

# **BASIC INDICATORS OF LABOUR AND SOCIAL PROTECTION IN THE CZECH REPUBLIC**

TIME SERIES AND GRAPHS

2010



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## List of Abbreviations

ARIS	Automated Financial Information System (managed by Ministry of Finance)
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
HN/SS	Information System of Material Need and Social Services
LAU	Local Administrative Units
MEA	Participation Rate
MoLSA	Ministry of Labour and Social Affairs
MS	Member States of European Union
NE	National Economy
NGO	Non-governmental Organisation
NUTS	Nomenclature of Territorial Units for Statistics
OECD	Organization for Economic Co-Operation and Development
UN	United Nations

# 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 1,257 mil. inhabitants at the end of 2010. 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 6.2 thous. municipalities) and from January 1, 2000 also on the level of 14 regions (it corresponds with the classification NUTS 3) that are 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 2010 there were 117.2 thous. live-born and 106.8 thous. of deaths. Since 2002 the total population of the Czech Republic has continuously increased, mainly due to immigration (total number of inhabitants increased by 26.0 thous. in 2010 compared to 39.3 thous. in 2009). Increase due to foreign migration was significantly lower than a year before: 15.6 thous. inhabitants in 2010 contrary to 28.3 thous. in previous year. In December 31, 2010 number of inhabitants in Czech Republic made up 10,533 thous.

In 2010 the economic development in the Czech Republic was influenced by transition from economic recession to economic recovery. Growth of GDP made up 1.0% (in current prices) in 2010 compared to decline of GDP by 1.3% (in current prices) in 2009. Growth in 2010 was mainly caused by increasing performance of industrial branches (in particular production of vehicles and electrical machinery and mechanical engineering) and generally export-oriented industries supported by economic recovery in Germany. However, development of GDP was not well-proportioned during 2010, especially in the fourth quarter the economic growth has slowed particularly in connection with the annual decline of household consumption.

In 2010 the labour market situation was affected by the decrease of employment (annual decline by 49.1 thous. to 4,885.5 thous. persons), decrease in number of vacancies (average monthly number of vacancies decreased by 15.4 thous. to 33.1 thous.) and increase of unemployment (average registered unemployment rate was increased by 1.0 percentage points to 9.0%). Situation on labour market was still under influence of global economic crisis in first months of 2010. After subsequent slight recovery and influence of seasonally effects the unemployment increased. Nevertheless, at the end of 2010 there was another increase – 9.6% in December 2010 along with 561.6 thous. of job-seekers.

Table No. I.1

## Basic Demographic and Socio-economic Indicators

Indicator	Unit	Year									
		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Population as of December 31		10 206	10 203	10 211	10 221	10 251	10 287	10 381	10 468	10 507	10 533
0-14		1 622	1 590	1 554	1 527	1 501	1 480	1 477	1 480	1 494	1 518
aged 15-64	thous. persons	7 170	7 195	7 234	7 260	7 293	7 325	7 391	7 432	7 414	7 379
65+		1 414	1 418	1 423	1 434	1 457	1 482	1 513	1 556	1 599	1 636
Live births		90 715	92 786	93 685	97 664	102 211	105 831	114 632	119 570	118 348	117 153
Deaths		107 755	108 243	111 288	107 177	107 938	104 441	104 636	104 948	107 421	106 844
Expectation of life at birth: men	years	72,1	72,1	72,0	72,5	72,9	73,4	73,7	74,0	74,2	74,4
women		78,4	78,5	78,5	79,0	79,1	79,7	79,9	80,1	80,1	80,6
Natural increase of population		-17 040	-15 457	-17 603	-9 513	-5 727	1 390	9 996	14 622	10 927	10 309
Migration balance	number of persons	-8 551	12 290	25 789	18 635	36 229	34 720	83 945	71 790	28 344	15 648
Total growth of population		-25 591	-3 167	8 186	9 122	30 502	36 110	93 941	86 412	39 271	25 957
GDP in current prices*	CZK mil.	2 448 557	2 567 530	2 688 107	2 929 172	3 116 056	3 352 599	3 662 573	3 848 411	3 739 225	3 775 237
GDP growth (current prices)		7,9	4,9	4,7	9,0	6,4	7,6	9,2	5,1	-1,3	1,0
Average inflation rate	%	4,7	1,8	0,1	2,8	1,9	2,5	2,8	6,3	1,0	1,5
Average registered unemployment rate		8,5	8,5	9,9	9,2	9,0	8,1	6,6	5,4	8,0	9,0
Economic active persons	thous. persons	5 171	5 173	5 132	5 133	5 174	5 199	5 198	5 232	5 287	5 269

Source: CZSO, MoLSA

\* GDP in current prices after extraordinary revision of CZSO in September 2011.





## 2. Pension Insurance

The current Czech pension system is based on two pillars. The first one is basic obligatory pension insurance with continuous manner of financing (PAYGO). The scheme is universal and secures all economically active persons. The regulation is unified for all insured persons (the Act No. 155/1955 Coll., Pension Insurance Act, as amended) except some administrative and organizational divergences in departments of the armed forces.

The second scheme is voluntary supplementary pension insurance with state contribution that is considered as third pension pillar. It represents individual saving for old age based on capital financing regulated by the Act No. 42/1994 Coll., State-Contributory Supplementary Pension Insurance Act as amended. Rate of this scheme on incomes of pensioners is insignificant so far compared to basic obligatory pension insurance. The pension system with state contribution was established in 1994.

The following pension benefits are provided under pension insurance: old-age pension, disability pension (since 2010 provided as three stage disability pension based on degree of the decrease in work ability), 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 regardless of insurance period and earnings) and a percentage-base assessment. 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.

In view of the most significant legislative changes in pension area adopted in 1995, when the Insurance Act was approved, there are significant changes that can be made effective since 2004. In the area in the pension insurance the gradual increase of retirement age has to be mentioned even after 2007. The early retirement was limited by cancellation of temporarily reduced pension (except for disability pensioners). It was decided to reduce the evaluation of study period and repealing conditions restricting entitlement to retirement pension by the amount of earned income. Changes in insurance consisted in transfer of parts of contributions on state employment policy to the pension scheme (by increase of premium rate on pension insurance by 2 percentage points, i.e. from 26% to 28%, while premium rate on state employment policy was decreased from 3.6% to 1.6%) and gradually increase of the minimum assessment base for determining of the premiums of the self-employed in 2004 - 2006.

In 2006 there were changes in the partial disability pensions and widow's pensions paid in concurrence with another pension. Partial disability pensions, which had not been paid or reduced due to relevant income from gainful activities, have been paid in full amount since February 2006. The amount of widower pensions or permitting their payment was adjusted since July 2006 if the reduction of the amounts of these pensions or their non-granting occurred under legislation in force prior to 1 January 1996 due to "concurrent maximums"

The pension increase for incapacity was abolished in 2007 in connection with adoption of the Act No. 108/2006 Coll, On Social Services that introduced a new benefit – care allowance.

The legal regulation adopted in 2008 (the Act No. 306/2008 Coll.), which became effective in principle, from January 1, 2010, implemented the first phase of pension reform with a view to con-

tribute to improvement of financial sustainability and long-term stability of basic pension insurance.

Among the most recent changes belongs:

- 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 a old-age pension from the concurrent receipt of this pension in full,

- the change of a full disability pension to old-age pension in the same level 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-contributory period, except for assessment of entitlement to disability pensions,

- increase of reduction of percentage amount of early retirement from 0.9% to 1.5% of assessment base (after 721st calendar days for each – as well as started - period of 90 calendar days).

Under the 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. changing the Pension Insurance Act) 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 raised 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% increase for compulsory valorisation was not met and the Government decided (with regard to economic measures) not to raise pensions since 2010.

## Number of Pensions Paid out by Type of Pension

Year	Number of pensions (in thous.)							
	old-age	degree of disability			widow's	widower's	orphan's	total
		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

### 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

Source: Czech Social Security Administration

Note: Number of pensions paid in December, incl. pensions paid abroad.  
Widower's and widow's pensions include concurrence with direct pension.

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

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

## Number of Pensioners in December 2002 - 2010

Year	Old-age			Partial old-age	Disability for degree of disability			Widow's and widowers <sup>2)</sup>	Orphan's	TOTAL
	total	to age limit <sup>1)</sup> after disab. <sup>2)</sup>			III. <sup>3)</sup>	II. <sup>4)</sup>	I.			
		not reduced	reduced							
<b>total</b>										
2002	1 883 314	1 659 163	210 960	13 191	378 433	166 405	70 729	54 401		2 577 798
2003	1 891 577	1 639 500	225 933	26 144	380 416	173 569	67 438	55 202		2 590 844
2004	1 923 728	1 648 728	250 683	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	194 291	57 411	50 968		2 683 784
2007	2 011 281	1 677 398	323 263	10 620	383 913	202 773	54 195	49 415		2 719 161
2008	2 049 530	1 690 727	354 414	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	1 709 059	425 168	3 227	370 154	215 790	49 281	46 798		2 819 093
<b>men</b>										
2002	656 217	568 327	82 034	5 856	1 057	188 680	92 891	25 339		971 439
2003	657 771	559 274	87 433	11 064	1 146	190 456	96 562	25 453		978 920
2004	669 969	563 112	96 641	10 216	1 251	192 961	99 197	24 773		995 686
2005	679 071	568 237	104 780	6 054	1 327	193 836	101 710	23 871		1 007 516
2006	694 678	572 642	115 531	6 505	1 421	194 512	106 163	22 971		1 027 504
2007	710 131	576 665	128 069	5 397	1 487	193 744	110 009	22 140		1 045 146
2008	733 276	589 616	141 574	2 086	1 553	189 678	113 199	7 506		1 066 465
2009	760 365	600 696	157 933	1 736	1 613	184 918	114 416	7 438		1 089 430
2010	832 291	610 707	173 951	1 585	1 629	129 066	29 314	88 383		1 108 146
<b>women</b>										
2002	1 227 097	1 090 836	128 926	7 335	23 459	189 753	73 514	29 062		1 606 359
2003	1 233 806	1 080 226	138 500	15 080	21 496	189 960	77 007	59 906		1 611 924
2004	1 253 759	1 085 561	154 042	14 156	19 936	191 242	79 976	55 839		1 629 999
2005	1 263 008	1 088 653	166 112	8 243	18 464	191 313	83 196	52 931		1 637 584
2006	1 282 015	1 094 986	179 797	7 232	17 236	191 252	88 128	49 652		1 656 280
2007	1 301 150	1 100 733	195 194	5 223	16 097	190 169	92 764	46 560		1 674 015
2008	1 316 254	1 101 111	212 841	2 302	14 922	188 045	97 823	44 001		1 687 546
2009	1 332 529	1 096 991	233 801	1 737	13 861	185 236	101 374	41 843		1 700 961
2010	1 413 416	1 098 352	251 217	1 642	12 696	114 982	25 659	78 925		1 710 947

Source: Czech Social Security Administration

Note:

<sup>1)</sup> old-age pension granted after reaching retirement age<sup>2)</sup> full disability pensions (until 2009)<sup>3)</sup> partial disability pensions (until 2009)<sup>4)</sup> old-age pensions granted according to § 26 of the Act No. 100/1988 Coll. and § 29 (b) of the Act No. 155/1995 Coll. (short period of insurance)

Pensioners paid abroad are not included

Partially reduced = up to 3 years before reaching the retirement age according to § 31 of the Act No. 155/1995 Coll.

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

Not reduced = old-age pension granted after reaching the retirement age

<sup>1)</sup> old-age pensions granted to disabled pensioners after reaching age of 65<sup>2)</sup> partial disability pensions (until 2009)<sup>3)</sup> widow's, widower's and orphan's pensions recorded as solo paid pensions.<sup>4)</sup> permanently reduced = up to 3 years before reaching the retirement age according to § 31 of the Act No. 155/1995 Coll.

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

Not reduced = old-age pension granted after reaching the retirement age

## Average Monthly Amounts of Solo Paid out Pensions in December 2002 - 2010

Year	Old-age			Partial old-age	Disability for degree of disability			Widow's and widower's	Orphan's	TOTAL
	to age limit <sup>1)</sup>		reduced		III. <sup>3)</sup> II. <sup>4)</sup> I.					
	not reduced	after disab. <sup>2)</sup>			III. <sup>3)</sup>	II. <sup>4)</sup>	I.			
<b>total</b>										
2002	6 841	6 949	6 272	5 896	3 705	6 666	4 132	4 739	3 327	6 398
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	7 555	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	7 699	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	9 760	8 456	4 407	9 656	6 671	6 140	5 194	9 506
<b>men</b>										
2002	7 627	7 731	7 044	6 625	3 437	7 192	4 382	3 651	3 313	7 045
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	11 056	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	10 758	10 073	4 178	10 142	6 978	6 432	5 153	10 408
<b>women</b>										
2002	6 221	6 319	5 744	5 255	3 739	6 015	3 803	4 863	3 340	5 854
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	4 275	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	8 799	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	6 744	5 226	8 721

Source: Czech Social Security Administration

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

Pensions paid abroad are not included

Partial old-age = old-age pensions granted according to § 26 of the Act No. 100/1988 Coll. and § 29 (b) of the Act No. 155/1995 Coll. (short period of insurance)

Temporarily reduced = up to 3 years before reaching the retirement age according to § 31 of the Act No. 155/1995 Coll.

Not reduced = old-age pension granted after reaching the retirement age

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

mil. CZK

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

Source: Czech Social Security Administration

Note: Net expenditures in year not include advances to post offices for the payment of pensions.

Helplessness included since 1999 - before including.

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

### Expenditures on Pensions in Relation to GDP

Year	Expenditures on pensions *) (mld. CZK)	Gross domestic product in current prices (mld. CZK)	Relation (%)
1993	76,5	1 020,3	7,5
1994	88,2	1 182,7	7,5
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	3 739,2	9,1
2010	346,2	3 775,2	9,2

Source: State closing account

Note: \*) Incl. expenditures on pensions in the armed forces.

GDP in current prices after extraordinary revision (Czech Statistical Office - September 2011).

### Average Old-age Pensions in Relation to Average Wage

Year	Average pension <sup>1)</sup> (in CZK)	Average wage - general assessment base (in CZK)		Total replacement ratio (in %)	
		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	10 027	24 091	18 665	41,6	53,7
2010	10 093	24 526	18 962	41,2	53,2

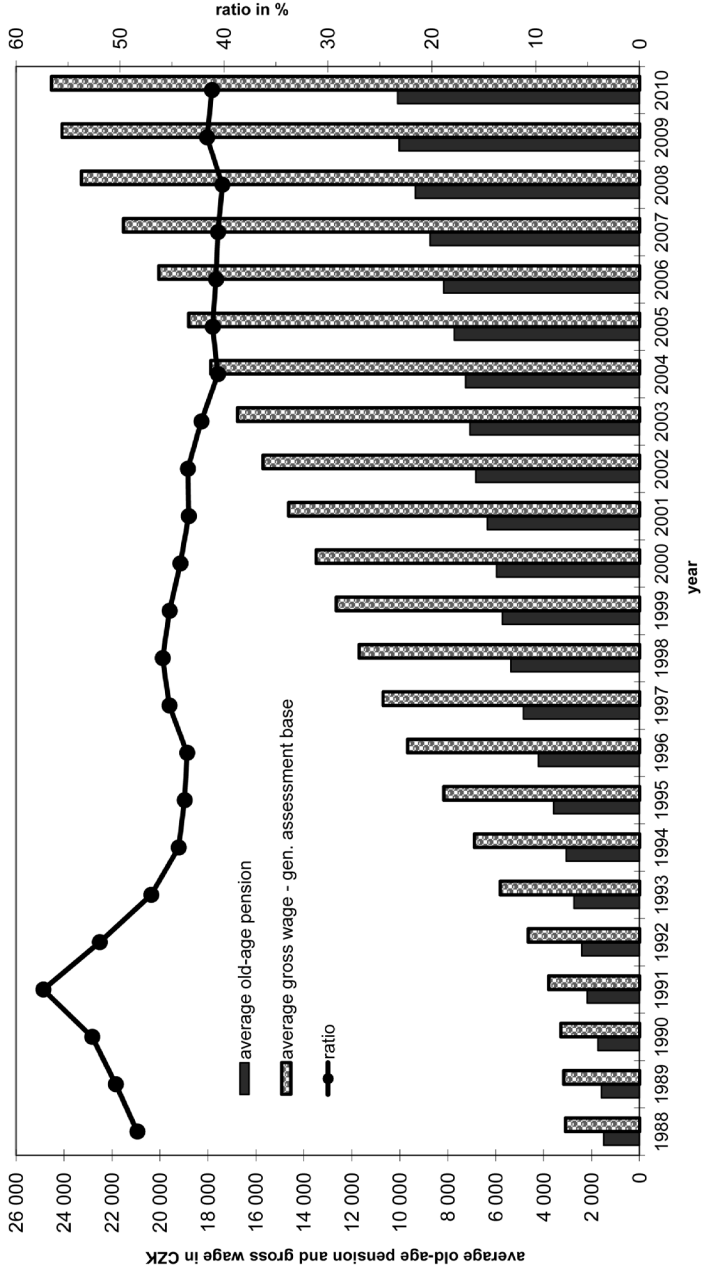
Source: MoLSA

Note:

- <sup>1)</sup> The average pension is the average monthly solo old-age pension paid out in a given year.
  - <sup>2)</sup> The 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 = the average gross wage decreased by the corresponding amount of income tax and health and social insurance premium.
- Amount of wages and pensions increased by state compensatory allowance in period when it belongs.



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



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

### Overview of Increases to Paid out Pensions

Month and year the increase came into effect	Increase			Basic amount of pensions
	in the percentage-based assessment		in the basic amount of pensions	
	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

Source: MoLSA

Note:

*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 (members of Police of the CR, Fire Brigade of the CR, Customs Administration of the CR, Prison Service of the CR, Security Information Service). 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 bases. 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 lasted at least 15 calendar days) and the minimum arranged income (so-called decisive income, the boundary of which is CZK 2 000, and which will be raised according to the development of the average wage).

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 sick insurance in the connection with the provision of salary compensation. In 2009 and 2010, the sick employees are entitled to sickness benefits only from the 15th calendar day of temporary inability to work or quarantine (for a maximum of 380 calendar days beginning from the origin of temporary inability to work or quarantine). Due to legal change effective since 2011 (in connection with economic measures) sickness benefit belongs from 22nd calendar day of temporary inability to 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. In 2011, the employer pays the salary compensation during the first 3 weeks of temporary inability to work. The salary compensation is granted for working days - from the 4th working day of temporary inability to 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

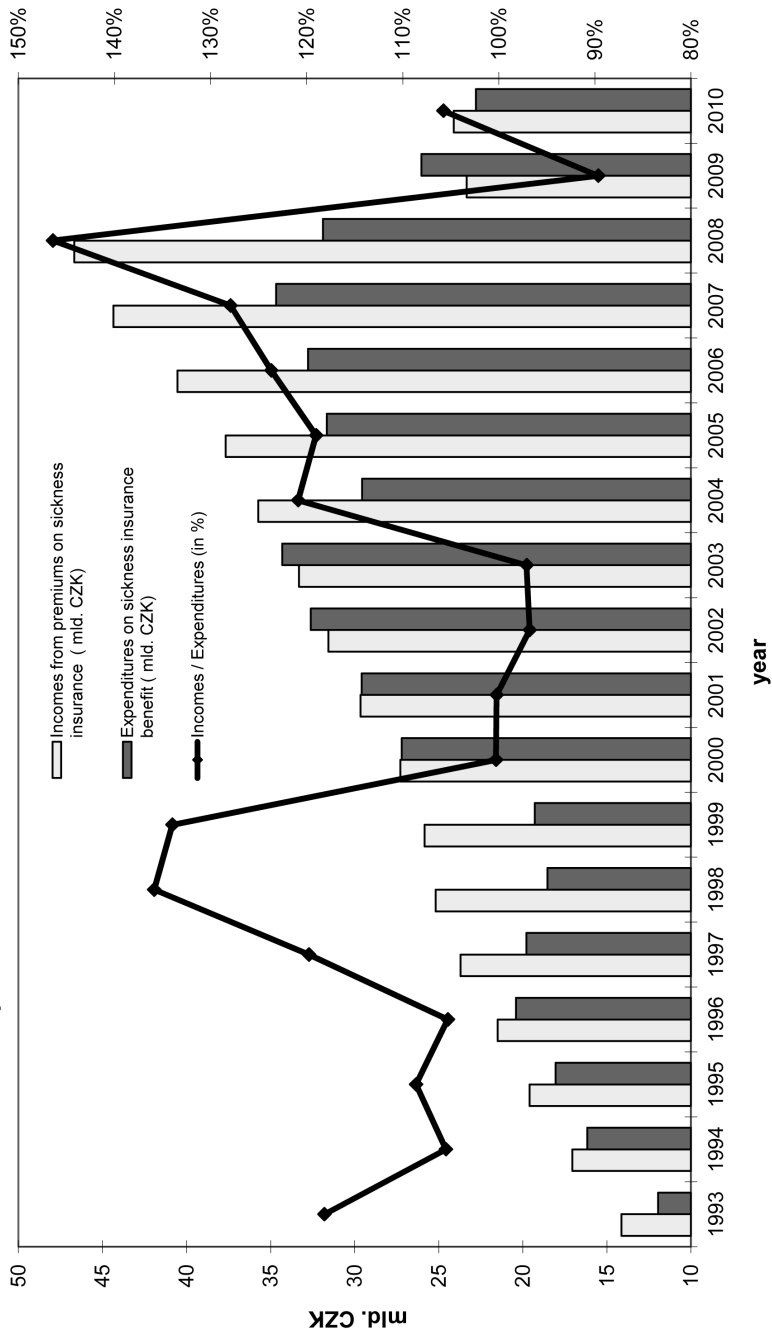
## Basic Sickness Insurance Indicators

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
1. Average number of sickness insured persons	4 711 075	4 756 667	4 708 151	4 803 615	4 833 831	4 784 482	4 578 688	4 517 546	4 483 455	4 466 669	4 435 434	4 388 251	4 442 703	4 497 033	4 597 021	4 572 443	4 263 139	4 310 960
2. Newly notified cases of incapacity of work	3 926 021	4 048 326	4 324 828	3 951 214	4 192 150	3 790 700	3 813 161	3 812 185	3 863 031	3 589 680	3 651 995	2 705 682	3 029 448	2 709 725	2 726 634	2 221 739	1 441 516	1 324 926
3. Incapacity of work	91 138	100 177	105 693	101 921	110 912	101 652	99 509	109 730	110 431	110 411	110 306	94 083	89 346	95 428	94 274	86 757	64 866	59 208
4. Average period of disability per 1 case of incapacity of work	23.2	24.8	24.4	25.8	26.3	26.8	26.1	28.0	28.6	30.8	30.5	34.8	32.8	35.3	34.6	36.1	45.1	44.7
5. Average percentage of incapacity of work	5.30	5.77	6.15	6.05	6.25	5.82	5.95	6.46	6.75	6.77	6.81	5.86	6.13	5.81	5.62	5.18	4.18	3.76
6. Incomes from sickness insurance (premium)	14 133	17 064	19 604	21 492	23 706	25 181	25 839	27 285	29 053	31 563	33 316	35 738	37 679	40 536	44 354	46 877	23 538	24 103
7. Expenditures on sickness insurance total	11 961	16 173	18 049	20 409	19 794	18 533	19 287	27 205	29 585	32 609	34 307	29 563	31 660	32 773	34 671	31 682	26 033	22 789
including:																		
sickness benefits	9 865	13 089	15 416	17 682	16 859	15 733	16 434	23 633	25 574	28 222	28 523	24 704	26 258	28 863	27 881	24 789	18 215	14 944
care benefits	695	835	883	927	864	766	696	795	957	893	1 004	730	819	825	883	811	729	431
maternity benefits	1 623	1 732	1 722	1 811	1 963	2 038	2 151	2 759	3 047	3 487	3 774	4 123	4 579	4 981	5 893	6 297	7 084	7 410
pregnancy and maternity compensatory benefits	18	17	18	9	8	7	6	8	7	7	6	5	5	4	4	4	5	4
8. Difference between incomes and expenditures	(64-7)	891	1 565	1 083	3 912	6 648	6 552	80	88	-1 046	-991	6 175	6 019	7 782	9 683	14 795	-2 695	1 314
9. Incomes / Expenditures	(66.7)/100	105.5	108.6	105.3	118.8	135.9	134.0	100.3	100.2	98.8	97.1	120.9	119.0	123.7	127.9	146.4	89.6	105.8

Source: Incapacity for Work due to Disease or Injury in the Czech Republic in 1993-2010 (statistical information from CZSO), MoLSA, CSSA (incomes including fines, penalties, surcharge to insurance and other obligations and claims)

Graph No. 3.1.1.1

Basic Sickness Insurance Indicators



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

Year	Average wage <sup>1)</sup> - general assessment base		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

Source: MoLSA

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

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

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

## 4. State Social Support

The system of state social support is regulated by the Act No. 117/1995 Coll., on the State Social Support, as amended. The system guarantees direct assistance especially for families with dependent children in specific social situations when this family can not solve these situations with their own forces and means. These different difficult situations include for example insufficient income, care for a new-born or small child, care for handicapped child, incompleteness of family etc.

Property of family is not tested when entitlement of a benefit is evaluated. Only family income was subject of testing in case of the following benefits in 2010: child allowance, social allowance and housing allowance. Parental allowance, foster care benefits, birth grant and funeral grant were provided without regard to family income. Income decisive for entitlement to state social support benefits includes, in particular, income from dependent activity (employment), income from entrepreneurship or other self-employment, 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 evaluated (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 the contact points of the labour offices (contact points of Labour Office of Czech Republic from April 1, 2011) based on the permanent residence of the person entitled to the benefit (the eligible applicant).

After significant legislative changes effective in 2008 caused by the need for stabilisation of public budgets, the following substantial changes in the state social support system were prepared in the second half of 2010 (in connection with economic measures under responsibility of the MoLSA) with efficiency from January 1, 2011:

- parental allowance – parents must newly apply for standard 3 years draw-down by the end of the calendar month in which their youngest child reaches the age of 9 (instead of 21 months as in previous period); at the 4 years draw-down an amount of 7,600 CZK is newly provided only until the child is 9 months old, subsequently reduced amount 3,800 CZK is provided until the child is 4 years old,
- birth grant – families are newly entitled to the birth grant if family income in the calendar quarter prior to the birth of the first child does not exceed 2.4 times the family's living minimum,
- social allowance – with effectiveness to the end of 2012 families are newly entitled to this allowance when parents who care for at least one dependent child suffer from a long-term severe disability, a long-term disability or a long-term illness as well as in cases when at least one of parents has a long-term severe disability, or is a dependent child with a long-term disability or a long-term illness.

In 2010 expenditure on state social support allowances amounted 40.8 mld. CZK. Compared to previous year (41.1 mld. CZK) there was annual decrease by less than 1%. Since 2008 level of total expenditures is affected mainly by force measures on stabilisation of public budgets. Actual level of annual expenditures contrasts with the situation in 2007 (48.5 mld. CZK) mainly due to more than double annual increase of cost on parental allowance.



Table No. 4.1

## Expenditures on State Social Support Benefits

in mil. CZK

Benefits	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Child allowance	12 799	13 353	12 519	11 790	11 195	11 033	10 236	6 232	4 736	3 862
Social allowance	6 041	6 271	5 822	5 262	4 779	4 418	4 607	3 174	2 962	3 100
Housing allowance	2 699	3 028	2 835	2 548	2 459	2 287	1 565	1 619	2 280	3 521
Transportation benefit <sup>1)</sup>	1 173	1 298	1 267	856	-3	-1	-	-	-	-
Parental benefit	7 701	8 022	7 964	10 425	12 627	13 526	28 690	28 294	28 586	27 722
Foster care benefits	366	395	407	427	467	585	771	844	922	1 005
Birth grant	616	791	807	832	895	1 591	2 097	1 647	1 579	1 565
Funeral grant	528	529	549	525	533	513	509	71	17	16
Other benefits <sup>2)</sup>	20	14	8	3	2	89	57	2	-	-
<b>Total</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>

Source: MoLSA

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

Note: Total expenditures exclude transfers to deposit accounts, drawbacks of defunct benefits and transfers of overpayments from previous years to revenue account of State budget

Table No. 4.2

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

in thous.

Benefits	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Child allowance	2 040	2 020	1 958	1 894	1 805	1 760	1 670	886	682	530
Social allowance	455	446	411	370	330	297	241	166	147	148
Housing allowance	334	340	321	291	262	234	115	86	94	119
Transportation benefit <sup>1)</sup>	366	370	351	236	-	-	-	-	-	-
Parental benefit	264	262	260	275	291	307	339	356	362	337
Foster care benefits	11	12	12	12	13	15	16	18	19	21
Birth grant	7	8	8	8	8	9	9	10	10	10
Funeral grant	9	9	9	9	9	9	9	1	0,3	0,3
Other benefits <sup>2)</sup>	9	1	1	0	0	5	5	0	0	0
<b>Total</b>	<b>3 495</b>	<b>3 468</b>	<b>3 331</b>	<b>3 095</b>	<b>2 718</b>	<b>2 636</b>	<b>2 404</b>	<b>1 523</b>	<b>1 314</b>	<b>1 165</b>

Source: MoLSA

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

Note: including additional payments, overpayments and drawbacks

## 5. Benefits of Assistance in Material Need and Care Allowance, Social Assistance Benefits for People with Disabilities

In terms of social benefits, which are paid at the level of local budgets, we distinguish the benefits of assistance in material need, benefit of care allowance, social assistance benefits for people with disabilities.

Starting January 1, 2007, the Act No. 111/2006 Coll., on Assistance in Material Need as amended came into effect. It regulates providing of the assistance for assuring basic living conditions to persons (in situations connected with insufficient level of subsistence, housing and in extraordinary events). The material need is the state when a person or a family has not 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 the due application of entitlement 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 for ensuring means to meet basic necessities of life and to prevent social exclusion. The decision making and the payment of benefits in assistance in material need is done by municipal authorities.

Under the system of material need are distinguished these 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 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 the 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, persons are victims of a serious extraordinary event (a natural disaster, ecological disaster, etc.); persons are at risk of social exclusion (it concerns, for example, the situation of persons who have been released from custody of from prison), persons do not have enough resources to cover essential one-off expenditure connected or persons do not have enough resources to acquire or repair basic furniture or durables, in particular, with the payment of an administrative fee or 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 purpose

ses of arranging for necessary assistance. A person can reimburse (within this allowance) professional social service or cover costs on securing assistance within its family. The social departments of community with extended competence decide about the entitlement to social care allowances.

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. Social assistance benefits for severely handicapped persons are provided in accordance with Decree by the Czech Ministry of Labour and Social Affairs No. 182/1991 Coll., to Implement the Act on Social Security and Act on Jurisdiction of Czech Republic Bodies in Social Security as amended.

Table No. 5.1

## Social Welfare Benefits for Persons with Disabilities

	2005		2006		2007		2008		2009		2010	
	total number of benefits	expenditures in thous. CZK	total number of benefits	expenditures in thous. CZK	total number of benefits	expenditures in thous. CZK	total number of benefits	expenditures in thous. CZK	total number of benefits	expenditures in thous. CZK	total number of benefits	expenditures in thous. CZK
<b>PERIODIC BENEFITS</b>												
Periodic benefit for the handicapped people	2 134 365	380 839	2 252 495	406 389	2 178 599	480 953	32 215	15 065	33 992	14 465	34 437	15 652
for increased costs of living *	2 083 504	364 062	2 171 229	385 594	2 144 149	466 609	1 084	521	21 703	8 837	23 288	9 528
of which	21 785	8 673	22 963	9 237	23 837	9 494	22 381	9 340	21 703	8 837	23 288	9 528
for use of barrier-free flat	6 595	1 492	6 796	1 513	6 507	1 497	6 707	1 506	6 961	1 621	6 303	1 571
for use of garage	3 761	2 959	3 931	3 087	4 106	3 343	4 443	3 691	4 517	3 614	4 793	4 514
for blind citizen to feed for a guide dog												
<b>ONE-OFF BENEFITS</b>												
One-off benefit for the handicapped people	245 151	2 163 343	254 209	2 361 497	273 570	2 434 897	266 188	2 481 254	266 378	2 455 337	258 397	1 794 994
for vehicle purchase	4 890	383 695	4 946	395 120	4 712	381 258	4 951	401 246	4 988	349 900	4 095	335 233
for general overhaul of motor vehicle	165	7 050	175	8 386	107	5 421	70	3 137	73	2 883	86	3 267
for special modification of motor vehicle	361	14 866	373	15 581	374	16 558	453	18 761	393	16 786	478	21 235
of which	217 068	1 287 392	229 032	1 461 055	239 339	1 523 778	243 141	1 547 079	244 002	1 569 437	237 690	930 962
for motor vehicle operation **	2 117	63 500	2 099	65 614	1 984	62 638	2 080	65 566	1 874	59 784	1 588	53 579
for flat modification	6 559	68 666	6 469	42 991	5 922	45 781	5 889	36 374	5 334	33 834	5 217	32 823
for individual transport	7 277	307 502	7 778	317 357	8 227	376 742	7 992	391 700	8 371	411 782	8 049	405 346
for acquisition of special aids	44	6 870	48	8 416	62	9 766	52	7 941	31	5 592	40	7 681
for blind citizen for a guide dog												

Source: MoL SA

\* allowance for increased costs of living (the provision of the Decree No. 182/1991 Coll. was abolished on December 31, 2007) was not paid in 2009, there were only additional payments in 2008

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

**Benefits of Assistance in Material Need and Care Allowance**

	Unit	Year			
		2007	2008	2009	2010

**Expenditures**

Total benefits of assistance in material need			3 287	2 794	3 089	3 882
of which	- allowance for living	mil. CZK	2 593	2 176	2 328	2 863
	- supplement for housing		524	473	512	686
	- extraordinary immediate assistance		170	146	249	334
Care allowance	14 608		18 252	18 697	19 599	

**Average monthly number of paid benefits**

Benefits of assistance in material need	- allowance for living *	thous.	72	66	73	90
	- supplement for living		25	21	20	23
	- extraordinary immediate assistance		6	5	8	9
Care allowance	260		309	308	313	

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

Allowance for living	thous.	66	57	63	79
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Source: MoLSA and Ministry of Finance

\* includes number of cases of partial payments (allowance for living may be paid weekly or daily) within monthly entitlement to benefit

## 6. Social Services

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 unfavourable social situation through newly defined spectrum of social services. The assistance is intended as activities necessary for social inclusion and dignified living conditions accordant with level of society development. Provision of assistance is based on:

- availability – in light of type of assistance, regional availability, accessibility to information and economic availability,
- effective – social service have to comply with needs of human not the system,
- quality – way and scope of provision correspondent to current knowledge and feasibility of society,
- reliable – provision shall not limit rights and interests of persons,
- economical – 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 – provided irrespective of origin of help (family of social services provider) – for more see the previous chapter. Its amount corresponds to extent of needs. The care allowances are provided to all competent persons without regard to the fact that the help is ensure from utilize of natural resources, especially family or social service providers.

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

On the basis of the Act the conditions for “reliable, quality and effective” provision of social services were stipulated with goal to secure protection of persons with reduced capability to assert their rights and interests. These conditions form series of obligations of 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 and the system is based on the inspection of quality of social services, it means expert assessment of conditions and procedures of the social services providing. The Act launched conditions of vocational skills for performing a profession of social workers too.

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 majority social services provider terminated 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

## Number of Social Services

Type of service (§ 34 of the Act No.108/2006 Coll.)	2008			2009			2010		
	number	capacity	number of users to 31.12.	number	capacity	number of users to 31.12.	number	capacity	number of users to 31.12.
	Day services centres	88	2 470	961	91	1 215	1 158	85	1 109
Day care centres	238	4 866	3 571	246	3 844	3 442	248	3 685	3 285
Week care centres	78	1 009	812	71	956	816	66	892	772
Homes for disabled persons	225	15 113	14 604	218	14 552	14 085	219	14 396	13 946
Homes for elderly	452	37 733	35 945	453	37 192	35 640	466	37 818	36 183
Special regime homes	150	7 396	7 016	165	8 223	7 911	176	8 822	8 526
Protected housing	113	2 503	2 291	116	2 591	2 461	129	2 818	2 695
Asylum homes	185	5 600	3 864	189	5 593	4 797	201	6 037	5 242
Half-way homes	35	332	184	38	346	264	42	410	323
Crisis centres	36	28	15	39	71	55	42	36	26
Low-threshold day centres	41	0	0	40	0	0	44	0	0
Low-threshold facilities for children and youth	177	0	0	192	0	0	221	0	0
Hostels (homeless shelters)	54	1 112	680	58	1 085	833	60	1 122	1 049
Therapeutic communities	16	270	160	16	251	220	16	261	229
Social counselling facilities	686	0	0	609	0	0	645	0	0
Social therapeutic workshops	78	886	805	88	911	870	106	980	976
Social rehabilitation services centres	218	1 558	1 262	241	991	871	266	862	785
Early intervention services centres	41	0	0	40	0	0	39	0	0
Intervention centres	15	0	0	16	0	0	17	0	0
Follow-up services	23	62	41	31	130	80	39	162	134
<b>TOTAL</b>	<b>2 949</b>	<b>80 938</b>	<b>72 211</b>	<b>2 957</b>	<b>77 951</b>	<b>75 503</b>	<b>3 127</b>	<b>79 410</b>	<b>75 254</b>

Source: MoLSA



Table No. 6.2

**Social Services by Founder in 2010**

Type of service (§ 34 of the Act No. 108/2006 Coll.)	TOTAL		State		Regional		Municipal		Church		Others	
	number	capacity	number	capacity	number	capacity	number	capacity	number	capacity	number	capacity
		85	1 109	0	0	5	125	25	320	27	215	28
Day services centres	248	3 685	3	172	44	675	74	1 104	58	571	69	1 163
Week care centres	66	892	0	0	33	465	10	135	11	106	12	186
Homes for disabled persons	219	14 396	5	872	160	11 554	31	1 458	13	229	10	283
Homes for the elderly	466	37 818	0	0	190	17 772	170	15 861	69	2 643	37	1 542
Special regime homes	176	8 822	0	0	89	4 951	45	2 352	12	296	30	1 223
Protected housing	129	2 818	3	49	51	1 501	13	520	18	197	44	551
Asylum homes	201	6 037	0	0	3	203	49	1 327	73	2 110	76	2 397
Half-way houses	42	410	0	0	1	4	9	78	9	75	23	253
Facilities for emergency aid	42	36	0	0	1	10	2	1	12	10	27	15
Low-threshold day centres	44	0	0	0	0	0	1	0	24	0	19	0
Low-threshold facilities for children and youth	221	0	0	0	2	0	18	0	71	0	130	0
Hostels (homeless people)	60	1 122	0	0	1	233	12	149	22	336	25	404
Therapeutic communities	16	261	0	0	1	15	1	15	1	12	13	219
Social counselling facilities	645	0	1	0	51	0	29	0	85	0	479	0
Social therapeutic workshops	106	980	1	34	11	96	6	104	23	155	65	591
Social rehabilitations services centres	266	862	1	6	4	10	1	0	43	122	217	724
Early interventions social centres	39	0	1	0	0	0	1	0	13	0	24	0
Intervention centres	17	0	0	0	6	0	0	0	4	0	7	0
Follow-up services	39	162	0	0	0	0	2	11	5	7	32	144
<b>TOTAL</b>	<b>3 127</b>	<b>79 410</b>	<b>15</b>	<b>1 133</b>	<b>653</b>	<b>37 614</b>	<b>499</b>	<b>23 435</b>	<b>593</b>	<b>7 084</b>	<b>1 367</b>	<b>10 144</b>

Source: MoLSA

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

Year	Type of service (§ 34 of the Act No. 108/2006 Coll.)	Average non-investment expenditures per 1 bed for a year (thous. CZK)	Average contribution 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)
2007	Homes for the elderly	214	106	49,7
	Homes for disabled persons	297	108	36,4
	Special regime homes	247	125	50,5
2008	Homes for the elderly	237	123	51,8
	Homes for disabled persons	315	133	42,2
	Special regime homes	255	132	51,7
2009	Homes for the elderly	250	134	53,6
	Homes for disabled persons	347	143	41,2
	Special regime homes	291	151	51,9
2010	Homes for the elderly	260	137	52,7
	Homes for disabled persons	344	148	43,0
	Special regime homes	305	153	50,2

Source: MoLSA

## Home Care Service

Year	Total expenditures (in mil. CZK)	Number of users	Number of employees	Average payment by a user per year in CZK
1995	2 526	86 201	6 372	483
1996	1 799	89 673	5 660	755
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

Source: MoLSA

<sup>x)</sup> includes only number of medical employees since 2008



## 7. Incomes of Households

Summary of development of current (cash) household incomes is provided in the Table No. 7.1. From the quantity indicators of the national accounts statistics (CZSO) it is evident that the most significant part of current household incomes is represented by the 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 stagnates in last 10 years (c to 76%), their relation to current household incomes increased from 39% to 42% in this period of time.

Current household incomes made up 2,832.2 mld. CZK in 2010. Compared to 2009 it represents nominal increase by 1.8% (50.7 mld. CZK) and real decline by 0.3%. Compared to 2009 and 2010, it was recorded their first nominal and real annual decline since 1999.

The next items included in the current household incomes are social benefits and mixed pension (almost 20% ratio), pension from property and so-called other current transfers (compensations from non-life insurance, wins from bets, lotteries etc.) with c 5% ratio.

The average gross monthly wage is another indicator for evaluation of development of household living situation. This indicator is based on ratio of wages excl. other personal costs, which is related to one employee (before reduction by premiums on general health insurance and social security, advance payment of income tax and other legal deductions eventually).

In recent 10 years the annual dynamics of average gross monthly wage has oscillated in interval from 1.9% to 8.8%, in real expression (i.e. reduced by growth of consumer prices) from 0.4% to 6.1%.

Average monthly nominal wage (per number of employees – full-time equivalent) in the national economy in 2010 was 23,797 CZK with annual growth by 1.9% (453 CZK) – in 2009 (compared to 2008) the growth was 3.3% (752 CZK). In the business sector (its employees made up cca 81% within all reported subjects) the average nominal wage reached 23,689 CZK after annual growth by 2.5% (585 CZK). The average salary in non-business sector (organisations fully or partly financed by state or local budgets and non-profit institutions) decreased by 0.6% (-146 CZK) to 24,265 CZK.

The overview of development of social income households by basic expenditure dimensions is stated in the Table No. 7.3. The ratio of social incomes in the structure of total social incomes of households reached 18.6% and exceeded this ratio in 2009 by 0.3 percentage point.

The total amount of social incomes of households reached the amount of 438.4 mld. CZK, it represents increase by 0.4% (1.9 mld. CZK) compared to 2009. The most significant part (76.7%) of social transfers were pension insurance benefits (336.2 mld. CZK), i.e. annual growth by 1.8% (6.1 mld. CZK).

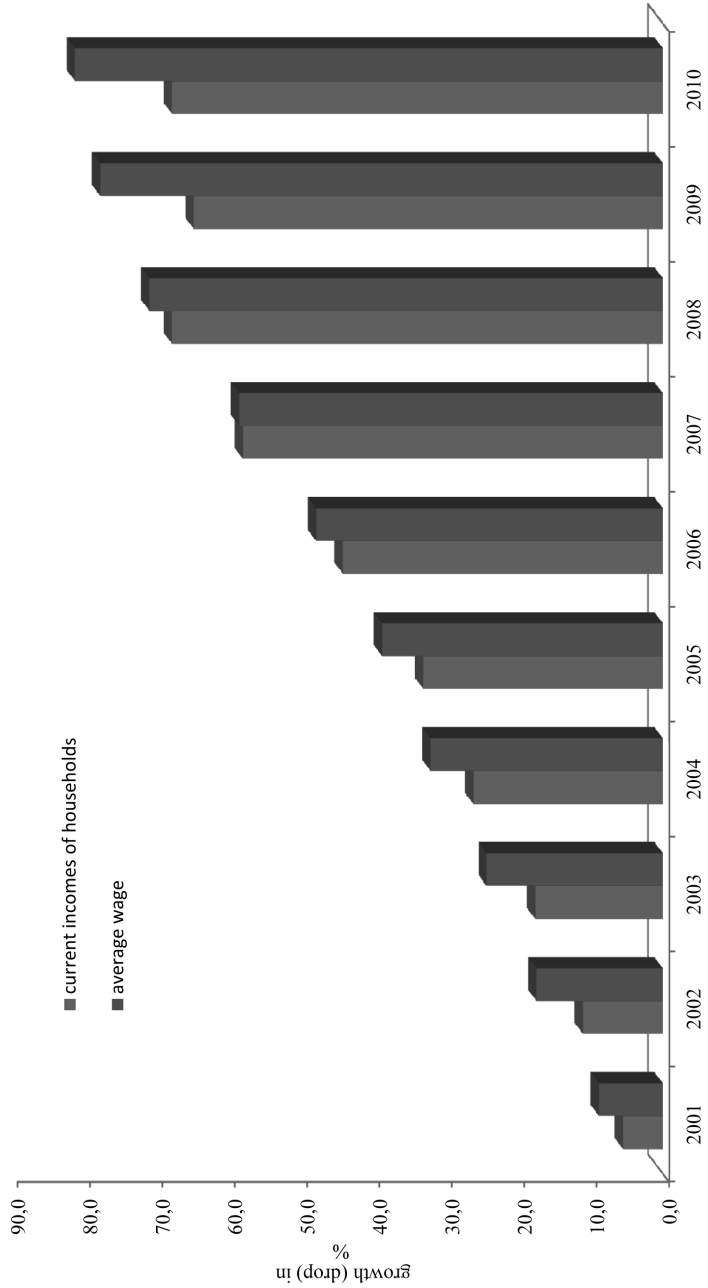
## Current Incomes and Average Wage of Household Sector

	Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Current incomes of households</b> <sup>x)</sup>										
total	1 844,2	1 940,0	2 057,0	2 206,6	2 328,0	2 520,5	2 763,3	2 933,3	2 881,5	2 932,2
index										
- year-on-year	mld. CZK									
- year 2000 = 100	%	105,2	106,0	107,3	105,5	108,3	109,6	106,2	98,2	101,8
	%	105,5	111,0	126,2	133,1	144,2	158,0	167,8	164,8	167,8
<b>of which: wages and salaries</b> <sup>y)</sup>										
total	mld. CZK	745,7	793,7	848,2	895,1	963,0	1 142,9	1 231,7	1 235,4	1 257,8
index										
- year-on-year	%	108,4	106,4	106,9	105,5	107,6	108,9	107,8	100,3	101,8
- year 2000 = 100	%	108,4	115,3	123,3	130,1	140,0	166,1	179,1	179,6	182,8
<b>Average wage in the national economy</b> <sup>xx)</sup>										
(full-time equivalent) <sup>xx)</sup>										
total	CZK	14 378	15 524	16 430	17 466	18 344	20 957	22 592	23 344	23 797
index										
- year-on-year	%	108,8	108,0	105,8	106,3	105,0	107,2	107,8	103,3	101,9
- year 2000 = 100	%	108,8	117,4	124,3	132,1	138,8	158,5	170,9	176,6	180,0

Source: CZSO

<sup>x)</sup> according to National Account Statistic, MoLSA calculation<sup>xx)</sup> CZSO data as of 8/6/2011, MoLSA calculation

Graph No. 7.1.1 - Current Incomes of Household Sector and Average Wage



## Average Gross Monthly Wage in accordance with Branches - Section CZ-NACE in 2010

	(CZK)											
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	
<b>Total CR</b>	13 219	14 378	15 524	16 430	17 466	18 344	19 546	20 957	22 592	23 344	23 797	
agriculture, forestry and fishing	10 456	11 447	11 813	12 188	13 244	13 961	14 838	16 194	17 765	17 644	18 399	
industry, tota l	13 234	14 153	15 081	15 850	17 021	17 837	18 977	20 311	22 118	22 625	23 473	
mining and quarrying	16 553	17 743	18 749	19 688	21 122	22 679	24 047	25 714	29 271	28 312	30 118	
manufacturing	12 845	13 761	14 659	15 410	16 584	17 362	18 490	19 852	21 564	21 968	22 828	
electricity, gas, health and air-conditioned supply	18 468	19 833	21 675	23 084	24 725	26 594	29 179	31 157	35 420	39 436	39 604	
water supply; activities connecting with sewage and waste disposal and sanitation	13 235	14 071	15 144	15 788	16 775	17 703	18 749	19 750	21 461	22 049	22 729	
construction	12 623	13 537	14 213	15 203	16 279	16 808	17 885	19 036	20 948	22 022	22 352	
whole sale and retail sale; repair and maintenance of motor vehicles and motorcycles	12 570	13 709	14 778	15 382	16 302	17 058	18 238	19 821	21 341	21 358	21 683	
transport and storage	13 368	14 298	15 417	16 260	17 350	18 188	19 262	20 663	22 369	23 000	23 090	
accommodation, hotels and restaurants	7 526	8 664	9 586	9 826	10 183	10 637	11 676	12 380	12 474	12 330	12 632	
information and communication activities	22 089	25 442	27 399	29 466	31 317	33 423	35 814	38 167	41 800	43 083	43 461	
finance and insurance	25 125	28 649	31 283	32 878	35 232	37 296	40 020	42 351	45 655	46 124	46 356	
real estate activities	12 381	13 696	15 566	16 293	17 436	17 879	19 263	20 718	20 808	20 715	20 885	
professional, scientific and technical activities	16 003	17 370	19 594	20 722	21 812	23 486	24 678	26 925	30 244	31 789	31 017	
administrative and supportive activities	10 465	11 303	12 127	12 203	12 969	13 516	14 478	15 254	15 521	15 927	16 031	
public administration and defence; compulsory social security	15 472	16 855	18 461	19 859	20 858	22 244	23 292	25 040	26 209	27 045	26 958	
education	12 207	13 473	14 779	16 539	17 748	18 787	20 040	21 251	22 119	23 429	23 030	
health care and social care	11 969	13 444	15 173	16 465	16 882	17 609	19 043	20 169	21 177	23 032	24 338	
cultural, show business and recreational activities	11 407	12 888	13 211	14 247	15 075	16 071	16 827	17 908	18 797	19 424	19 881	
other activities	11 145	12 096	13 230	14 079	14 800	15 450	16 497	17 612	17 984	18 340	18 568	

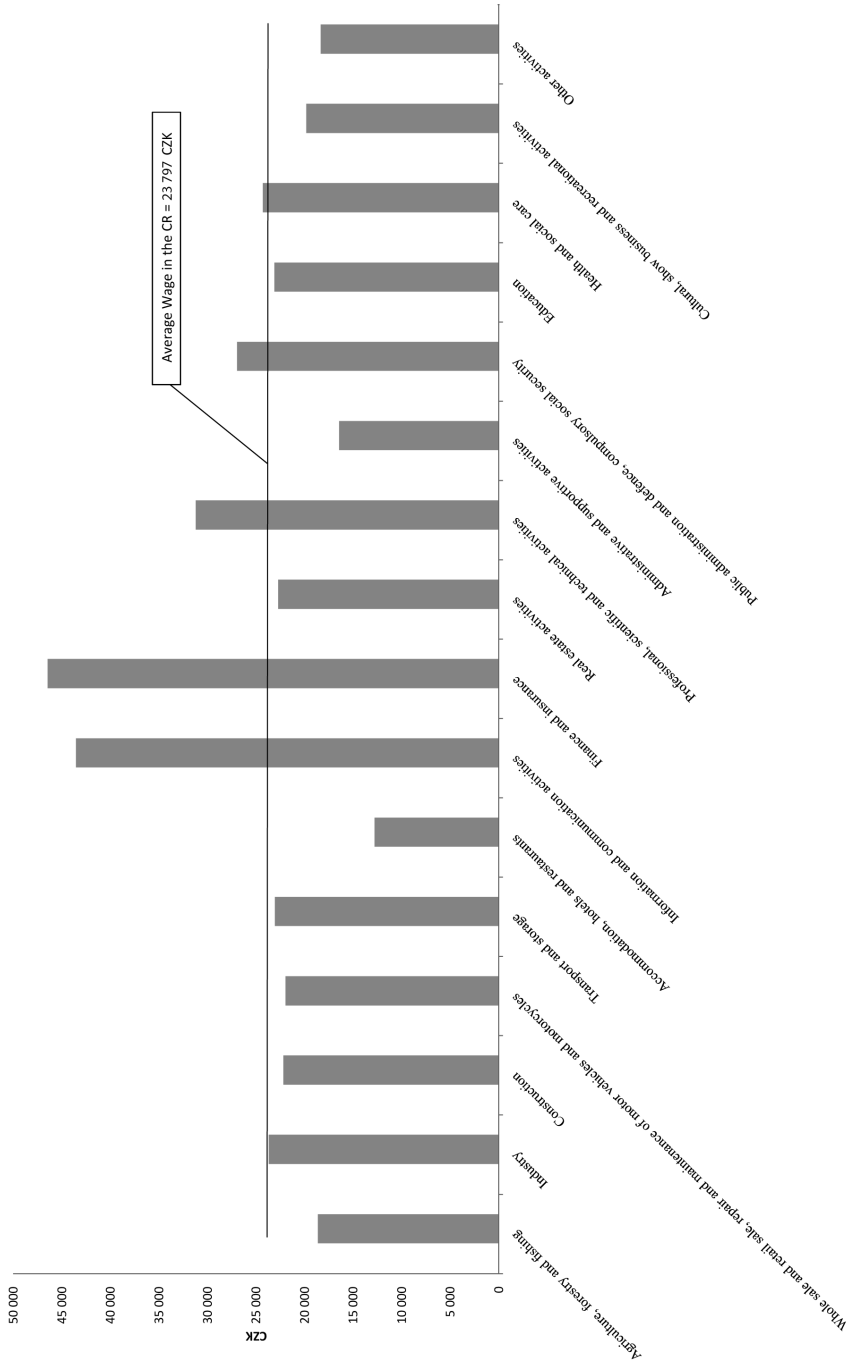
Source: CZSO (as of 8/6/2011)

Note: Data are concerning only to employees in working relation to unit. Persons performing public function are not included, e.g. members of parliament, senators, related councilors of local authority, judges etc.

In data about average wage are published wages accounted for payment in this period of time.



Gross Monthly Wage Differentiation by National Economy Branches – Section CZ-NACE in 2010





## 8. Basic Information on Labour Market

In 2010 the situation in the labour market was partially affected by the global economic crisis. On the contrary, the positive effect was evident due to reduction of decline of economic performance and its growth in the last quarter of the year.

The registered unemployment rate and the number of job seekers registered by labour offices increased, on the other side development on labour market was more favourable compared to 2009, when the unemployment grew almost continuously during whole year. Average unemployment rate for 2010 increased by 1.0 percentage points to 9.0%, year-on-year difference at the end of 2010 made up only 0.4 percentage points. (registered unemployment rate made up 9.6%). The number of job seekers reached level of 561.6 thous., e.g. year-on-year growth by 22.4 thous. (in December 2009 increase by 186.9 thous.).

Average number of job seekers with unemployment benefit annually declined in 2010 by 24.6 thous. to 163.5 thous. due to lower number of new registered job seekers and due to increase of long-term unemployed without entitlement to unemployment benefit. As of December 31, 2010, the unemployment benefit was received by 179.0 thous. job seekers (i.e. 31.9% of all job seekers) compared to 189.5 thous. a year before (i.e. 35.1%).

After continuous decline of number of job vacancies during 2009, their number were stabilised in 2010. At the end of 2010 it was registered 30.8 thous. job vacancies, i.e. only by 0.1 thous. less than at the end of 2009. Due to lower number of job vacancies and higher number of job seekers the indicator of job seekers per one vacancy annually increased at the end of 2010 from 17.4 to 18.2.

Concerning regional structure, annual growth of number of job seekers was registered in 12 regions and 53 districts. In December 2010 the highest unemployment rate was still in *Ústecký region* (13.9%), *Olomoucký region* (12.5%) and *Moravskoslezský region* (12.4%) and in following districts: *Jeseník* (19.7%), *Bruntál* (17.9%), *Most* (16.5%) and *Hodonín* (16.3%).

Lower numbers of job seekers with unemployment benefit and lower average amount of this benefit (associated with change of the structure of unemployment benefit beneficiaries, reduction of percentage assessment of unemployment benefit due to longer drawing and generally worst income situation of population as a consequence of economic crisis) caused lower requirements on state budgeted financial means to cover unemployment benefits. In 2010 the total amount made up 13.4 mld. CZK, i.e. by 1.7 mld. CZK less than in 2009 (15.1 mld. CZK).

Expenditure on active employment policy made up almost 6.2 mld. CZK in 2010, i.e. by 1.2 mld. CZK (by 24.6%) more than in 2009. Changes in expenditure structure were evident in connection with higher involvement of ESF funding in publically beneficial work, socially useful jobs, retraining and counselling and regional targeted programs.

Within the framework of state employment policy it was spent another 2.7 mld. CZK in the form of contribution to employers which employed more than 50% of employees with disability (§ 78 of the Act No. 435/2004 Coll., Employment Act) and furthermore 0.5 mld. CZK on payment of wage claims to employees in the case of employer's insolvency.

According to Labour Force Survey (CZZO) there was decline of employment in all sectors of national economy to 4,885.2 thous. persons (i.e. annual decline by 49.1 thous. persons, i.e.

by 1.0%). However, this decline of employment was lower than in 2009 (by 68.2 thous.). And furthermore, starting second quarter of 2010 there was slight quarter-on-quarter accrual.

In the primary sector the employment declined by 2.5 thous. to 151.2 thous. persons, the share remained at level of 3.1%. In the secondary sector the employment dropped by 47.4 thous. to 1,885.7 thous. persons, the ratio decreased to 38.0%. The tertiary sector increased by 0.9 thous. to 2,878.3 thous. persons, the ratio increased to 58.9%.

Employment rate of people aged 15 – 64 years dropped annually by 0.4 p.p. to 65.0% (employment rate of women by 0.4 p.p. to 56.3%, of men by 0.3 p.p. to 73.5%). For group aged 55 – 64 years employment rate decreased too by 0.3 p.p. to 46.5% (there had been an increase in previous years).

Decline of number of economically active persons to 5,268.95 thous. was mainly caused by growth of number of unemployed persons (by 31.5 thous.) and by drop of number of the employed (by 49.1 thous.). Participation rate in the category 15 – 64 years of age increased by 0.1 p.p. to 70.2%, in the category aged 15+ years decreased by 0.3 p.p. to 58.4%.

## Basic Indicators of Labour Market

As of	Employment	Job seekers								Job vacancies	Number of job seekers per 1 job vacancy	Unemployment rate in %
		total	of which					disability persons				
			with unemployment benefit	unemployed more than 6 months	unemployed more than 12 months	women	graduates and youth					
31.12.1995	5 067 054	153 041	67 623	60 468	36 218	88 113	20 085	22 687	88 047	1,7	2,93	
31.12.1996	5 110 253	186 339	93 430	66 066	37 562	105 100	27 178	31 455	83 976	2,2	3,52	
31.12.1997	4 945 112	268 902	138 108	100 911	52 588	151 772	44 174	40 460	62 284	4,3	5,23	
31.12.1998	4 888 672	386 918	190 396	154 521	86 772	205 401	68 220	48 951	37 641	10,3	7,48	
31.12.1999	4 787 358	487 623	206 836	253 406	144 726	248 120	70 751	57 615	35 117	13,9	9,37	
31.12.2000	4 735 704	457 369	164 139	257 070	175 563	229 804	57 938	59 025	52 060	8,8	8,78	
31.12.2001	4 746 718	461 923	169 046	253 447	171 203	231 870	57 393	61 518	52 084	8,9	8,90	
31.12.2002	4 780 903	514 435	192 615	290 052	191 327	257 438	59 895	66 907	40 651	12,7	9,81	
31.12.2003	4 749 819	542 420	189 479	318 435	218 336	272 498	54 217	71 806	40 188	13,5	10,31	
31.12.2004	4 704 699	541 675	143 236	307 919	219 730	276 254	47 260	74 672	51 203	10,6	10,33	
31.12.2005	4 746 299	510 416	141 753	292 860	212 804	265 631	38 545	75 316	52 164	9,8	8,88 *	
31.12.2006	4 813 534	448 545	129 882	254 764	184 909	238 713	31 955	71 318	93 425	4,8	7,67 *	
31.12.2007	4 895 690	354 878	112 675	190 653	136 913	191 150	22 680	65 216	141 066	2,5	5,98 *	
31.12.2008	4 985 916	352 250	138 506	151 593	101 524	183 639	24 634	61 136	91 189	3,9	5,96 *	
31.12.2009	4 960 814	539 136	189 497	248 202	123 873	258 112	35 612	67 738	30 927	17,4	9,24 *	
31.12.2010	4 887 254	561 551	178 962	273 092	178 481	268 200	17 390	33 536	30 803	18,2	9,57 *	

Source: Mol.SA and CZSO (data on employment - Labour Force Sample Survey)

\* according to new Mol.SA methodology

**Graph No. 8.1.1 Number of Job Seekers and Job Vacancies**

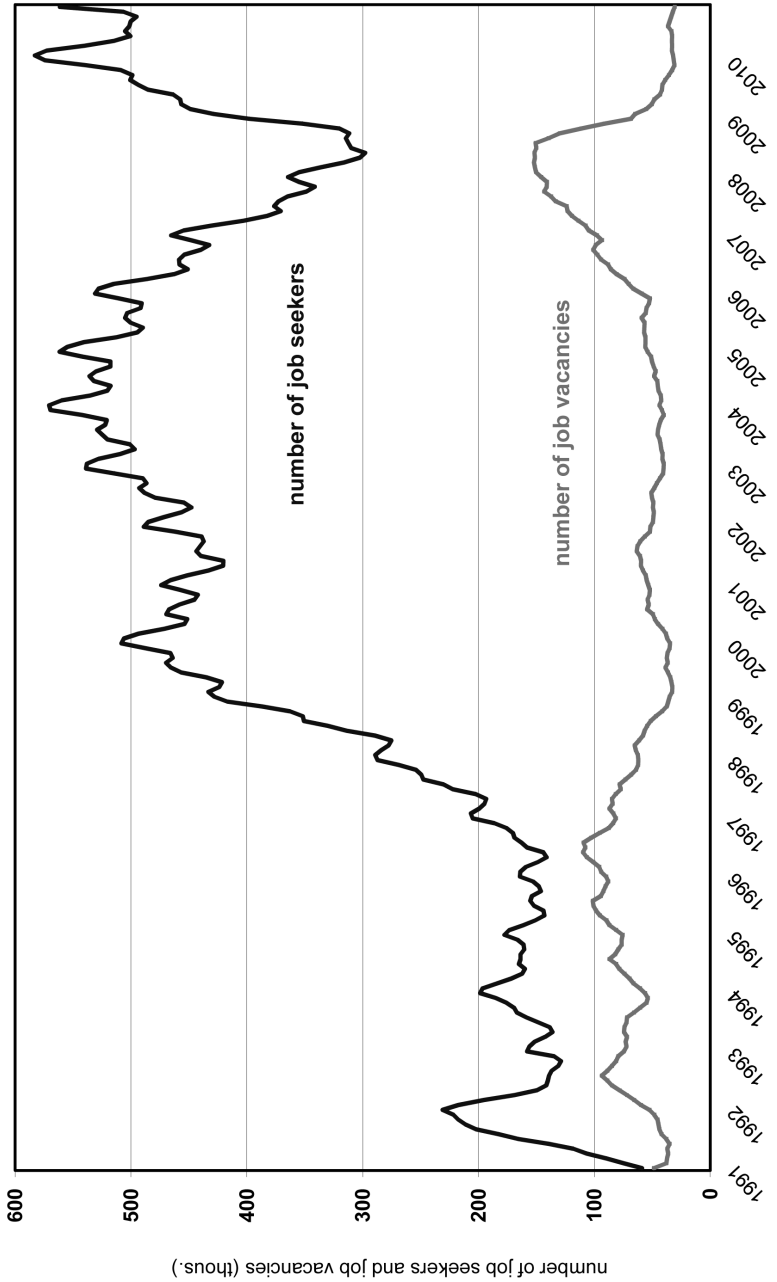


Table No 8.2

## State Budget Expenditures on State Employment Policy

	in thous CZK										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Expenditures on employment policy	9 086 623	9 522 338	9 879 089	10 960 415	11 750 430	11 908 975	14 202 321	15 072 541	15 680 608	23 132 685	22 736 413
- 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	13 359 778
- active policy	3 406 154	4 063 277	3 483 250	3 274 160	3 939 856	3 977 708	5 300 075	5 673 321	6 131 729	4 953 467	6 171 493
Active employment policy:											
- graduated position <sup>1)</sup>	358 012	388 336	347 996	331 220	418 018	144 687	143	-	-	-	-
- socially beneficial job	989 720	1 042 504	616 819	691 559	1 030 597	1 184 356	1 071 803	867 971	570 288	411 950	622 235
- publicly beneficial job	759 308	924 451	713 953	685 001	833 189	838 951	899 298	684 989	465 645	292 931	401 697
- retraining	345 420	382 652	370 431	405 870	480 635	408 250	357 299	269 288	271 130	119 388	96 676
- disabled	195 194	211 214	177 575	223 585	251 354	310 040	318 873	235 689	252 656	323 545	323 661
in which:											
- creation of sheltered workshops and jobs	54 892	46 380	42 135	61 819	83 800	96 390	90 382	43 907	36 137	84 475	80 967
- operation of sheltered workshops and jobs	132 995	158 446	131 632	155 036	162 244	208 799	219 772	185 201	210 469	231 848	234 637
- benefit for self-employed persons <sup>2)</sup>	x	x	3 769	6 729	5 048	4 798	7 065	4 638	5 041	4 094	4 463
- occupational rehabilitation	7 307	6 388	39	0	262	53	1 654	1 943	4 009	3 129	3 594
- goal-directed programmes <sup>3)</sup>	x	x	x	x	x	50 093	217 265	235 924	80 613	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
- 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
- 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
grants to employers which employ at least 50% of handicapped employees	x	375 428	527 709	524 446	649 012	736 913	1 410 552	2 187 632	2 283 655	2 257 461	2 712 304
insolvency	135 623	230 114	186 093	212 651	133 489	147 506	183 573	196 032	150 330	844 033	497 837
employment services and administration <sup>6)</sup>	1 621 746	1 619 479	1 651 335	1 896 263	3 428 217	3 846 861	4 175 901	4 711 639	4 460 873	4 695 252	4 249 245

Source: MoLSA

1) occupational experience and retraining of youth is not regulated by the Act No. 435/2004 Coll., Employment act, as amended, i.e. new job positions are not created; expenditures of labour offices results from agreements concluded before force of the Employment Act

2) benefit for self-employed persons with handicap for creation and operation of sheltered jobs

3) according to the Act No. 435/2004 Coll. § 120, Employment Act, as amended (according region targeted programmes for solution of unemployment and Programme for support of renewal or technical improvement of material investment good for job realisation of handicapped people)

4) incl. investment incentives and programmes for criterion new job positions

5) incl. costs on informative materials issued by Labour Offices and Social Security Administration, other support employment programmes, costs on active employment policy not introduced, until 2006 also ESF projects

6) incl. capital and material costs, incl. costs on salaries, other payments for realised for work and premium





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

European System of integrated Social PROtection Statistics (ESSPROS) was developed by the EC Statistical Office (Eurostat) in cooperation with MS experts in the 70's of the last century. ESSPROS represents a significant instrument for mutual comparison of social protection level in MS. Since its introduction ESSPROS methodology has been amended in a little scope. On the basis of the agreement between CZSO and MoLSA the inter-departmental Working group (led by the MoLSA) for implementation of this system in the Czech Republic was established in 2000. For the Czech Republic time series of ESSPROS Core system (1995-2009), module on number of pension beneficiaries (2000–2009); methodically in the definitely internationally comparable form till from 2006, and module on net benefits on social protection for 2007 and 2008 are available so far. The module net benefit on social protection methodology is finished nowadays. Regular obligatory data collection and data calculation with guarantee of international comparison aspect will start soon.

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 the 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 social protection in a form of cash payments, reimbursements and goods and services provided to protected households and individuals. Specific information for more qualitative monitoring of social functions is given in relevant module.

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 (MS 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 - 2009) are in the Table No. 9.1. More detailed data and international comparison of social protection level in the EU MS and other European countries according to the ESSPROS methodology are available on Eurostat web sites (database CIRCA). 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

### ESSPROS Core System\* - Expenditures on Social Protection by Functions

mil. CZK

Social protection functions	Year														
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1. Sickness/Health care	91 866	105 696	112 736	120 068	128 129	139 075	151 884	168 804	178 920	185 298	195 067	199 876	215 487	222 767	239 254
2. Disability	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
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	254 174	281 441	310 322
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
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
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	22 060	23 666	39 283
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
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
<b>Total expenditure **</b>	<b>247 080</b>	<b>286 425</b>	<b>325 646</b>	<b>358 103</b>	<b>387 163</b>	<b>413 600</b>	<b>442 839</b>	<b>482 036</b>	<b>504 382</b>	<b>526 791</b>	<b>553 214</b>	<b>582 992</b>	<b>639 319</b>	<b>672 066</b>	<b>739 940</b>

Source: Mol.SA

The data are processed to Eurostat methodology for ESSPROS Core System (ESSPROS Manual | 1996 - incl. revisions).

\* ESSPROS = The European System of Integrated Social Protection Statistic

\*\* total expenditure do not include administration costs

### Total Social Protection Expenditures in Relation to GDP<sup>\*)</sup> in selected European Countries using ESSPROS<sup>\*\*)</sup> Data

% GDP

eurostat	Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU27 - currency MS	-	26,4	26,6	26,9	27,2	27,1	27,1	26,7 p	25,7 p	26,4 p
EU25 - EU27 without Bulgaria and Romania	-	26,5	26,7	26,9	27,3	27,2	27,2	26,9 p	25,9 p	26,5 p
EU15 - MS until enlargement in 2004	26,9	26,8	27,0	27,3	27,7	27,6	27,7	27,3 p	26,4 p	27,1 p
EA15 - state with Euro (Eurozone)	-	26,7	26,8	27,4	27,8	27,7	27,7	27,3 p	26,8 p	27,5 p
BE - Belgium	27,0	26,2	27,2	28,0	29,0	29,2	29,6	30,2	26,8	28,3
BG - Bulgaria	-	10,2	9,7	10,2	9,7	9,7	15,1	14,2	14,1	15,5
CZ - Czech Republic	19,2	19,5	19,4	20,2	20,2	19,3	19,2	18,7	18,6	18,7
DK - Denmark	29,8	28,9	29,2	29,7	30,9	30,7	30,2	29,2	28,8	29,7
DE - Germany	29,3	29,3	29,5	30,1	30,5	29,8	29,7	28,7	27,7	27,8 p
EE - Estonia	15,4	13,9	13,0	12,7	12,5	13,0	12,6	12,1	12,3	15,1
IE - Ireland	14,6	13,9	14,9	17,2	17,8	18,0	18,1	18,4	18,9	22,1
EL - Greece	22,7	23,5	24,3	24,0	23,5	23,6	24,6	24,6	24,5	26,0
ES - Spain	19,8	20,3	20,0	20,4	20,7	20,7	20,9	20,9	21,0 p	22,7 p
FR - France	29,9	29,5	29,6	30,4	30,9	31,3	31,4	30,7	30,5	30,8 p
IT - Italy	24,8	24,7	24,9	25,3	25,8	26,0	26,4	26,6 p	26,7 p	27,8 p
CY - Cyprus	-	14,8	14,9	16,3	18,4	18,1	18,4	18,4	18,1	18,4
LV - Latvia	17,2	15,4	14,5	14,1	13,9	13,1	12,7	12,6	11,2	12,6 p
LT - Lithuania	16,3	15,8	14,8	14,1	13,6	13,4	13,3	13,4	14,5	16,2 p
LU - Luxembourg	20,5	19,6	20,9	21,6	22,1	22,3	21,7	20,4	19,3	20,1
HU - Hungary	20,3	19,5	19,2	20,3	21,2	20,6	21,9	22,4	22,4	22,7
MT - Malta	17,8	16,9	17,8	17,8	18,3	18,7	18,5	18,1	18,0	18,9
NL - The Netherlands	27,1	26,4	26,5	27,6	28,3	28,3	27,9	28,8	28,3	28,4 p
AT - Austria	29,0	28,4	28,8	29,2	29,6	29,3	28,9	28,4	27,9	28,2
PL - Poland	-	19,7	21,0	21,1	21,0	20,1	19,7	19,4	18,1	18,6
PT - Portugal	20,6	20,9	21,9	22,9	23,3	23,9	24,6	24,6	24,0	24,3
RO - Rumania	-	13,0	12,8	13,6	13,1	12,8	13,4	12,8	13,6	14,3
SI - Slovenia	24,1	24,2	24,5	24,4	23,7	23,4	23,0	22,7	21,3	21,5 p
SK - Slovakia	20,2	19,4	19,0	19,1	18,2	17,2	16,5	16,3	16,0	16,0 p
FI - Finland	26,4	25,1	25,0	25,7	26,6	26,7	26,7	26,4	25,4	26,3
SE - Sweden	30,8	29,9	30,5	31,3	32,2	31,6	31,1	30,3	29,1	29,4 p
UK - United Kingdom	25,7	26,4	26,8	25,7	25,7	25,9	26,3	26,0	23,3	23,7 p
IS - Island	18,8	19,2	19,4	21,2	23,0	22,6	21,6	21,2	21,4	22,0
NO - Norway	26,9	24,4	25,4	26,0	27,2	25,9	23,8	22,6	22,9	22,4
CH - Switzerland	27,4	27,0	27,7	28,5	29,2	29,3	29,3	28,0	27,3	26,4 p

Source: Eurostat (CIRCA - [http://circa.europa.eu/Public/irc/dsis/esspros/info/data/esspros\\_public\\_data/publication](http://circa.europa.eu/Public/irc/dsis/esspros/info/data/esspros_public_data/publication))

(-) not available

p = provisional data

\*) data of gross domestic product (GDP) according to Eurostat methodology harmonized with standards defined by European system of accounts (ESA 1995)

\*\*) ESSPROS = The European System of Integrated Social PROtection Statistic

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