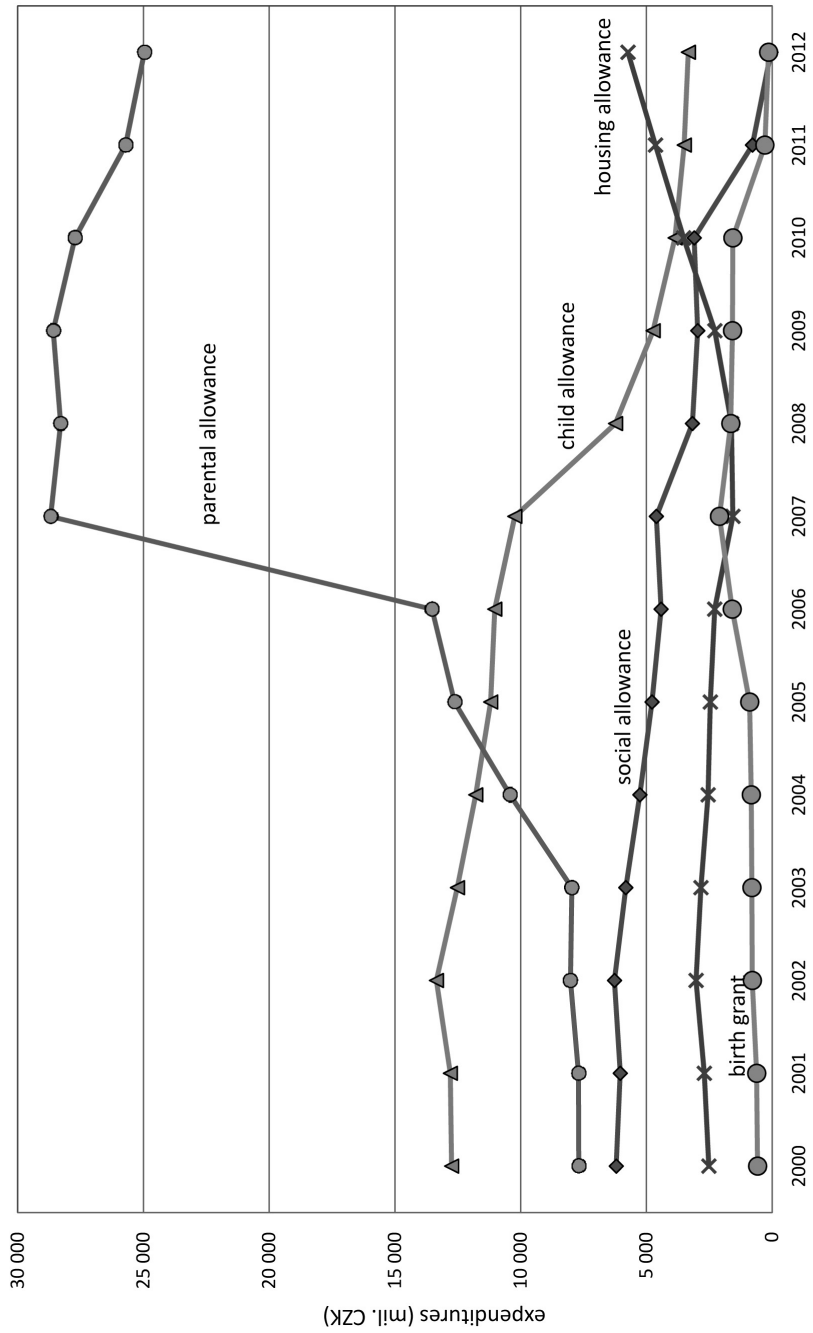
Source: MoLSA (FinSoc statement)

<sup>1)</sup> granting of transportation benefit was terminated on June 30, 2004 (with drawback in 2005 and 2006).<sup>2)</sup> incl. heating benefit (granted until July 30, 2000), rent benefit (until December 31, 2000), providing-for benefit (until December 31, 2004), care allowance for a child in facility (from October 1, 2005, until May 31, 2006) and allowance for school aids (from June 1, 2006, until December 31, 2007)

Note: total expenditures include additional payments, overpays and refunds and exclude transfers to deposit account, refunds of terminated benefits and transfers of overpayments from previous years to State budget

Graph No. 4.1.1

Structure of Expenditures on State Social Support Benefits



Note: because of clarity of the graph curves for foster care benefits and funeral grant are not added

Table No. 4.2

## Average Monthly Number of paid out State Social Support Benefits

in thous.

<i>Benefits</i>	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Child allowance	2 055	2 047	2 028	1 965	1 894	1 812	1 767	1 677	893	635	531	486	464
Social allowance	475	459	448	413	373	332	299	242	167	148	150	27	1
Housing allowance	331	337	343	324	295	265	236	117	87	96	121	143	163
Transportation benefit <sup>1)</sup>	358	367	371	353	238	0	-	-	-	-	-	-	-
Parental benefit	268	266	264	262	278	293	308	340	359	364	339	326	308
Foster care benefits	11	11	12	12	12	13	14	14	16	17	18	19	20
Birth grant	7	8	8	8	8	8	9	10	10	10	10	2	1
Funeral grant	9	9	9	9	9	9	9	9	1	0,3	0,3	0,3	0,2
Other <sup>2)</sup>	159	9	1	1	0,2	0	5	5	0	0	0	0	0
<b>Coltcm</b>	<b>3 674</b>	<b>3 513</b>	<b>3 484</b>	<b>3 347</b>	<b>3 107</b>	<b>2 732</b>	<b>2 647</b>	<b>2 414</b>	<b>1 533</b>	<b>1 270</b>	<b>1 169</b>	<b>1 003</b>	<b>957</b>

Source: MPSV (OkStat)

1) granting of transportation benefit was terminated on June 30, 2004 (with draw back in 2005 and 2006).

2) Incl. heating benefit (granted until July 30, 2000), rent benefit (until December 31, 2000), providing-for benefit (until December 31, 2004), care allowance for a child in facility (from October 1, 2005, until May 31, 2006) and allowance for school aids (from June 1, 2006, until December 31, 2007)

## 5. Non-insurance Benefit Systems

Administration of non-insurance benefit systems, which includes benefits of assistance in material need, benefits for people with disabilities and care allowance, had been ensured (except state social support) by the relevant municipal authorities to the end of 2011. In the context of social reform these systems were transferred to Labour Office of the CR as of January 1, 2012.

Starting January 1, 2007, the Act No. 111/2006 Coll., on Assistance in Material Need, as amended, came into effect. It has regulated conditions for providing assistance when ensuring basic living requirements (situations connected with insufficient level of nutrition, housing and extraordinary events). Material need is the state when a person or a family does not have enough income and their overall social and property relations prevent them from enjoying what society accepts to be basic living requirements. At the same time, these persons are objectively unable to increase their income (through one's own work, through application of entitlements and claims or through the sale or other disposal of one's own assets), thereby improving their situation through their own actions. The main purpose of the system of assistance in material needs is motivation to active effort to secure resources to meet basic living requirements and to prevent social exclusion.

Under the system of material need there are following benefits:

1. *Allowance for Living* - this benefit covers cases of material need that tackles the insufficient income of a person or family. Beneficiaries are entitled to an allowance for living if the income of these persons or families is less than the amount of living subsistence when reasonable housing costs have been deducted. The amount of living is established on a case-by-case basis based on an evaluation of the person's income, efforts and opportunities.
2. *Supplement of housing* - tackles cases where the income of a person or family, including the entitlement to a housing allowance from the system of state social support, is insufficient to cover justified housing costs.
3. *Extraordinary immediate assistance* - is provided to persons (with low income) who find themselves in situations that have to be resolved immediately: suffer from a serious threat to health, serious extraordinary event (a natural disaster, ecological disaster, etc.), risk of social exclusion (for example, homecoming from prison or facility), lack of resources to cover one-off expenditure or to acquire or repair basic furniture or durables, and to cover justified costs relating to the education or special interests of dependent children.

The Act No. 108/2006 Coll., Social Services Act (effective since January 1, 2007) introduced essential innovation in the area of social benefits - care allowance. The care allowance shall be provided to persons dependent on another physical person's assistance for the purposes of arranging for necessary assistance. A person can reimburse (within this allowance) professional social service or cover costs on securing assistance within its family.

Social assistance benefits for people with disabilities tackles unfavorable level of living of these persons by providing means for their need related to housing, transport and provision of special compensatory aids. Until the end of 2011, social assistance benefits for severely handicapped people had been provided in accordance with Decree of Ministry of Labour and Social Affairs No. 182/1991 Coll., through which are applied the Act on Social Welfare and the Act on the Operation of Bodies of the Czech Republic in Social Welfare, as amended. Since 2012 this area has been regulated by the Act No. 329/2011 Coll., on Provision of benefits to People with Disabilities and on Amendment to Related Acts. Through this act former broad number of types of benefits has been substituted by mobility allowance (periodic benefit for people who are not able to manage basic living needs in the area of mobility or orientation and these ones are periodically transported or transport themselves in calendar month) and allowance to special aid (one-off benefit for acquisition of a special aid to people with disabilities for self-care or realization of employment, preparation for further employment, acquiring of information, education or for contact with surroundings).

Table No. 5.1

## Benefits of Assistance in Material Need and Care Allowance

	Unit	Year					
		2007	2008	2009	2010	2011	2012

## Expenditures

Benefits of assistance in material need total			3 287	2 794	3 089	3 882	4 982	7 751
of which	- allowance for living	mil. CZK	2 593	2 176	2 328	2 863	3 820	5 910
	- supplement for housing		524	473	512	686	850	1 673
	- extraordinary immediate assistance		170	146	249	334	312	168
Care allowance	14 608		18 252	18 697	19 599	18 084	18 391	

## Average monthly number of paid benefits

Benefits of assistance in material need	- allowance for living	thous.	72	66	73	91	103	116
	- supplement for housing		25	21	20	23	26	41
	- extraordinary immediate assistance		6	5	8	9	10	6
Care allowance	260		309	308	313	302	312	

## Average monthly number of beneficiaries (number of circles of household members assessed)

Allowance for Living	thous.	66	57	63	79	91	108
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Source: MoLSA and Ministry of Finance

Table No. 5.2

## Development of Expenditures on Benefits for People with Disabilities

		Year					mil. CZK
		2007	2008	2009	2010	2011	2012
Benefits according to the Decree of MoLSA No. 182/1991 Coll.		2 916	2 496	2 470	1 811	1 898	169
of which benefit for	• vehicle purchase	381	401	350	335	335	169
	• general overhaul of motor vehicle	5	3	3	3	6	
	• special modification of motor vehicle	17	19	17	21	21	
	• motor vehicle operation *	1 524	1 547	1 569	931	884	
	• flat modification	63	66	60	54	56	
	• individual transport	46	36	34	33	32	
	• acquisition of special aids	377	392	412	405	539	
	• blind citizens for a guide dog	10	8	6	8	8	
	• increased costs of living **	467	1	-	-	-	
	• use of barrier-free flat	10	9	9	10	9	
	• use of garage	1	2	2	2	1	
• blind citizen to feed for guide dog	3	4	4	5	4		
Benefits according to the Act No. 329/2011 Coll.							1 384
v tom	• mobility allowance	x					1 008
	• allowance to special aid						376

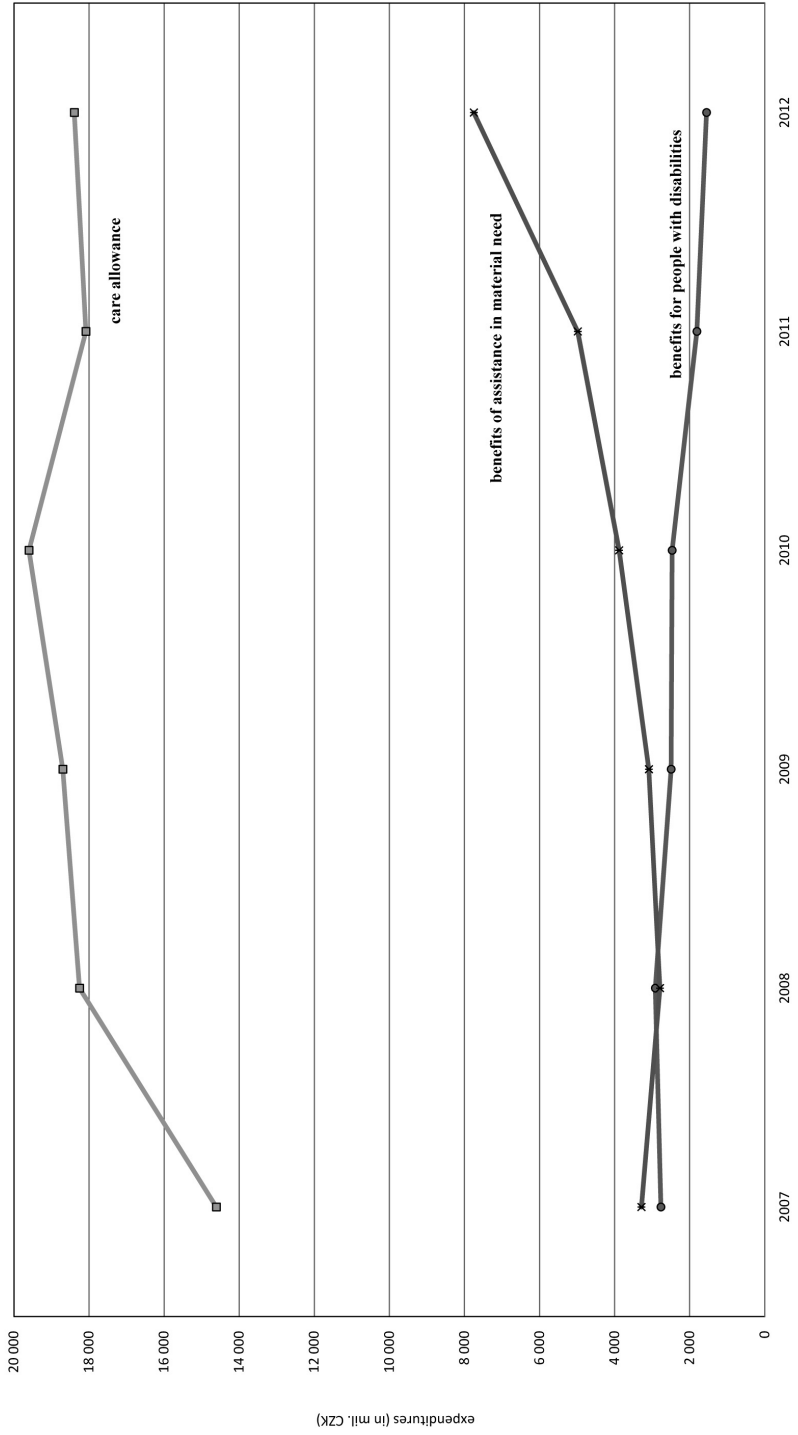
Source: MoLSA

\* annual decline of expenditures in 2010 was caused by reduction of amounts of this benefit (see the Decree of MoLSA No. 451/2009 Coll.)

\*\* benefit was cancelled as of December 31, 2007

Graph No. 5.2.1

Development of Expenditures on Non-Insurance Benefit Systems





## 6. Social Services

Main importance of social services is to mediate assistance in the care of one's own person, providing meals, accommodation, assistance in running a household, care and assistance with bringing up a child, counselling, mediation of contact with social environments, psychotherapy and social therapy and assistance in assuring one's rights and interests. From the point of view of social services users it covers mainly development, or at least maintenance, of the existing self-sufficiency, return into user's own home environment, renewal or maintenance of original lifestyle, development of user's abilities and opportunity for leading an independent life and limitation of social and health risks associated with the users' lifestyle.

The Act No. 108/2006 Coll., Social Services Act, as amended (effective since January 1, 2007), has brought significant changes in the system of social services. This Act aims to secure assistance to people in unfavourable social situation through newly defined spectrum of social services. The assistance is intended as activities necessary for social inclusion and for dignified living conditions appropriate with level of society development. Provision of assistance is based on:

- availability - with respect to type of assistance, regional availability, access to information and economic availability,
- efficiency - social service has to be convenient for needs of human not for the system needs,
- quality - way and scope of provision of social service correspond to current knowledge and capacity of society,
- safety - provision shall not limit rights and interests of persons,
- economy - public and private expenditures on assistance provision shall maximally cover objective scope of needs.

Persons in unfavorable social situation that require assistance to be self-sufficient are entitled to individual benefit - care allowance (for more see the previous chapter). Its amount corresponds to scope of needs. Care allowances are provided to all entitled persons without regard to form the service is provided (either through natural sources, especially family or through social service providers).

The Act also regulated significant innovation concerning an authorization for social services provision. The introduction of the register of social services providers (<http://iregistr.mpsv.cz>) is basic precondition for obtaining an overview on scope and character of social services net. Registration of social service providers represents important prerequisite for provision of social service and for subsidizing of financial means from public budgets.

On the basis of the Act, the conditions for "safe, quality and effective" provision of social services have been stipulated with an objective to secure protection of persons with reduced capability to assure their rights and interests. These conditions form series of obligations for social services providers and the system of control. Beside the standard control procedure, there is also the system of supervision on quality of social services (introduced by the Act) through inspection of quality of social services based on expert assessment of conditions and procedures of the social services providing. The Act launched conditions of professional skills for performing a profession of social workers.

Henceforth, the state regulates conditions for provision of social services, but does not provide these services except 5 facilities under administration of the MoLSA. The position of the state as a former majority social services provider terminated alongside with abolition of district offices. The state supports regional and local self-administration to assess set of needs of its population for formation of available net of social services.

Table No. 6.1

Social Services Facilities

Type of facility (§ 34 of the Art No. 108/2006 Coll.)	2010			2011			2012		
	number	capacity	number of users as of 31.12.	number	capacity	number of users as of 31.12.	number	capacity	number of users as of 31.12.
Day service centres	85	1 109	1 083	85	1 063	1 019	85	896	844
Day care centres	248	3 685	3 285	245	3 227	2 941	253	3 188	2 894
Week care centres	66	892	772	62	908	782	67	951	827
Homes for disabled people	219	14 396	13 946	211	13 978	13 618	212	13 820	13 334
Homes for the elderly	466	37 818	36 183	471	37 616	36 523	480	37 477	36 197
Special regime homes	176	8 822	8 526	189	9 727	9 415	210	10 740	10 300
Protected housing	129	2 818	2 695	131	2 667	2 567	148	2 743	2 606
Asylum homes	201	6 037	5 242	205	6 245	5 124	214	6 534	5 454
Half-way homes	42	410	323	36	368	275	41	429	314
Crises centres	42	36	26	40	32	19	44	27	95
Low-threshold centres	44	0	0	47	0	0	50	0	0
Low-threshold facilities for children and youth	221	0	0	222	0	0	227	0	0
Hostels (homeless shelters)	60	1 122	1 049	62	1 250	1 164	66	781	656
Therapeutic communities	16	261	229	16	249	211	17	274	222
Social counselling facilities	645	0	0	587	0	0	587	0	0
Social therapeutic workshops	106	980	976	112	1 080	1 016	119	823	745
Social rehabilitation services centres	266	862	785	251	1 021	981	261	1 053	949
Early intervention care centres	39	0	0	40	0	0	42	0	0
Intervention centres	17	0	0	17	0	0	18	0	0
Follow-up services	39	162	134	44	177	140	44	201	157
<b>T O T A L</b>	<b>3 127</b>	<b>79 410</b>	<b>75 254</b>	<b>3 073</b>	<b>79 608</b>	<b>75 795</b>	<b>3 185</b>	<b>79 937</b>	<b>75 594</b>

Source: MoLSA

Table No. 6.2

## Structure of Social Services Facilities by Founder in 2012

Type of facility (§ 34 of the Art No. 108/2006 Coll.)	TOTAL		State		Regional		Municipal		Church		Other	
	number	capacity	number	capacity	number	capacity	number	capacity	number	capacity	number	capacity
Day services centres	85	896	0	0	6	158	20	226	27	111	32	401
Day care centres	253	3 188	3	30	41	613	73	945	58	639	78	961
Week care centres	67	951	1	91	35	449	8	104	11	97	12	210
Homes for disabled persons	212	13 820	5	690	158	11 279	28	1 345	11	221	10	285
Homes for the elderly	480	37 477	0	0	191	17 144	169	15 086	69	2 612	51	2 635
Special regime homes	210	10 740	0	0	97	5 569	52	2 827	18	425	43	1 919
Protected housing	148	2 743	3	55	56	1 248	14	417	24	280	51	743
Asylum homes	214	6 534	0	0	5	257	49	1 372	80	2 389	80	2 516
Half-way homes	41	429	0	0	1	4	6	41	8	76	26	308
Crisis centres	44	27	0	0	1	10	3	1	12	0	28	16
Low-threshold day centres	50	0	0	0	0	0	2	0	26	0	22	0
Low-threshold facilities for children and youth	227	0	0	0	2	0	19	0	71	0	135	0
Hostels (homeless people)	66	781	0	0	1	0	13	143	26	230	26	408
Therapeutic communities	17	274	0	0	1	15	1	15	1	15	14	229
Social counselling facilities	587	0	1	0	41	0	28	0	84	0	433	0
Social therapeutic workshops	119	823	1	0	14	102	4	64	26	201	74	456
Social rehabilitation services centres	261	1 053	1	18	7	20	1	20	46	171	206	824
Early intervention care centres	42	0	1	0	0	0	2	0	13	0	26	0
Intervention centres	18	0	0	0	6	0	0	0	4	0	8	0
Follow-up centres	44	201	0	0	0	0	2	12	5	8	37	181
<b>TOTAL</b>	<b>3 185</b>	<b>79 937</b>	<b>16</b>	<b>884</b>	<b>663</b>	<b>36 868</b>	<b>494</b>	<b>22 618</b>	<b>620</b>	<b>7 475</b>	<b>1 392</b>	<b>12 092</b>

Source: MoLSA

Table No. 6.3

### Costs on Residential Social Services and Incomes from Residents' Contributions

Year	Social Service	Average non-investment expenditures per 1 bed for a year (thous. CZK)	Average contributions of a resident per year (thous. CZK)	Portion of residents' contribution to non-investment expenditures per 1 bed for a year (in %)
		(1)	(2)	(2/1)
2008	Homes for the elderly	237	123	51,8
	Homes for disabled people	315	133	42,2
	Special regime homes	255	132	51,7
2009	Homes for the elderly	250	134	53,6
	Homes for disabled people	347	143	41,2
	Special regime homes	291	151	51,9
2010	Homes for the elderly	260	137	52,7
	Homes for disabled people	344	148	43,0
	Special regime homes	305	153	50,2
2011	Homes for the elderly	253	140	55,4
	Homes for disabled people	339	151	44,4
	Special regime homes	254	149	58,8
2012	Homes for the elderly	260	144	55,4
	Homes for disabled people	345	150	43,5
	Special regime homes	294	151	51,4

Source: MoLSA

Table No. 6.4

## Home Care Service

Year	Total expenditures (in mil. CZK)	Number of users	Number of employees	Average payment by a user per year in CZK
1997	1 215	91 030	5 761	985
1998	1 493	90 897	5 569	1 184
1999	1 331	106 825	5 885	1 211
2000	1 540	113 528	5 760	1 316
2001	1 588	114 203	5 659	1 473
2002	2 255	109 034	5 466	1 796
2003	2 051	116 128	5 430	1 793
2004	2 148	109 475	4 978	1 859
2005	1 593	112 927	4 821	2 028
2006	1 637	105 088	4 556	2 156
2007	1 591	98 373	4 478	4 263
2008	1 643	111 871	560 <sup>x)</sup>	4 261
2009	1 903	114 364	372 <sup>x)</sup>	5 063
2010	1 984	113 238	266 <sup>x)</sup>	5 248
2011	2 101	113 607	283 <sup>x)</sup>	5 802
2012	2 133	113 041	171 <sup>x)</sup>	6 164

Source: MoLSA



## 7. Incomes of Households

The most significant part of current household incomes, as evident from quantity indicators of the national accounts statistics (CZSO), represents compensations paid to employees, especially wages and salaries (basic wages and salaries, bonus and remunerations, compensation money, natural wages not included in basic wage like for example the value of products and services offered to employees free or with discount, the value of uniforms and meal tickets, contributions on holiday, culture, sport etc.). The ratio of wages and salaries (in this conception) on compensation of employees has stagnated during last 10 years (level of 76%), their rate to current household incomes has fluctuated from 38% to 41% in this period.

Current household incomes made up 3 087,6 mld. CZK in 2012. Compared to 2011, they had increased nominally by 1,2% (by 36.7 mld. CZK) and declined really by 2,0%. The next items included in the current household incomes represent social benefits and mixed pension (ratio of nearly 20%), pensions from property and so-called other current transfers (compensations from non-life insurance, wins from bets, lotteries etc.) with ca 5% ratio.

The average monthly gross wage is another indicator for evaluation of development of household living situation. This indicator is based on ratio of wages excl. other personal costs related to one employee of registered number per month (before reduction by premiums on general health insurance and social security, payments of income tax and other statutory deductions eventually). In last 12 years the annual dynamics of this wage has fluctuated in interval from 2,2% to 8,8%, in real expression (i.e. reduced by growth of consumer prices) from -0,6% to +6,1%.

Average monthly nominal wage (per number of employees - full-time equivalent) in the national economy made up 25 112 CZK in 2012 with annual growth by 2,7% (by 657 CZK) - in 2011 it had annually increased by 2,5% (by 591 CZK). In the business sphere (its employees made up nearly 82% within all reported subjects) the average monthly nominal wage amounted to 25 128 CZK after annual growth by 2,8% (by 681 CZK). The average salary in non-business sector (organisations fully or partially financed by state or local budgets and non-profit institutions) decreased by 2,2% (by 543 CZK) to 25 037 CZK.

From the point of view of social transfers to households, it may be stated, that ratio of social incomes in the structure of total social incomes of households reached 18,3% in 2012 and annually exceeded this ratio by 0,3 percentage point. Total amount of social incomes of households amounted to 461,8 mld. CZK, it has represented growth by 2,6% (by 11,9 mld. CZK) compared to 2011. The most significant item (80,2%) of social transfers was represented by pension insurance benefits (370,6 mld. CZK), i.e. annual growth by 3,8% (by 13,4 mld. CZK).

Table No. 7.1

## Development of Current Incomes of Household Sector and Average Wage

	Year											
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	
Current incomes of households <sup>x)</sup>												
total	mld. CZK	2 079,3	2 185,5	2 317,8	2 442,6	2 619,8	2 827,2	2 983,2	2 967,4	3 025,1	3 050,9	3 087,6
index	%	105,5	105,1	106,1	105,4	107,3	107,9	105,5	99,5	101,9	100,9	101,2
- year-on-year	%	112,0	117,8	124,9	131,7	141,3	152,5	160,8	160,0	163,1	164,5	166,5
- year 2000 = 100 %												
of which: wages and salaries <sup>x)</sup>												
total	mld. CZK	809,7	857,6	924,8	986,7	1 057,1	1 139,5	1 212,4	1 193,1	1 209,9	1 238,0	1 259,6
index	%	107,2	105,9	107,8	106,7	107,1	107,8	106,4	98,4	101,4	102,3	101,7
- year-on-year	%	115,7	122,5	132,0	140,9	150,9	162,7	173,1	170,3	173,9	178,1	181,1
- year 2000 = 100 %												
average wage in the national economy												
(full-time equivalent) <sup>xx)</sup>												
total	CZK	15 524	16 430	17 466	18 344	19 546	20 957	22 592	23 344	23 864	24 455	25 112
index	%	108,0	105,8	106,3	105,0	106,6	107,2	107,8	103,3	102,2	102,5	102,7
- year-on-year	%	117,4	124,3	132,1	138,8	147,9	158,5	170,9	176,6	180,5	185,0	190,0
- year 2000 = 100 %												

Source: CZSO

<sup>x)</sup> according to National Accounting Statistics (CZSO), MoLSA calculation<sup>xx)</sup> CZSO (data as of 5. 6. 2013), MoLSA calculation



Graph No. 7.1.1

Development of Current Incomes of Household Sector and Average Wage

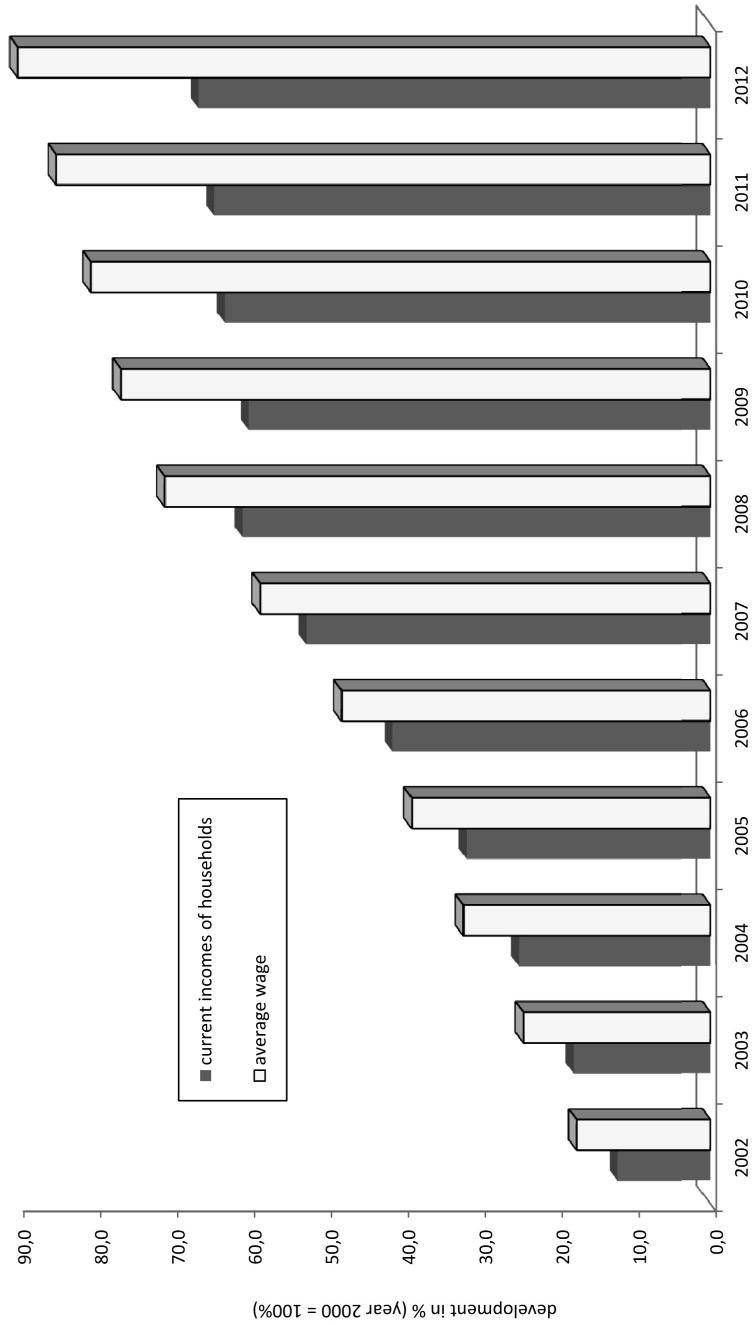


Table No. 7.2

## Average Monthly Gross Wage by Branches - CZ-NACE Sections

(CZK)

	Year											
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<i>Average gross monthly wage in the CR</i>	14 378	15 524	16 430	17 466	18 344	19 546	20 957	22 592	23 344	23 864	24 455	25 112
agriculture, forestry and fishing	11 447	11 813	12 188	13 244	13 961	14 838	16 194	17 765	17 644	18 465	19 003	20 010
industry <i>total</i>	14 153	15 081	15 850	17 021	17 837	18 977	20 311	22 118	22 625	23 639	24 392	25 159
mining and quarrying	17 743	18 749	19 688	21 122	22 679	24 047	25 714	29 271	28 312	30 270	31 531	32 632
manufacturing	13 761	14 659	15 410	16 584	17 362	18 490	19 852	21 564	21 968	22 982	23 781	24 532
electricity, gas, steam and air conditioning supply	19 833	21 675	23 084	24 725	26 594	29 179	31 157	35 420	39 436	40 299	40 203	41 879
water supply, sewage, waste management and remediation activities	14 071	15 144	15 788	16 775	17 703	18 749	19 750	21 461	22 049	23 059	23 166	23 509
construction	13 537	14 213	15 203	16 279	16 808	17 885	19 036	20 948	22 022	22 284	22 797	23 862
wholesale and retail trade, repair of motor vehicles and motorcycles	13 709	14 778	15 382	16 302	17 058	18 238	19 821	21 341	21 358	22 040	22 814	23 389
transportation and storage	14 298	15 417	16 260	17 350	18 188	19 262	20 663	22 369	23 000	23 064	23 063	23 285
accommodation and food service activities	8 664	9 586	9 826	10 183	10 637	11 676	12 380	12 474	12 330	13 204	13 133	13 451
information and communication	25 442	27 399	29 466	31 317	33 423	35 814	38 167	41 800	43 083	43 793	45 336	46 763
financial and insurance activities	28 649	31 283	32 878	35 232	37 296	40 020	42 351	45 655	46 124	46 188	47 663	51 351
real estate activities	13 696	15 566	16 293	17 436	17 879	19 263	20 718	20 808	20 715	21 346	22 346	22 488
professional, scientific and technical activities	17 370	19 594	20 722	21 812	23 486	24 678	26 925	30 244	31 789	31 603	32 384	32 771
administrative and support service activities	11 303	12 127	12 203	12 969	13 516	14 478	15 254	15 521	15 927	15 953	16 551	16 831
public administration and defence; compulsory social security	16 855	18 461	19 859	20 858	22 244	23 292	25 040	26 209	27 045	26 939	26 328	26 761
education	13 473	14 779	16 539	17 748	18 787	20 040	21 251	22 119	23 429	23 033	23 775	24 389
human health and social works activities	13 444	15 173	16 465	16 882	17 609	19 043	20 169	21 177	23 032	23 595	24 681	25 103
arts, entertainment and recreation	12 888	13 211	14 247	15 075	16 071	16 827	17 908	18 797	19 434	19 830	19 861	21 108
other service activities	12 096	13 230	14 079	14 800	15 450	16 497	17 612	17 990	18 340	18 356	19 217	19 775

Source: CZSO (as of 5. 6. 2013)

Note: Data are related to employees contracted for work by the employer. Persons performing public office (deputies, senators, full-time councillors at all levels, judges, etc. are not included. Data on average wage cover wage to be paid to employees in a given period.

Graph No. 7.2.1

Average Monthly Gross Wage by Branches - CZ-NACE Sections - in 2012

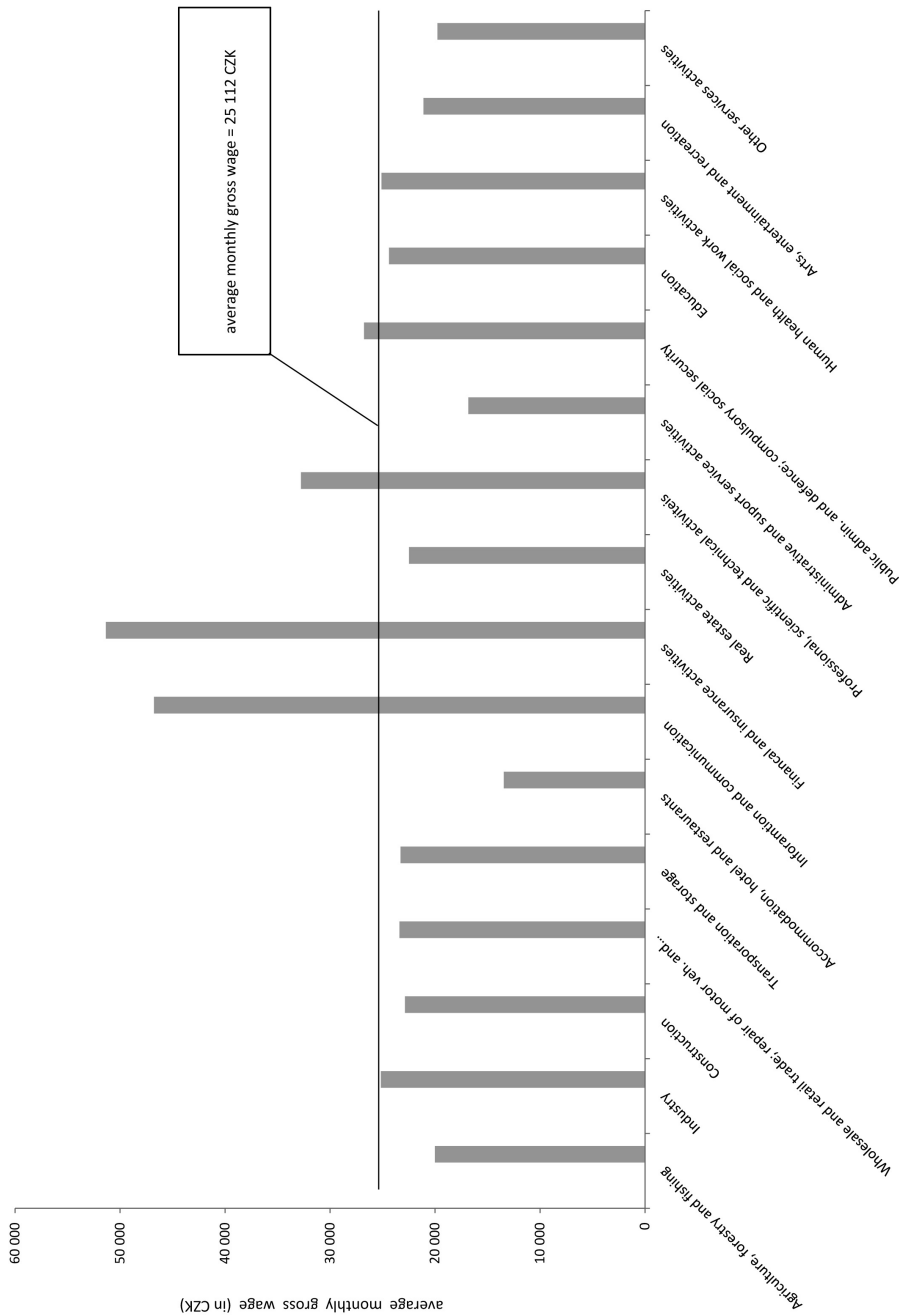


Table No. 7.3,

## Social Incomes of Households (in mil. CZK)

	Social incomes (mil.CZK)												Year-on-year index (in %)											
	2004		2005	2006	2007	2008	2009	2010	2011	2012	2005		2006	2007	2008	2009	2010	2011	2012					
Pension insurance benefits <sup>1)</sup>	222 371	240 726	260 939	281 726	303 738	330 150	336 230	357 162	370 589		108,3	108,4	108,0	107,8	108,7	101,8	106,2	103,8						
Sickness insurance benefits <sup>2)</sup>	29 560	31 656	32 764	34 664	31 873	26 018	22 773	21 492	19 361		107,1	103,5	105,8	91,9	81,6	87,5	94,4	90,1						
State social support benefits <sup>3)</sup>	32 730	32 954	34 051	48 533	41 883	41 082	40 791	36 009	35 441		100,7	103,3	142,5	86,3	98,1	99,3	88,3	98,4						
One-off benefits <sup>4)</sup>	6 538	x	x	x	x	x	x	x	x		x	x	x	x	x	x	x	x						
Passive employment policy <sup>5)</sup>	7 030	7 014	7 276	6 986	7 086	15 035	13 317	10 318	8 737		99,8	103,7	96,0	101,4	212,2	88,6	77,5	84,7						
Social care benefits <sup>6)</sup>	14 317	14 196	14 674	3 785	2 489	2 453	1 791	1 901	1 556		99,2	103,4	25,8	65,8	98,5	73,0	106,1	81,9						
Benefits on assistance in material need	x	x	x	3 287	2 794	3 089	3 882	4 982	7 751		x	x	x	85,0	110,6	125,7	128,3	155,6						
Care allowance	x	x	x	14 608	18 253	18 697	19 599	18 084	18 391		x	x	x	125,0	102,4	104,8	92,3	101,7						
<b>Social incomes total</b>	<b>312 546</b>	<b>326 546</b>	<b>349 704</b>	<b>393 589</b>	<b>408 116</b>	<b>436 524</b>	<b>438 383</b>	<b>449 948</b>	<b>461 826</b>		<b>104,5</b>	<b>107,1</b>	<b>112,5</b>	<b>103,7</b>	<b>107,0</b>	<b>100,4</b>	<b>102,6</b>	<b>102,6</b>						

Source: MoLSA

<sup>1)</sup> including supplementary pension insurance, increase of pension for helplessness and compensation like rehabilitation (pensions and benefits paid abroad are not included); advance payment for post office from previous year and expenditures on pension to armed forces are not included

<sup>2)</sup> without armed forces and benefits paid abroad

<sup>3)</sup> without transfers to deposit account, draw backs of defunct benefits and transfers from previous years transferred to State Budget

<sup>4)</sup> one-off benefit for children in total amount of 3 866 mil. CZK and one-off benefit for pensioners in amount of 2 672 mil. CZK

<sup>5)</sup> unemployment support for job seekers (expenditures on postage and bank fees are not included)

<sup>6)</sup> benefits for people with disabilities and social care allowances (for elderly people, for families with children and for socially excluded) and other social benefits

## 8. Basic Information on Labour Market

Concerning basic labour market indicators the average registered unemployment rate reached 8,6% in 2012 - the same as in 2011. There was slight annual decline of average number of registered job seekers (504,7 thous. persons) by 3,4 thous. persons. Average number of job vacancies (39,9 thous.) increased by 3,4 thous. year-on-year. For this reason, there was decline of average number of job seekers per 1 job vacancy from 13,9 in 2011 to 12,6 in 2012. Average number of job seekers with unemployment benefit decreased from 132,4 thous. to 104,5 thous. persons (its share in total number of job seekers declined from 26,1% to 20,7%).

The data for the year 2012 were more favourable than in 2011, in the second half of 2012 the labour market situation was worsened and at the end of 2012 the rate of registered unemployment made up 9,4% (December 2011 - 8,6%). The number of job seekers rose to 545,3 thous. persons (in December 2011 - 508,5 thous. persons).

Total number of registered job seekers was largely involved by young people under 25 years of age (share in total number of job seekers was unchanged - 18,1% - the same as of the end of 2012. Share of people older than 50 years increased annually from 26,0% to 26,5%. To place job seekers with low level of education has remained permanent problem. Number of the long-term unemployed (unemployed for more than 12 months) increased from 184,1 thous. (at the end of 2011) to 192,2 thous. (as of December 31, 2012). Their share in total number of the registered unemployed decreased from 36,2% to 35,3%.

Average monthly amount of unemployment benefit increased from 5 586 CZK in 2011 to 5 892 CZK in 2012. This amount was affected by decline of number of persons receiving lower unemployment benefit, lower decline of number of persons with above-average unemployment benefit and growing share of persons in higher categories according to the amount of benefit.

Unemployment benefit expenditures made up 8,8 mil. CZK in 2012 and decreased annually by 1,6 mld. CZK. This was mainly due to lower number of newly registered job seekers (total of 589,4 thous. persons in 2012, i.e. annual drop by 68,3 thous.) and by reduction of average number of job seekers with unemployment benefit (see above).

The expenditure on Active Employment Policy from the State budget and from the European Social Fund made up 2,6 mld. CZK in 2012. Compared to 2011, these expenditures decreased by 1,2 mld. CZK mainly due to reduction of expenditures from the European Social Fund.

Within the framework of state employment policy it was spent 3,5 mld. CZK for contribution to employers which employed more than 50% of employees with disability (§ 78 of the Act No. 435/2004 Coll., Employment Act) and 0,45 mld. CZK on payments of wage claims to employees in case of employer's insolvency.

According to Labour Force Survey of CZSO, there was growth of employment in all sectors of national economy to 4 890,1 thous. persons (i.e. annual growth by 17,6 thous. persons, i.e. by 0,4%). After significant decline of employment in 2009 and its slight reduction in 2010, there was annual growth in 2012 - the same as in 2011.

From the point of view of organizational policy of employment in the Czech Republic, the Act No. 73/2011 Coll., on Labour Office of the Czech Republic and on Amendments of Related Acts, has taken effect since April 1, 2011. Through this Act, from previous 77 labour offices, new Labour Office of the Czech Republic (organizationally divided into General Directorate of the Labour Office and regional branches, which establish contact points) was introduced. Labour Office performs tasks in the areas of employment, protection of workers at the employer's insolvency and state social support, as well as in non-insurance benefits systems from January 2012 (benefits in material need, benefits for people with disabilities and care allowance, including inspection of social services).

Table No. 8.1

## Basic Indicators of Labour Market

	Year										
	2005	2006	2007	2008	2009	2010	2011	2012			
Number of the employed (in thous.)	4 764	4 828	4 992	5 003	4 934	4 885	4 872	4			
Average rate of registered unemployment (in %)	9.0	8.1	6.6	5.5	8.0	9.0	8.6				
Rate of registered unemployment in December (in %)	8.9	7.7	6.0	6.0	9.2	9.6	8.6				
Average number of job seekers	514 310	474 790	392 777	324 575	465 576	528 750	507 779	504			
Number of job seekers as of December, 31	510 416	448 545	354 878	352 250	539 136	561 551	508 451	545			
of which	handicapped	75 316	71 318	65 216	61 136	67 738	69 499	63 092	62 038		
	graduates and youth	38 545	31 955	22 680	24 634	35 612	35 357	33 508	36 120		
	women	265 631	238 713	191 150	183 639	258 112	268 200	250 301	266 593		
	unemployed more than 6 months	292 860	254 764	190 653	151 593	248 202	273 092	264 513	290 268		
	unemployed more than 12 months with unemployment benefit	212 804	184 909	136 913	101 524	123 873	178 481	184 130	192 234		
Average number of job seekers with unemployment benefit	141 753	129 882	112 675	138 506	189 497	178 962	129 951	107 937			
Average number of job vacancies	138 714	133 491	116 478	109 376	188 069	163 481	132 421	104			
Number of job vacancies as of December, 31	55 652	82 516	121 993	141 776	48 554	33 147	36 493	35			
Number of job seekers per 1 job vacancy as of December, 31	52 164	93 425	141 066	91 189	30 927	30 803	35 784	34			
Number of job seekers per 1 job vacancy as of December, 31	9.8	4.8	2.5	3.9	17.4	18.2	14.2				

Source: MoLSA and CZSO (data on employment - Labour Force Survey)

Graph No. 8.1.1

Number of Job Seekers and Job Vacancies

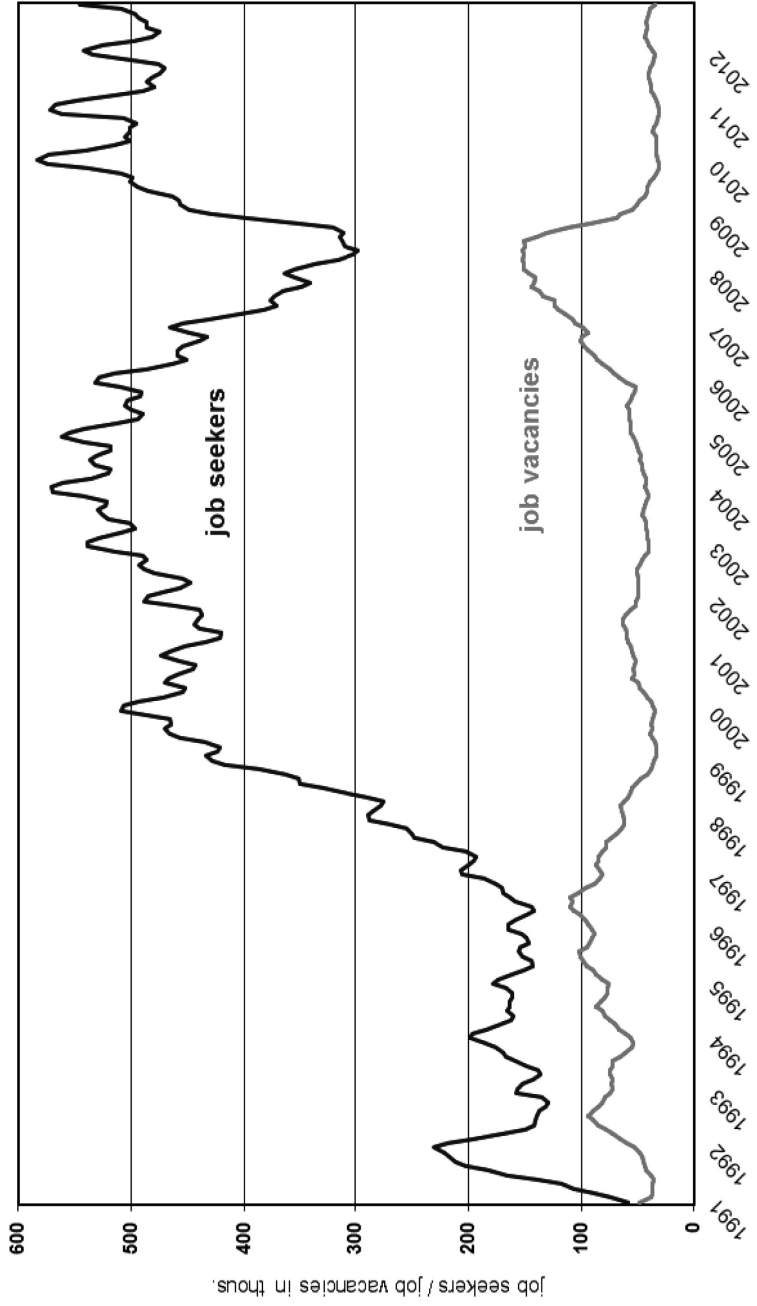


Table No. 8.2

## State Budget Expenditures on State Employment Policy

thous. CZK

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenditures on state employment policy</b>	<b>9 086 623</b>	<b>9 522 338</b>	<b>9 879 089</b>	<b>10 960 415</b>	<b>11 750 430</b>	<b>11 908 975</b>	<b>14 202 321</b>	<b>15 072 541</b>	<b>15 680 608</b>	<b>23 132 685</b>	<b>22 736 413</b>	<b>17 836 581</b>	<b>15 274 848</b>
- passive policy	5 680 469	5 228 947	6 209 746	6 949 250	7 030 047	7 046 845	7 307 521	7 015 755	7 114 894	15 077 723	13 354 778	10 349 149	8 759 749
- active policy	3 406 154	4 063 277	3 483 250	3 274 160	3 939 856	3 977 708	5 300 675	5 673 321	6 131 729	4 953 467	6 171 493	3 815 886	2 595 049
<b>Active employment policy:</b>													
- graduated positions <sup>1)</sup>	358 012	388 336	347 996	331 220	418 018	144 687	143	-	-	-	622 235	511 807	309 019
- socially beneficial jobs	989 720	1 042 504	616 819	691 559	1 030 597	1 184 356	1 071 803	867 971	570 288	411 950	401 697	550 265	273 001
- publically beneficial jobs	759 308	924 451	713 953	685 001	833 189	838 951	899 298	684 989	465 645	292 931	401 697	550 265	273 001
- retraining	345 920	382 652	370 431	405 870	489 635	408 250	357 299	269 288	271 130	119 388	96 676	85 421	101 923
- employment of the disabled	195 194	211 214	177 575	223 585	251 354	310 040	318 873	235 689	255 656	323 545	323 661	255 783	121 143
in which:													
- establishment of sheltered workshops	54 892	46 380	42 135	61 819	83 800	96 390	90 382	43 907	36 137	84 475	80 967	41 518	36 718
- operation of sheltered workshops and	132 995	158 446	131 632	155 036	162 244	208 799	219 772	185 201	210 469	231 848	234 637	207 988	80 072
- benefit for self-employed <sup>2)</sup>	x	x	3 769	6 729	5 048	4 798	7 065	4 638	5 041	4 094	4 463	3 161	2 066
- occupational rehabilitation	7 307	6 388	39	0	262	53	1 654	1 943	4 009	3 129	3 594	3 116	2 286
- targeted programmes <sup>3)</sup>	x	x	x	x	x	50 093	217 265	235 924	80 613	0	0	0	0
- ESF programmes	x	x	x	x	x	x	1 277 664	2 100 517	2 678 240	2 736 538	4 175 475	2 156 359	1 502 859
- investment incentives <sup>4)</sup>	590 730	674 495	685 131	803 871	858 853	976 732	1 048 236	1 190 421	1 721 803	1 010 368	509 092	226 899	267 891
- other <sup>5)</sup>	31 646	64 197	47 237	133 055	67 473	114 744	110 094	88 522	88 354	58 747	42 657	29 351	19 213
<b>contributions to employers which employ</b>	<b>x</b>	<b>375 428</b>	<b>527 709</b>	<b>524 446</b>	<b>649 012</b>	<b>736 913</b>	<b>1 410 552</b>	<b>2 187 432</b>	<b>2 283 655</b>	<b>2 257 461</b>	<b>2 712 304</b>	<b>3 282 404</b>	<b>3 468 251</b>
<b>at least 50% of disabled employees</b>													
<b>insolvency</b>	<b>135 623</b>	<b>230 114</b>	<b>186 093</b>	<b>212 651</b>	<b>133 489</b>	<b>147 506</b>	<b>183 573</b>	<b>196 032</b>	<b>150 330</b>	<b>844 033</b>	<b>497 837</b>	<b>389 142</b>	<b>451 799</b>
<b>employment services and administration <sup>6)</sup></b>	<b>1 621 746</b>	<b>1 619 479</b>	<b>1 651 335</b>	<b>1 896 263</b>	<b>3 428 217</b>	<b>3 846 861</b>	<b>4 175 901</b>	<b>4 711 639</b>	<b>4 460 873</b>	<b>4 695 252</b>	<b>4 249 245</b>	<b>3 717 353<sup>*)</sup></b>	<b>3 580 124<sup>**)</sup></b>

Source: MoLSA

1) ensuring of occupational experience for graduates, and the acquisition for young workers is not regulated by the Act No.435/2004 Coll., Employment Act, as amended, i. e. new workplaces are not established, expenditures of labour offices

(after 2004) resulted from agreement concluded prior to the date this Act came into force

2) benefit to self-employed persons with disability for establishment of protected workplaces

3) according to § 120 of the Act No. 435/2004 Coll., Employment Act, as amended (including regionally targeted programmes for solution of unemployment and Programmes to support the renovation or technical upgrade of tangible fixed assets which support the career prospects for the disabled

4) including investment incentives and programmes to establish new workplaces

5) costs on informants materials issued by Labour Office and MoLSA, other support employment programmes, costs on employment active policy not specified, ESF projects until 2006

6) including capital and material costs, costs on salaries, other costs on work and premium

\*) including expenditures of MoLSA on services provided only by Gontik company to Labour Office (expenditures associated with software and services of other supporter are not available)

\*\*) only expenditures of Labour Office in 2012



## 9. European System of integrated Social Protection Statistics (ESSPROS)

The European System of integrated Social PROtection Statistics (ESSPROS) was developed by the Statistical Office of European communities (Eurostat) in cooperation with member states experts in the 70's of the last century. ESSPROS represents a significant instrument for mutual comparison of social protection level in the Member States. Since its introduction ESSPROS methodology has been amended in a little scope. For implementation of ESSPROS in the Czech Republic the agreement between CZSO and MoLSA on establishment of inter-departmental Working Group (led by the MoLSA) was made in 2000. For the Czech Republic time series of ESSPROS Core system for 1995-2011 (including qualitative database containing descriptions of social protection schemes and benefits) and module on number of pension beneficiaries for 2000-2011 (methodically in the definitely internationally comparable form since 2006) are available so far. New Eurostat methodology for net social protection benefits module was completed by the international Working Group, the methodology guarantees data comparability. Data for the Czech Republic on this module are available for period of 2007-2010.

ESSPROS is divided into the Core system that includes data on receipts and expenditures in the area of social protection and modules containing additional statistical information. All financial transactions under the ESSPROS should be based on accountancy. In cases when accountancy sources are not available, statistical and administrative sources as well as estimates can be used.

According to the ESSPROS Manual the conception of social protection is defined as all interventions from public or private bodies intended to relieve households and individuals of the burden of a defined set of risks or needs, provided that there is neither a simultaneous reciprocal, nor an individual arrangement involved. The list of risks or needs is defined on the basis of an agreement by eight functions of social protection:

1. Sickness/Health care
2. Disability
3. Old age
4. Survivors
5. Family/Children
6. Unemployment
7. Housing
8. Social exclusion, not elsewhere classified

The Core System includes only social protection provided in the form of cash payments, reimbursements and directly provided goods and services to protect households and individuals. Specific information necessary to perfect monitoring of the functions of the system are then ensured in individuals modules.

The ESSPROS Core system defines and describes classification of social protection schemes. A social protection scheme is a distinct body of rules, supported by one or more institutional units, governing the provision of social protection benefits and their financing. Social protection schemes should at all times meet the condition that it must be possible to draw up a separate account of receipts and expenditures. Schemes are classified into categories according to following criterions:

- decision-making (public and private schemes),
- legal enforcement (compulsory and non-compulsory schemes),
- establishments of entitlements (contributory and non-contributory schemes),
- scope (universal, general and special schemes),
- level of protection (basic and supplementary schemes).

Receipts of social protection schemes in the ESSPROS Core system are classified by type (social contributions, general government contributions, transfers from other schemes and other receipts) and origin (institutional sector from which the payment is received). Expenditures of social protection schemes are also classified by type or reason for which are paid out.

The ESSPROS system identifies exact reasons for which benefit under given scheme and function is provided. It also defines social protection schemes with regard to national (member states and candidate countries) practices to cover all benefits with social protection dimension under above-mentioned classification. This is the only way how to ensure comparable statistics among countries reflecting their institutional differences in the system of social protection.

Expenditures on social protection of ESSPROS Core system according to individual social protection functions in the time series (1995 - 2011) are in the Table No. 9.1. More detailed data and international comparison of social protection level in the EU member states and other European countries according to the ESSPROS methodology are available on Eurostat web sites. The data in the Table No. 9.2 (Total Social Protection Expenditures in relation to GDP) are drawn from recently published data.

Table No. 9.1

## ESSPROSS\* Core System - Expenditures on Social Protection by Function

mil. CZK

Social protection by function	Year																
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
1. Sicknes/Health care	91 866	105 696	112 756	120 068	128 129	139 075	151 884	168 804	178 920	185 298	195 067	199 876	215 487	222 767	239 254	239 185	241 461
2. Invalidity	18 412	22 382	25 817	28 634	30 661	32 037	35 302	37 479	40 685	41 430	43 056	49 829	52 512	54 823	57 176	57 710	57 509
3. Old age	86 406	101 726	123 576	140 002	150 247	160 644	169 625	182 541	185 229	194 507	212 206	227 174	254 177	281 444	310 325	321 475	340 972
4. Survivors	12 016	14 193	16 308	17 484	18 204	18 663	20 632	22 120	22 589	22 739	23 670	24 864	26 741	27 182	28 297	27 824	28 575
5. Family/Children	29 442	31 434	32 589	32 626	33 904	34 984	36 452	38 738	38 477	44 164	41 765	44 040	58 787	53 549	53 893	50 615	44 816
6. Unemployment	5 618	7 341	9 395	10 908	14 444	14 309	14 406	16 513	20 836	20 877	19 767	18 618	22 057	23 663	39 280	31 020	27 291
7. Housing	43	688	938	1 818	2 458	2 710	2 720	3 038	2 904	2 623	2 547	2 389	2 205	2 194	2 896	4 307	5 589
8. Social exclusion not elsewhere classified	3 277	2 965	4 287	6 563	9 116	11 178	11 818	12 803	14 742	15 153	15 136	16 202	7 353	6 444	8 819	8 560	10 234
Total expenditures **	247 080	286 425	325 646	358 103	387 163	413 600	442 839	482 036	504 382	526 791	553 214	582 992	639 319	672 066	739 940	740 696	756 447

Source: MoLSA

Data are processed according to Eurostat methodology for core system ESSPROS (Manual ESSPROS 1996 - incl. revision).

\* ESSPROS = European System of Integrated Social Protection Statistics

\*\* total expenditures do not include administrations costs

Graph No. 9.1

Development of Social Protection Expenditures in Relation to GDP

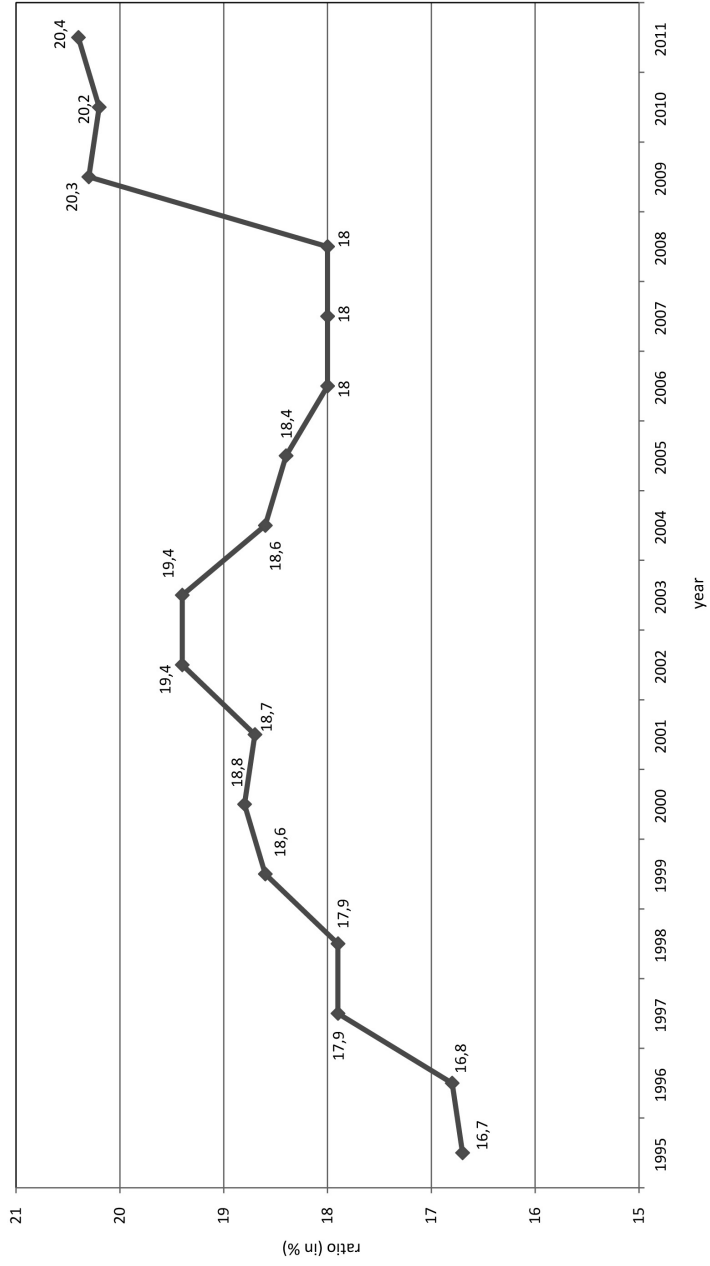


Table No. 9.2

**Development of Social Protection Expenditures in Relation to GDP\*  
in selected European Countries**

eurostat	Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
EU27 - current MS	:	:	:	:	27,1	26,7	26,1	26,8	29,6p	29,4p
EA17 - Euro area	26,8	27,4	27,7	27,6	27,7	27,3	26,9	27,6	30,4p	30,4p
BE - Belgium	26,3	26,7	27,4	27,4	27,3	27,0	26,9	28,1	30,4	29,9
BG - Bulgaria	:	:	:	:	15,1	14,2	14,1	15,5	17,2	18,1
CZ - Czech Republic	18,7	19,4	19,4	18,6	18,4	18,0	18,0	18,0	20,3	20,1
DK - Denmark	29,2	29,7	30,9	30,7	30,2	29,2	28,8	29,4	33,2	33,3
DE - Germany	29,7	30,4	30,8	30,1	30,1	29,0	27,9	28,1	31,5	30,7p
EE - Estonia	13,0	12,7	12,5	13,0	12,6	12,1	12,1	14,9	19,3	18,1
IE - Ireland	14,8	17,1	17,7	17,9	18,0	18,3	18,9	22,3	27,4	29,6p
EL - Greece	24,3	24,0	23,5	23,6	24,9	24,8	24,8	26,2	28,0	29,1
ES - Spain	19,7	20,0	20,3	20,3	20,6	20,5	20,7	22,1	25,3p	25,7p
FR - France	29,6	30,5	31,0	31,4	31,5	31,3	31,0	31,3	33,6	33,8p
HR - Croatia	:	:	:	:	:	:	:	18,7	20,8	20,8
IT - Italy	24,8	25,2	25,7	25,9	26,3	26,5	26,6	27,7	29,9p	29,9p
CY - Cyprus	14,9	16,3	18,4	18,1	18,4	18,5	18,2	19,5	21,1	21,6
LV - Latvia	14,7	14,3	14,0	13,2	12,8	12,7	11,3	12,7	16,9	17,8p
LT - Lithuania	14,7	14,0	13,5	13,4	13,2	13,3	14,4	16,1	21,2p	19,1p
LU - Luxembourg	20,9	21,6	22,1	22,3	21,7	20,4	19,3	21,4	24,0	22,7
HU - Hungary	19,5	20,4	21,3	20,8	21,9	22,5	22,7	22,9	23,5	23,1
MT - Malta	17,5	17,6	17,9	18,6	18,4	18,3	18,0	18,4	20,0	19,8
NL - Netherlands	26,5	27,6	28,3	28,3	27,9	28,8	28,3	28,5	31,6	32,1p
AT - Austria	28,6	29,0	29,4	29,1	28,8	28,2	27,8	28,4	30,6	30,4
PL - Poland	21,0	21,1	21,0	20,1	19,7	19,4	18,1	18,6	19,2	19,0
PT - Portugal	21,9	22,8	23,2	23,8	24,5	24,5	23,9	24,3	27,0	27,0
RO - Romania	12,8	13,6	13,1	12,8	13,4	12,8	13,6	14,3	17,1	17,6
SI - Slovenia	24,4	24,3	23,6	23,3	23,0	22,7	21,3	21,4	24,2	24,8p
SK - Slovakia	18,9	19,1	18,4	17,2	16,5	16,4	16,1	16,1	18,8	18,6p
FI - Finland	25,0	25,7	26,6	26,7	26,7	26,4	25,4	26,2	30,4	30,6
SE - Sweden	30,4	31,3	32,2	31,6	31,1	30,4	29,2	29,5	32,0	30,4p
UK - United Kingdom	26,9	25,9	25,8	25,9	26,1	25,9	25,2	26,1	28,9	28,0
IS - Iceland	19,4	21,2	23,0	22,6	21,7	21,2	21,4	22,0	25,4	24,5
NO - Norway	25,4	26,0	27,2	25,7	23,7	22,4	22,5	22,0	26,1	25,6
CH - Switzerland	25,3	26,3	27,5	27,1	27,1	25,9	25,2	24,7	26,9	26,6p
RS - Serbia	:	:	:	:	:	:	:	:	:	24,6

Source: Eurostat (<http://epp.eurostat.ec.europa.eu/tgm/refreshTableAction.do?tab=table&plugin=1&pcode=tps00098&language=en>)

(:) not available

P = provisional data

\* data on gross domestic product according to the methodology harmonised with standards defined by European system of accounts (ESA 1995)



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**Basic Indicators of Labour and Social Protection  
in the Czech Republic.  
Time Series and Graphs.  
2012**



Published by the Ministry of Labour and Social Affairs  
(Department of Analysis and Statistics).  
Na Poříčním právu 1, 128 01 Prague 2  
First edition, 350 copies, 54 pages.

ISBN 978-80-7421-067-9  
Not for sale

