

BASIC INDICATORS OF LABOUR

AND SOCIAL PROTECTION

IN THE CZECH REPUBLIC

TIME SERIES AND GRAPHS

2006

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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 10.3 mil. and population density of 130 inhabitants per sq. km, it could be classed as a small Central European state.

In 2004 the area of the state was administratively structured into 76 territorial entities (NUTS4 – districts), each with approximately 120 thousand inhabitants on average, plus the capital Prague (NUTS3 and NUTS4 as the same time), with 15 basic local authorities of municipal districts. District authorities were abolished in 2003. Their functions were mainly dislocated to municipal and regional offices. Labour Offices have performed on the district level (similarly in the City of Prague). Social security is administered by the Czech Social Security Administration and its offices. Self-government exists on the level of individual municipalities; there are approximately 6 200 of them. The change on January 1, 2000, led to the creation of 14 new regions (NUTS3) as higher self-government units. They are gradually involved in some functions, earlier provided at the level of District Offices or within the authority of ministries.

During the transformation period after 1989, it was necessary to establish new institutions in the area of state administration, law, economy and social system, which would guarantee both social and political changes and development of the market economy in the Czech Republic. These changes were accompanied by the adoption of hundreds of new laws or their amendments. An important aspect of their approximation to the legal standard of EU was taken into account.

The economic and social transformation had an impact on several demographic characteristics of the population. The most significant aspects are postponement of a family establishment and birth of children later. The birth rate has dropped constantly. Since 1993 the natural population increment has turned into a decrement. In 2006 the population development was in the sign of the superior numbers of alive born children above dead people that was noticed at the first time after thirteen years. The fertility has increased in association with lower number of departed led to positive value of natural growth. However this growth was not so significant (1.4 thousand persons). The population increase was firstly caused by number of legal immigrants (34.7 thousand persons). Total number of inhabitants in the Czech Republic has continuously increased for four years, but it was especially caused by immigration of foreigners until 2005. In 2006 the growth of population in the amount 36.1 thousand persons was the highest growth in the history of the independent Czech Republic. Number of inhabitants of the Czech Republic made up 10,287.2 thousand persons as of December 31, 2006.

The registered unemployment rate was 7.7% at the end of year 2006, which is less by 1.2% than at the end of previous year. However another decline of unemployment remains one of the main social tasks.

In the global comparison, the Czech Republic was included among the countries with a high standard of human development. The Czech Republic has been an OECD member since 1996 and became the member state European Union in 2004.

Table No. 1.1

The Czech Republic in 2006

| | | |
|---|-----------------------|---------|
| Area (sq km) | | 78 866 |
| Population (thous. persons) - as of December 31, 2006 | | 10 287 |
| Population density | | 130 |
| Economically active population (thous. persons) | | 5 199 |
| Post-working age populations (thous. persons) | | 2 123 |
| Average annual unemployed rate (%) | | 8.1 |
| Life expectancy (years): | men | 73.4 |
| | women | 79.7 |
| Live births: | number | 105 831 |
| | per 1 000 inhabitants | 10.3 |
| Deaths: | number | 104 441 |
| | per 1 000 inhabitants | 10.2 |
| Natural increase of population: number | | 1 390 |
| | per 1000 inhabitants | 0.1 |
| Migration balance: | number | 34 720 |
| | per 1 000 inhabitants | 3.4 |
| Total increase of population: number | | 36 110 |
| | per 1 000 inhabitants | 3.5 |
| Marriages: | number | 52 860 |
| | per 1 000 inhabitants | 5.1 |
| Divorces: | number | 31 415 |
| | per 1 000 inhabitants | 3.1 |
| Prague | | |
| Area (sq km) | | 496 |
| Population (thous. persons) - as of December 31, 2006 | | 1 118 |

Source: Czech Statistical Office

2. Basic Information

The Ministry of Labour and Social Affairs of the Czech Republic (MLSA) was established in 1990 by the ČNR Act No. 203/1990 Coll. MLSA is responsible for labour-law relations, occupational safety, employment and retraining, collective bargaining, wages and other remunerations for work, pension security, sickness insurance and welfare, social care, work conditions for youth and women, maternity law protection, children and family welfare, care for citizens that need special help, and for further wage and social issues. MLSA follows constitutional and other acts and government decrees, performs on appropriate legal regulation of issues under its sphere of authority, submits acts and other law drafts and secures arrangements of international agreements. One of the basic objectives of the economic and social policy of the government in the area of labour market is to achieve fully productive employment on a basis of employee's free choice in connection with labour-law relations.

On October 1, 2004, Act No. 435/2004 Coll., on Employment came into force. This basic legal rule stipulates procedures for achievement of state employment policy objectives. It also constitutes that MLSA provides methodological guidance for labour offices, monitors labour market situation, proposes provisions to government to influence labour demand and supply, founds retraining centres, grants and revokes licence to employment mediation, supports establishments of socially beneficial jobs and publicly beneficial work. The state employment policy strives to find equilibrium between supply and demand on labour market as well as productive utilization of labour force and a guarantee of citizen right to employment. Since July 1, 2000 the law provides (as a part of employment policy and the law, Act No. 118/2000 Coll.) the payments of employees' wages claims, whose employer is not able to fill these claims in consequence of his insolvency. The Ministry of Labour and Social Affairs implements employment policy through local labour offices subordinated to the Employment Services Administration at the Ministry of Labour and Social Affairs. Labour Offices are the administrative authorities. Administrative region of individual labour office is identical to territorial area of district. The capital Prague has its own Labour Office.

In the social area the improvement of whole social system is being performed. In 1993, social insurance premium was established as a special payment, independent on the tax system (Act No. 589/1992 Coll., on Premiums on Social Security and Contribution to State Employment Policy). The social security system solves such social situation on which people can prepare in advance to the intent that part of financial resources will be postponed to solve their future social situation. The system includes pension, sickness and unemployment insurance schemes. The social insurance system is financed by contributions from employees, employers and the state. The system is completed by health and accident insurance. The fundamental legal norm in this area is the Act No. 582/1991 Coll., on Organization and Performance of Social Security as subsequently amended. The Ministry of Labour and Social Affairs, through the Czech Social Security Administration, manages and controls the performance of state administration in the area of sickness and pension insurance as well as collection of contributions on state employment policy and premiums on social security. It performs the tasks resulting from international covenants on social security and the tasks related to further development of social security system. Dispersals of the Czech Social Security Administration (District Social Security Administrations) ensure the direct contact with citizens. The section of social security is also executed on the level of the municipalities. Their importance increases with the process of local and public administration reform in connection with the transmission of competency from the state authorities to the self-government units and their bodies.

The system of State Social Support advances the families in the certain social situations, when these families are not able to solve their financial situation with their own resources. The system is based on the principle of the solidarity in two basic and overlapping levels of redistribution. The first of them is the solidarity of high-income families with low-income families and the second one is the solidarity of childless families with the families with children. The objective of the State Social Support system is to achieve maximum efficiency of the benefits through the unification of the allowances granted to families with children into one system and to define basic conditions and principles of the single allowances with respect to new conditions in the society. Benefits provided within the system of State Social Support were earlier paid out in various social systems. In addition to the change in structure of single benefits, the payer of the benefits was changed too. In the past, these benefits used to be paid by the employers and district social security offices. Currently, the state pays these benefits directly and can guarantee their payment. The Act No. 117/1995 Coll., on the State Social Support, is the fundamental legal rule in this area. It includes social benefits financed by state budget to reimburse the costs on subsistence and other basic needs of children and families as well as another social situations stipulated by this Act. Care allowance for a child in a facility was introduced on October 1, 2005. This allowance was transferred into state allowance provided within social and legal child welfare. In 2006, the birth grant was significantly increased. The allowance for school aids for child when starting attendance of the first class of elementary school was established. Since April 1, 2004, authorization in the area of State Social Support has been transferred from municipal offices to labour offices. In Prague the offices of city districts still operate (according to the Status of the Capital City of Prague).

Health and social situation of some handicapped people requires life-long social care provided by state. This care guarantees the actual services of handicapped person – health and occupational rehabilitation, education, retraining and re-qualification, occupation in a protected workshop and accommodation. MLSA (December 31, 2006) has founded and directly managed five social care establishments for physically or mentally handicapped adults, children and adolescents, including people with impaired senses. The importance of establishments sphere of authority goes beyond region scale.

In addition to the above mentioned basic areas of activities, the MLSA carries out conceptual, methodical and other activities in the area of wages and income policy, European integration and international affairs, labour and social legislation as well as collective bargaining.

Regional authorities and authorized municipalities provide not only institutional care but also various forms of field social services such as day care service, asylum aid etc. These authorities also paid out one-off and periodic social benefits to elderly and disabled people as well as to families with children including other specific benefits. This area is supplemented by the system of benefits in kind and special care for marginal groups.

Non-state and non-profit organizations supplement an offer of social services with their programmes, projects and other forms of help. These activities are significantly financed by state budget.

In connection with entry of the Czech Republic to EU the ESSPROS as a specific instrument for mutual statistical comparison among MS is gradually implemented by the MLSA (see Chapter 9).

Table No. 2.1

Basic Social Security Indicators

| Social security area | Year | | | | | | | | | | | |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--|--|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | | |
| Total income from premiums | 185 534 | 198 127 | 204 551 | 215 710 | 234 811 | 250 342 | 263 453 | 284 216 | 301 199 | 323 435 | | |
| Total expenditure on social security *) | 217 567 | 240 712 | 261 106 | 279 945 | 298 681 | 310 470 | 332 583 | 375 232 | 395 712 | 435 054 | | |
| of which social incomes of population **) | 202 179 | 221 160 | 238 940 | 258 698 | 274 983 | 296 744 | 306 289 | 317 531 | 329 833 | 350 504 | | |
| active employment policy | 552 | 903 | 1 922 | 3 406 | 4 037 | 3 483 | 3 274 | 3 938 | 4 172 | 5 302 | | |
| social services | 8 832 | 9 476 | 9 853 | 11 016 | 12 630 | 14 850 | 14 790 | 14 055 | 14 685 | 15 923 | | |
| grants to civil and charity organisations | 545 | 619 | 624 | 664 | 949 | 919 | 768 | 1 198 | 950 | 1 361 | | |
| GDP on current rates | 1 811 094 | 1 996 483 | 2 080 797 | 2 189 169 | 2 352 214 | 2 464 432 | 2 577 110 | 2 817 362 | 2 994 396 | 3 220 259 | | |
| Social Security total / GDP (%) | 12.01 | 12.06 | 12.55 | 12.79 | 12.70 | 12.60 | 12.91 | 13.32 | 13.22 | 13.51 | | |
| of which: social services / GDP (%) | 0.49 | 0.47 | 0.47 | 0.50 | 0.54 | 0.60 | 0.57 | 0.50 | 0.49 | 0.49 | | |

mil. CZK

Source: MLSA and CZSO

*) expenditure on health care are not included

**) social incomes of population (see Table No. 7.3)

Table No. 2.2

Structure of Expenditure on Social Benefits (in %)

| Social security area | Year | | | | | | | | | | | | | |
|----------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Pension insurance | 41.0 | 40.3 | 40.9 | 43.3 | 49.0 | 48.0 | 47.3 | 45.7 | 45.5 | 45.6 | 43.2 | 43.1 | 44.0 | 44.4 |
| Sickness insurance | 6.2 | 7.3 | 7.1 | 7.0 | 6.7 | 4.5 | 4.5 | 7.3 | 7.2 | 7.4 | 7.2 | 5.9 | 6.1 | 5.6 |
| State social support | 14.5 | 13.1 | 10.1 | 9.8 | 9.9 | 8.6 | 8.6 | 8.1 | 7.4 | 7.4 | 6.4 | 6.3 | 6.0 | 5.8 |
| Social care | 1.5 | 1.6 | 1.6 | 1.4 | 1.8 | 2.8 | 3.5 | 4.0 | 3.8 | 4.0 | 3.9 | 4.4 | 3.7 | 3.7 |
| Employment policy | 1.1 | 1.2 | 0.9 | 0.9 | 1.3 | 1.5 | 2.1 | 2.1 | 2.2 | 2.1 | 2.2 | 2.4 | 2.0 | 2.4 |
| Health insurance | 35.7 | 36.5 | 39.4 | 37.5 | 31.3 | 34.6 | 34.0 | 32.8 | 33.9 | 33.5 | 37.1 | 37.9 | 38.0 | 38.1 |
| T o t a l | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

Source: MLSA, Ministry of Health

3. Pension Insurance

The current pension system is based on two pillars:

- basic obligatory system of pension insurance that relies on the social solidarity principle. Its funding is continuous (no fund is created – the pensions are paid directly from the contributions of working citizens in the given period).

- voluntary state-contributory supplementary pension insurance that is conceived as individual saving for old age and based on capital financing.

Together with the economic transformation at the beginning of the 90's, a major reform of the entire social security system was launched. The objective of the transformation process was to create social system that would reflect the requirements of the market economy. The pension insurance reform followed the social system reform with these steps:

- between 1990 and 1992, the preferences in the pension scheme (e.g. personal pension and registration into occupational categories) were cancelled as well as discrimination of self-employed persons,
- in 1993, insurance premium as a special payment separate from tax system was introduced; in connection with this fact, the organisation of social security (including the bodies) was changed,
- in 1994, the system of state-contributory supplementary pension insurance was introduced,
- on January 1, 1996, the new legal amendment of pension insurance scheme came into effect,
- on January 1, 1996, the special account of the pension insurance as a part of state financial assets was introduced,
- in 1997, some changes were adopted: e.g. the provision concerning the enhancement of the opportunity to early retirement, the limitation of inclusion of some so-called backup times of insurance, the assessment of full disability of self-employed persons, parallel payment of partial disability pension and income from paid occupation, the enhancement of the opportunities to award the widow pensions,
- in 1999, the amendment of state-contributory supplementary pension insurance act was adopted; it caused increase of state contribution, improvement of participants' deposits safety and some tax advantages for participants as well as employers, which pay contributions in behalf of their employees, the safety of participant deposits was strengthen,
- on July 1, 2001, the reduction of percentage measurement of pension at early retirement was enhanced; also the advantages for work in retiring age (without receiving pension) were extended,
- in 2002, new rules of pension valorisation were adopted: the pensions will be regularly increased every year (on January); the enhancement of an average pension responds (at least) to 100 % price growth and together with 1/3 of the real wage increases level,
- in 2003, with force since January 1, 2004, the most important changes in pension field were accepted since 1995 when the law of pension insurance was adopted.

In the field of pension insurance it was passed to continue with increasing of retirement age limit after 2007 to reach the same limit of 63 years both for men and childless women. The possibility of early retirement was reduced by the cancellation of temporarily reduced old pension (except full and partial invalidity conditions). It was decided about reduction of evaluation of time of studies (time of studies on

secondary schools and universities before January 1, 1996 after reaching the age of 18 is evaluated as 80% for pension calculation to the limit of 6 years of studies). The condition limiting the claim on payment of old age pension by the amount of gainful employment incomes was cancelled (whereas it was specified that labour-law relation has to be written furthestmost for 1 year). Self-employment was divided into main and minor (main self-employed persons always participate in pension insurance – regardless of level of attained income) and the range of self-employed persons was extended for persons who are mandataries.

Changes in the insurance rate consisted in transfer of a part of premium on state employment policy into the pension insurance system (2 percentage points growth of pension insurance rate, i.e. from 26% to 28% together with reduction of insurance rate of state employment policy from 3,6% to 1,6%). The next change consisted in sequential raising of minimal base of assess for the determination of self-employed persons insurance rate in years 2004 – 2006 from 35% to 50 % of differences between attained incomes and expended expenditures (40% in 2004, 45% in 2005 and 50% in 2006).

- in 2006 there were changes at partial invalidity pensions and widow pensions, which are paid parallel with other pension. Payment of partial invalidity pensions, which were reduced because of amount of gainful employment or which were not paid out from this reason, belongs in full amount. The same situation is for widows entitled to widow pension before January 1, 2006 with limited amount of this pension (because the sum of pensions reach over the highest stipulated level) – amount of their widow pension was amended starting July 2006.
- between 1990 – 2006, pensions were valorised nineteen times.

Table No. 3.1

Number¹⁾ of Pension Benefits Paid by Type

in thous. persons

| Year | Pension | | | | | | | Total |
|------|---------|--------------------|-----------------------|---------------------|-----------------------|---------|---------------------|-------|
| | Old age | Full invalidity | Partial Invalidity | Widow ²⁾ | Widower ²⁾ | Orphans | Other ³⁾ | |
| 1985 | 1 646 | 349 | 122 | 636 | - | 49 | 49 | 2 850 |
| 1989 | 1 707 | 344 | 126 | 631 | - | 66 | 43 | 2 916 |
| 1990 | 1 737 | 353 | 130 | 635 | - | 66 | 31 | 2 952 |
| 1991 | 1 777 | 367 | 127 | 635 | - | 63 | 28 | 2 997 |
| 1992 | 1 804 | 382 | 123 | 633 | 4 | 60 | 26 | 3 033 |
| 1993 | 1 815 | 398 | 119 | 631 | 5 | 60 | 24 | 3 052 |
| 1994 | 1 811 | 410 | 117 | 627 | 5 | 60 | 21 | 3 051 |
| 1995 | 1 811 | 420 | 117 | 623 | 5 | 62 | 18 | 3 057 |
| 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 |

Share of Pensions (in %)

| | | | | | | | | |
|------|------|------|-----|------|-----|-----|-----|-------|
| 1985 | 57.7 | 12.2 | 4.3 | 22.3 | - | 1.7 | 1.7 | 100.0 |
| 1989 | 58.5 | 11.8 | 4.3 | 21.6 | - | 2.2 | 1.5 | 100.0 |
| 1990 | 58.8 | 12.0 | 4.4 | 21.5 | - | 2.2 | 1.1 | 100.0 |
| 1991 | 59.3 | 12.5 | 4.2 | 21.2 | - | 2.1 | 0.9 | 100.0 |
| 1992 | 59.5 | 12.6 | 4.1 | 20.9 | 0.1 | 2.0 | 0.9 | 100.0 |
| 1993 | 59.5 | 13.0 | 3.9 | 20.7 | 0.2 | 2.0 | 0.8 | 100.0 |
| 1994 | 59.3 | 13.4 | 3.8 | 20.5 | 0.2 | 2.0 | 0.7 | 100.0 |
| 1995 | 59.2 | 13.7 | 3.8 | 20.4 | 0.2 | 2.0 | 0.6 | 100.0 |
| 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 |

Source: Czech Social Security Administration

Notes: ¹⁾ The number of pensions paid in December, incl. pensions paid abroad and other pensions.

²⁾ Widow and widower pensions include combination with direct pension.

³⁾ Social, personal, long-term service and other pensions granted before January 1, 1957.

Table No. 3.2

Number of Pension Beneficiaries in December 1996 - 2006

| Year | Old-age | | | Partial old-age | | Invalidity | | Widow and widower | Orphan | Total (pers.) |
|--------------|-----------|-------------|---------------------|---------------------|---------|------------|---------|-------------------|--------|---------------|
| | Total | Non-reduced | Permanently reduced | Temporarily reduced | Partial | Full | Partial | | | |
| Total | | | | | | | | | | |
| 1996 | 1 760 331 | 1 749 528 | 7 235 | 3 568 | 36 667 | 404 756 | 120 743 | 98 118 | 57 058 | 2 477 673 |
| 1997 | 1 768 248 | 1 734 757 | 23 407 | 10 084 | 34 416 | 394 766 | 134 584 | 95 475 | 57 621 | 2 485 110 |
| 1998 | 1 816 181 | 1 733 679 | 66 153 | 16 349 | 32 458 | 387 888 | 140 675 | 88 902 | 55 139 | 2 521 243 |
| 1999 | 1 849 739 | 1 721 213 | 110 885 | 30 144 | 38 154 | 371 542 | 146 266 | 83 183 | 57 285 | 2 548 159 |
| 2000 | 1 878 555 | 1 702 846 | 156 420 | 19 289 | 28 204 | 377 679 | 150 609 | 77 545 | 55 273 | 2 567 865 |
| 2001 | 1 896 495 | 1 681 223 | 199 528 | 15 744 | 26 277 | 376 456 | 157 831 | 72 998 | 53 961 | 2 584 018 |
| 2002 | 1 883 314 | 1 639 163 | 210 960 | 13 191 | 24 516 | 378 433 | 166 405 | 70 729 | 54 401 | 2 577 798 |
| 2003 | 1 891 577 | 1 639 500 | 225 933 | 26 144 | 22 642 | 380 416 | 173 569 | 67 438 | 55 202 | 2 590 844 |
| 2004 | 1 923 728 | 1 648 673 | 250 683 | 24 372 | 21 187 | 384 203 | 179 173 | 63 374 | 54 020 | 2 625 685 |
| 2005 | 1 942 022 | 1 656 890 | 270 852 | 14 297 | 19 791 | 385 149 | 184 906 | 60 632 | 52 543 | 2 645 100 |
| 2006 | 1 976 693 | 1 667 628 | 295 328 | 13 737 | 18 657 | 385 764 | 194 291 | 57 411 | 50 968 | 2 683 784 |
| Men | | | | | | | | | | |
| 1996 | 622 546 | 618 906 | 2 416 | 1 224 | 627 | 199 059 | 72 537 | 5 660 | 28 461 | 928 890 |
| 1997 | 622 725 | 610 398 | 8 686 | 3 641 | 693 | 194 354 | 77 957 | 6 544 | 28 526 | 930 799 |
| 1998 | 638 053 | 605 988 | 25 603 | 6 462 | 761 | 191 517 | 80 408 | 6 525 | 26 517 | 943 781 |
| 1999 | 650 189 | 597 884 | 44 310 | 7 995 | 831 | 188 746 | 82 587 | 6 817 | 27 180 | 956 350 |
| 2000 | 658 489 | 588 329 | 61 350 | 8 560 | 821 | 187 370 | 84 787 | 6 664 | 26 249 | 964 450 |
| 2001 | 664 091 | 579 347 | 77 806 | 6 938 | 957 | 187 258 | 88 696 | 6 709 | 25 409 | 973 120 |
| 2002 | 656 217 | 568 327 | 82 034 | 5 856 | 1 057 | 188 680 | 92 891 | 7 255 | 25 339 | 971 439 |
| 2003 | 657 771 | 559 274 | 87 433 | 11 064 | 1 146 | 190 456 | 96 562 | 7 532 | 25 453 | 978 920 |
| 2004 | 669 969 | 563 112 | 96 641 | 10 216 | 1 251 | 192 961 | 99 197 | 7 535 | 24 773 | 995 686 |
| 2005 | 679 071 | 568 237 | 104 780 | 6 054 | 1 327 | 193 836 | 101 710 | 7 701 | 23 871 | 1 007 516 |
| 2006 | 694 678 | 572 642 | 115 531 | 6 505 | 1 421 | 194 512 | 106 163 | 7 759 | 22 971 | 1 027 504 |
| Women | | | | | | | | | | |
| 1996 | 1 137 785 | 1 130 622 | 4 819 | 2 344 | 36 040 | 205 697 | 48 206 | 92 458 | 28 597 | 1 548 783 |
| 1997 | 1 145 523 | 1 124 359 | 14 721 | 6 443 | 33 723 | 200 412 | 56 627 | 88 931 | 29 095 | 1 554 311 |
| 1998 | 1 178 128 | 1 127 691 | 40 550 | 9 887 | 31 697 | 196 371 | 60 267 | 82 377 | 28 622 | 1 577 462 |
| 1999 | 1 199 550 | 1 123 329 | 66 675 | 9 646 | 29 313 | 192 796 | 63 679 | 76 366 | 30 105 | 1 591 809 |
| 2000 | 1 220 066 | 1 104 307 | 107 290 | 10 729 | 27 313 | 190 309 | 65 822 | 70 881 | 29 024 | 1 603 415 |
| 2001 | 1 232 404 | 1 101 876 | 121 722 | 8 066 | 25 320 | 189 198 | 69 135 | 66 289 | 28 552 | 1 610 898 |
| 2002 | 1 227 097 | 1 090 836 | 128 926 | 7 335 | 23 459 | 189 753 | 73 514 | 63 474 | 29 062 | 1 606 359 |
| 2003 | 1 233 806 | 1 080 226 | 138 500 | 15 080 | 21 496 | 189 960 | 77 007 | 59 906 | 29 749 | 1 611 924 |
| 2004 | 1 253 759 | 1 085 561 | 154 042 | 14 156 | 19 936 | 191 242 | 79 976 | 55 839 | 29 477 | 1 629 999 |
| 2005 | 1 263 008 | 1 088 653 | 166 112 | 8 243 | 18 464 | 191 313 | 83 196 | 52 931 | 28 672 | 1 637 584 |
| 2006 | 1 282 015 | 1 094 956 | 179 797 | 7 232 | 17 236 | 191 252 | 88 128 | 49 652 | 27 997 | 1 656 280 |

Source: Czech Social Security Administration

Notes: Permanently reduced – full 3 years before age limit awarded old-age pensions according to § 31 Act No. 155/1995 Col

Non-reduced – old-age pensions at reach of retiring age

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

At widow, widower and orphan pensions only pensions paid separately

Table No. 3.3

Average Monthly Pension Paid out Solo in December 1996 - 2006

| Year | Total | | Old-age | | Temporarily reduced | Partial old-age | Invalidity | | Widow and widower | Orphan | Total (CZK) |
|--------------|-------------|---------------------|---------|---------|---------------------|-----------------|------------|-------|-------------------|--------|-------------|
| | Non-reduced | Temporarily reduced | Full | Partial | | | | | | | |
| Total | | | | | | | | | | | |
| 1996 | 4 609 | 4 538 | 4 556 | 2 987 | 4 455 | 2 933 | 3 430 | 2 181 | 4 335 | | |
| 1997 | 5 149 | 5 151 | 4 972 | 3 283 | 4 986 | 3 338 | 3 804 | 2 546 | 4 837 | | |
| 1998 | 5 578 | 5 504 | 5 233 | 3 444 | 5 398 | 3 592 | 4 069 | 2 761 | 5 242 | | |
| 1999 | 5 914 | 5 936 | 5 743 | 3 524 | 5 731 | 3 739 | 4 250 | 2 918 | 5 549 | | |
| 2000 | 6 296 | 6 350 | 5 943 | 3 647 | 6 118 | 3 905 | 4 480 | 3 077 | 5 909 | | |
| 2001 | 6 814 | 6 908 | 6 011 | 3 808 | 6 638 | 4 147 | 4 783 | 3 289 | 6 389 | | |
| 2002 | 6 841 | 6 949 | 6 272 | 3 705 | 6 666 | 4 132 | 4 739 | 3 327 | 6 398 | | |
| 2003 | 7 083 | 7 226 | 6 432 | 3 699 | 6 911 | 4 243 | 4 830 | 3 440 | 6 616 | | |
| 2004 | 7 280 | 7 454 | 6 537 | 3 666 | 7 088 | 4 315 | 4 889 | 3 529 | 6 797 | | |
| 2005 | 7 755 | 7 953 | 6 914 | 3 775 | 7 537 | 4 584 | 5 143 | 3 780 | 7 238 | | |
| 2006 | 8 200 | 8 437 | 7 241 | 3 859 | 7 962 | 4 847 | 5 385 | 3 998 | 7 653 | | |
| Men | | | | | | | | | | | |
| 1996 | 5 099 | 5 098 | 5 172 | 3 441 | 4 834 | 3 092 | 2 387 | 2 178 | 4 770 | | |
| 1997 | 5 689 | 5 688 | 5 784 | 3 571 | 5 393 | 3 507 | 2 804 | 2 539 | 5 310 | | |
| 1998 | 6 173 | 6 179 | 5 848 | 3 589 | 5 834 | 3 785 | 3 042 | 2 748 | 5 758 | | |
| 1999 | 6 557 | 6 578 | 6 386 | 3 566 | 6 194 | 3 947 | 3 215 | 2 903 | 6 101 | | |
| 2000 | 6 998 | 7 047 | 6 650 | 3 562 | 6 611 | 4 132 | 3 378 | 3 064 | 6 503 | | |
| 2001 | 7 594 | 7 682 | 7 074 | 3 609 | 7 172 | 4 399 | 3 620 | 3 274 | 7 040 | | |
| 2002 | 7 627 | 7 731 | 7 044 | 3 437 | 7 192 | 4 382 | 3 651 | 3 313 | 7 045 | | |
| 2003 | 7 909 | 8 044 | 7 241 | 3 376 | 7 449 | 4 501 | 3 770 | 3 426 | 7 285 | | |
| 2004 | 8 141 | 8 306 | 7 379 | 3 313 | 7 628 | 4 579 | 3 862 | 3 512 | 7 487 | | |
| 2005 | 8 671 | 8 860 | 7 802 | 3 413 | 8 096 | 4 861 | 4 123 | 3 761 | 7 969 | | |
| 2006 | 9 168 | 9 401 | 8 170 | 3 503 | 8 538 | 5 133 | 4 358 | 3 977 | 8 419 | | |
| Women | | | | | | | | | | | |
| 1996 | 4 178 | 4 204 | 4 219 | 2 966 | 3 993 | 2 674 | 3 494 | 2 183 | 3 949 | | |
| 1997 | 4 687 | 4 686 | 4 739 | 3 266 | 4 490 | 3 089 | 3 878 | 2 552 | 4 426 | | |
| 1998 | 5 087 | 5 091 | 5 086 | 3 435 | 4 865 | 3 320 | 4 150 | 2 773 | 4 803 | | |
| 1999 | 5 390 | 5 407 | 5 274 | 3 520 | 5 163 | 3 456 | 4 342 | 2 931 | 5 082 | | |
| 2000 | 5 734 | 5 781 | 5 459 | 3 655 | 5 510 | 3 598 | 4 584 | 3 089 | 5 410 | | |
| 2001 | 6 185 | 6 278 | 5 776 | 3 839 | 5 977 | 3 809 | 4 901 | 3 303 | 5 841 | | |
| 2002 | 6 221 | 6 319 | 5 744 | 3 739 | 6 015 | 3 803 | 4 863 | 3 340 | 5 854 | | |
| 2003 | 6 438 | 6 571 | 5 879 | 3 748 | 6 243 | 3 905 | 4 963 | 3 452 | 6 053 | | |
| 2004 | 6 610 | 6 774 | 5 963 | 3 730 | 6 415 | 3 975 | 5 028 | 3 544 | 6 216 | | |
| 2005 | 7 042 | 7 222 | 6 348 | 3 848 | 6 840 | 4 235 | 5 291 | 3 796 | 6 621 | | |
| 2006 | 7 444 | 7 668 | 6 586 | 3 942 | 7 243 | 4 492 | 5 546 | 4 016 | 7 002 | | |

Source:

Czech social Security Administration

Notes:

Temporarily reduced = till 3 years before age limit awarded old-age pensions according to § 31 Act No. 155/1995 Coll.

Temporarily reduced = till 2 years before age limit awarded old-age pensions according to § 30 Act No. 155/1995 Coll.

Non-reduced = old-age pensions at reach of retiring age.

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

The pensions paid out abroad are not included.

Table No. 3.4

Expenditure on Pensions by Type (Civil Sector)

mil. CZK

| Year | Pension | | | | | | | | | | Total |
|------|---------|-----------------|-----------------|--------------------|--------|---------|--------|---------------------|--|--|---------|
| | Old-age | Partial old-age | Full invalidity | Partial invalidity | Widow | Widower | Orphan | Other ¹⁾ | | | |
| 1993 | 50 178 | 686 | 11 505 | 1 942 | 8 467 | 48 | 634 | 178 | | | 73 638 |
| 1994 | 56 995 | 764 | 13 507 | 2 122 | 9 274 | 62 | 724 | 182 | | | 83 630 |
| 1995 | 71 018 | 1 016 | 17 037 | 2 966 | 10 119 | 106 | 1 150 | 279 | | | 103 691 |
| 1996 | 83 795 | 1 269 | 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 | 0 | | | 161 805 |
| 1999 | 123 666 | - | 25 557 | 6 669 | 14 268 | 967 | 1 887 | 0 | | | 173 014 |
| 2000 | 130 932 | - | 26 412 | 7 012 | 14 534 | 1 055 | 1 975 | 0 | | | 181 921 |
| 2001 | 140 657 | - | 27 970 | 7 677 | 15 938 | 1 200 | 2 373 | 0 | | | 195 814 |
| 2002 | 150 772 | - | 30 222 | 8 501 | 17 078 | 1 368 | 2 498 | 0 | | | 210 440 |
| 2003 | 156 273 | - | 31 531 | 9 135 | 17 343 | 1 487 | 2 504 | 0 | | | 218 273 |
| 2004 | 163 026 | - | 32 719 | 9 631 | 17 408 | 1 532 | 2 567 | 0 | | | 226 883 |
| 2005 | 175 669 | - | 35 028 | 10 575 | 18 042 | 1 651 | 2 684 | 0 | | | 243 648 |
| 2006 | 188 949 | - | 37 239 | 11 802 | 18 924 | 1 810 | 2 740 | 0 | | | 261 464 |

Source: Czech Social Security Administration (Statistical Yearbook)

Helplessness is not included since 1999.

Notes: The table contains only net expenditures without advance payments to post offices on pension payments.

¹⁾ Benefits granted according to the legal regulations effective before the Act. No. 155/1995 Coll.

Share of Expenditure on Pension Benefits to GDP

| Year | Expenditure on pensions benefit ^{*)} (mld. CZK) | GDP in current prices (mld. CZK) | Share (%) |
|------|---|-------------------------------------|--------------|
| 1993 | 76.5 | 1020.3 | 7.5 |
| 1994 | 88.2 | 1182.7 | 7.5 |
| 1995 | 109.8 | 1466.5 | 7.5 |
| 1996 | 127.6 | 1683.3 | 7.6 |
| 1997 | 150.2 | 1811.1 | 8.3 |
| 1998 | 166.1 | 1996.5 | 8.3 |
| 1999 | 177.9 | 2080.8 | 8.5 |
| 2000 | 186.9 | 2189.2 | 8.5 |
| 2001 | 201.1 | 2352.2 | 8.5 |
| 2002 | 213.6 | 2464.4 | 8.7 |
| 2003 | 225.8 | 2577.1 | 8.8 |
| 2004 | 230.9 | 2781.1 | 8.3 |
| 2005 | 247.4 | 2978.2 | 8.3 |
| 2006 | 272.9 | 3204.1 | 8.5 |

Source: State closing account

Notes: ^{*)}Incl. expenditure on pensions in the armed forces.
GDP in current prices revised by Czech Statistical Office in June 2007.

Table No. 3.6

Replacement Rate of Average Old-age Pension to Average Wage

| Year | Average Pension ¹⁾ (CZK) | Average wage (in CZK) | | Ratio of pension to wage (in %) | |
|------|-------------------------------------|-----------------------|-------------------|---------------------------------|------|
| | | Gross ²⁾ | Net ³⁾ | 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 | 3 356 | 2 726 | 51,6 | 63,5 |
| 1991 | 2 176 | 3 932 | 3 232 | 55,3 | 67,3 |
| 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 | 20 053 | 15 508 | 40,8 | 52,7 |

Source: MLSA

Notes:

- ¹⁾ Monthly average of of yearly pension payments (paid out solo without survivorship annually).
- ²⁾ Average gross wage = general assessment base (§17 subsection 2 of the Act No. 155/1995 Coll.) determined by government direction according to average monthly wage (find out by the CZSO).
- ³⁾ Average net wage = average gross wage reduced about health and social insurance and income tax which responses with this wage.
Amounts of wage and pensions are increased by state compensatory allowance in periods when it belongs.

Graph No. 3.6.1

Replacement Rate of Average Old-age Pension to Average Gross Wage

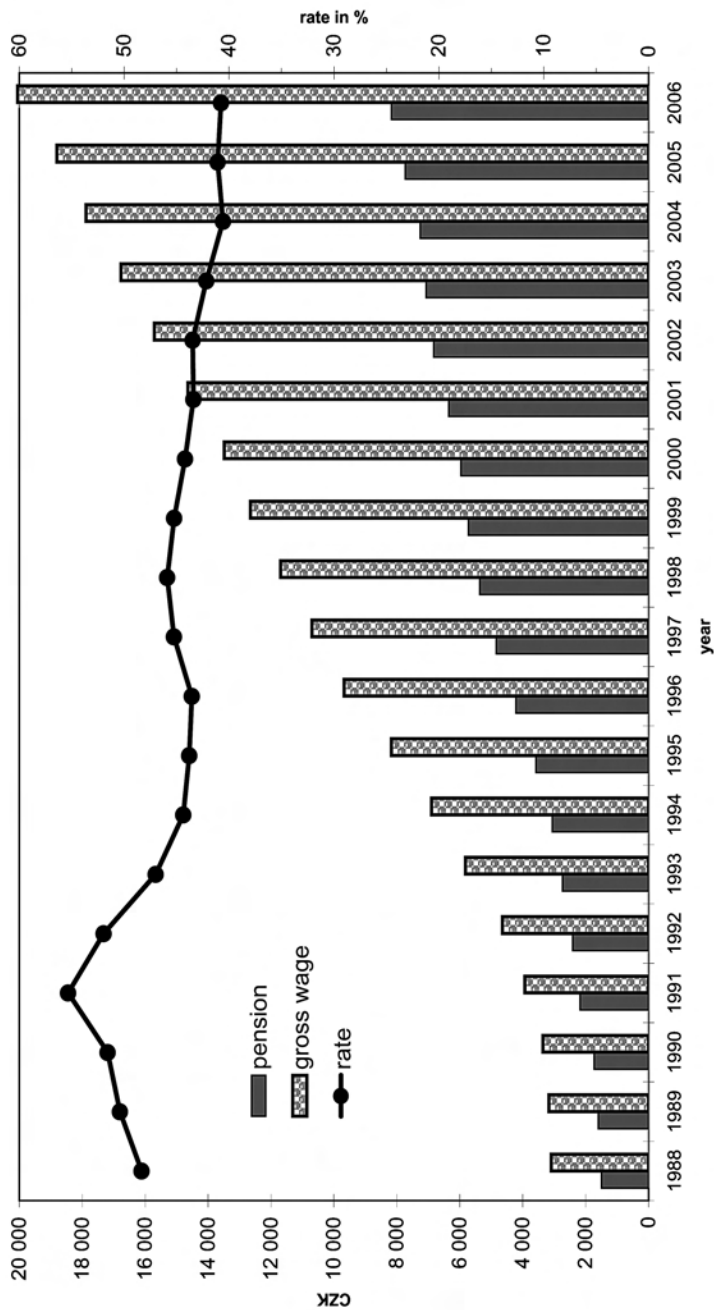


Table No. 3.7

Summary of Pension Enhancement

| Month of the enhancement | Enhancement | | Basic measurement of pensions after enhancement (CZK/month) |
|--------------------------|---|---|---|
| | Percentage measurement "old-pensioners" | Percentage measurement "new-pensioners" | |
| April 1996 | 8 % | 8 % | 240 |
| October 1996 | 6 % | 6 % | 140 |
| August 1997 | 8 % | 8 % | 200 |
| July 1998 | 9 % | 5 % | 50 |
| August 1999 | 7.5 % | 5 % | 0 |
| December 2000 | 9% | 5 % | 0 |
| December 2001 | 11 % | 8 % | 0 |
| January 2003 | 4 % | 3.8 % | 0 |
| January 2004 | 2.5 % | 2.5 % | 0 |
| January 2005 | 5.4 % | 5.4 % | 90 |
| January 2006 | 6 % | 4 % | 70 |

Notes:

"Old-pensioners" = pensioners with pension awarded before January 1, 1996.

"New-pensioners" = pensioners with pension awarded after December 31, 1995.

4. Sickness Insurance

Currently, there are three systems of sickness insurance in the Czech Republic (regulated by the separate legislation): sickness insurance of employees, members of the armed forces and self-employed persons. The last major changes in the field of sickness insurance were performed in the period from 1993 to 1995. In connection with the tax system reform, the method of calculation of sickness insurance benefits has been changed since January 1, 1993 and it depends on the gross income (instead of net income). Providing of benefits for working days was replaced for providing for calendar days. Due to the growth of income, the maximum income limit upon which the benefits are calculated was increased on January 1, 1994 (from 190 CZK up to 270 CZK). There has been a possibility of voluntary sickness insurance for self-employed since 1994. In 1995, the benefit system of sickness insurance was reduced – in connection with the introduction of the State Social Support system – to four types of benefits (sickness benefit, family member care benefit, maternity benefit and pregnancy and maternity compensation benefit).

The amount of sickness benefit depends on level of incomes of which social insurance premium is paid (so called assessment base ascertained for the period in question). Since January 1, 2004, this base has been extended since January 1, 2004 from calendar quarter to 12 calendar months antecedent to the beginning of incapacity for work. The amount of benefit depends on daily average of these incomes, so called daily assessment base, which is limited by stipulated way.

The maximal level of daily assessment base was 270 CZK (January 1, 1994 - September 1, 1999). Since October 1, 1999, the daily assessment base has been reduced according to two reduction limits. For the prevention of the backwardness of the sickness insurance benefits were specified that government increases supposing amounts of reduction limits yearly to January 1, with regard to trend of average wage (reduction limits are multiplied by special coefficient and rounded off up at whole ten CZK).

Therefore these reduction limits were increased up from amount 360 CZK and 540 CZK (these amounts were valid from October 1, 1999 till December 31, 1999) to 400 CZK and 590 CZK (since January 1, 2000), to 430 CZK and 630 CZK (since January 1, 2001) and to 480 CZK and 690 CZK (since January 1, 2002). By reason of floods in August 2002 it was decided to stop valorisation for 2003 and with regards to public budget reform it was stopped for years 2004 and 2005 also. The reduction limit in the amount 480 CZK and 690 CZK will have stand till December 31, 2005.

To calculate the benefit the amount of daily assessment base was totally counted on the level of the first reduction limit in the period since September 1, 1999 till December 31, 2003; since January 1, 2004 the daily assessment base has been totally counted to the benefit level after 15th day of incapacity for work, 90 % is counted during the first fortnight of incapacity for work. To appoint the amount of benefit, 60 % is counted from the part of daily assessment base reach over first reduction limit. The part of the daily assessment base reaching over second reduction limit is not taken into account.

Amount of daily benefit is set by percentage rate calculated from limited daily assessment base. Since January 1, 2004 the rate for the first three days of sick leave was halved, i.e. at 25%, the rate of 69% (from the fourth day) has been remained.

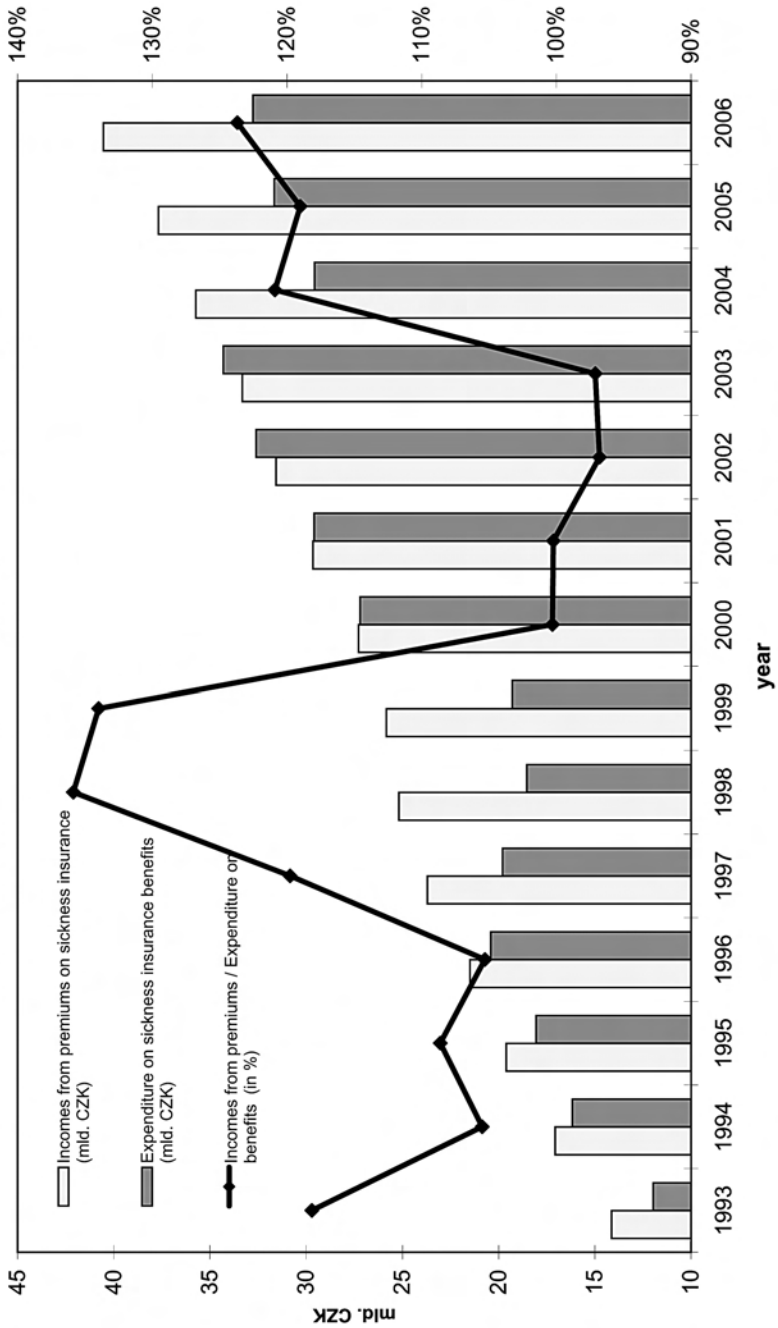
Table No. 4.1

Sickness Insurance Indicators

| | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 1. Average number of sickness insured persons | 4 711 075 | 4 755 687 | 4 708 151 | 4 603 615 | 4 833 831 | 4 784 482 | 4 578 688 | 4 517 546 | 4 483 455 | 4 486 899 | 4 435 434 | 4 389 251 | 4 442 703 | 4 497 033 |
| 2. New report cases of sickness disability | 3 925 021 | 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 | 3 821 985 | 2 705 662 | 3 029 448 | 2 706 725 |
| 3. Number of calendar days of sickness disability | 91 138 | 100 177 | 105 683 | 101 921 | 110 312 | 101 552 | 99 509 | 106 730 | 110 431 | 110 411 | 110 306 | 94 083 | 99 346 | 95 428 |
| 4. Average period of disability per 1 case | 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 |
| 5. Average percentage of sickness disability | 5.3 | 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 |
| 6. Incomes from sickness insurance (premium) | 14 133 | 17 064 | 19 604 | 21 492 | 23 706 | 25 181 | 25 539 | 27 285 | 29 653 | 31 563 | 33 316 | 35 738 | 37 679 | 40 535 |
| 7. Expenditures on sickness insurance benefits in total (including: sickness benefit | 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 |
| family member care benefit | 9 665 | 13 589 | 15 416 | 17 662 | 16 959 | 15 733 | 16 434 | 23 653 | 25 574 | 28 222 | 29 523 | 24 704 | 26 258 | 26 963 |
| maternity benefit | 655 | 835 | 893 | 927 | 864 | 765 | 696 | 785 | 957 | 893 | 1 004 | 730 | 819 | 825 |
| pregnancy and maternity compensation benefit | 1 623 | 1 732 | 1 722 | 1 811 | 1 963 | 2 028 | 2 151 | 2 759 | 3 047 | 3 487 | 3 774 | 4 123 | 4 579 | 4 981 |
| 8. Difference between incomes and expenditures (line 6 - line 7) | 18 | 17 | 18 | 9 | 8 | 7 | 6 | 8 | 7 | 7 | 6 | 5 | 5 | 4 |
| 9. Percentage of expenditure coverage by incomes | 118.2 | 105.5 | 108.6 | 105.3 | 119.8 | 135.9 | 134.0 | 100.3 | 100.2 | 96.8 | 97.1 | 120.9 | 119.0 | 123.7 |

Source: incapacity for Work Due to Disease or Injury in the Czech Republic in 1993 - 2000 (Czech Statistical Office), Ministry of Labour and Social Affairs, Czech Social Security Administration (incomes including fines, penalties, surcharges to insurance and other obligations).

Graph No. 4.1.1 **Sickness Insurance Indicators**



Ratio of Average Daily Sickness Benefit to Average Daily Wage

| Year | Average wage ¹⁾ (gross) | | Average daily sickness benefit in CZK ³⁾ | Ratio average daily sickness benefit ot average daily wage in % |
|------|------------------------------------|----------------------------|---|---|
| | monthly in CZK | daily ²⁾ 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 | 268 | 146 | 54 |
| 1996 | 9 676 | 318 | 173 | 54 |
| 1997 | 10 696 | 351 | 154 | 44 |
| 1998 | 11 693 | 384 | 155 | 40 |
| 1999 | 12 655 | 416 | 165 | 40 |
| 2000 | 13 490 | 444 | 222 | 50 |
| 2001 | 14 640 | 482 | 232 | 48 |
| 2002 | 15 711 | 517 | 256 | 50 |
| 2003 | 16 769 | 551 | 268 | 49 |
| 2004 | 17 882 | 588 | 263 | 45 |
| 2005 | 18 809 | 618 | 264 | 43 |
| 2006 | 20 053 | 659 | 283 | 43 |

Source: MLSA

¹⁾ Average wage = general assessment base determine by the government according to figures of the Czech Statistical Office (average wage in given year).

²⁾ Average daily wage = average wage / average number of days per month.

³⁾ In 1985 -1992 converted from working days to calendar days.

5. State Social Support

The Act No. 117/1995 Coll., On the State Social Support, as amended set unified concept of State Social Support system using legally determined subsistence level as base for amount of benefits assessment. The system guarantees direct help especially for families with children in social situations provided by law. State Social Support benefits significantly influence income situation of families with incomes under minimum subsistence level leading to decrease of portion of families that receive social care benefits.

Real value of benefits based on subsistence minimum level is related to living costs development. When subsistence minimum is amended there is no need to submit new application for recalculation of nearly all benefits. State Social Support benefits are provided both income tested and non-income tested. Parental allowance, foster care allowances, birth grant, funeral grant and child care allowance for a child in a facility for children in a need of immediate assistance are non-income tested. The group of income tested benefits includes child allowance, allowance for school aids, social allowance and housing benefit. Property of family is not tested when entitlement to a benefit is evaluated.

Starting October 1, 1995, non-income tested benefits have been provided within State Social Support system, income tested benefits since January 1, 1996. On July 1, 1997, two new benefits were introduced – heating benefit and rent benefit (provided for 4 years). Payment of heating benefit terminated on June 30, 2000, rent benefit on December 31, 2000.

Since January 1, 1998, death grant has been increased from 3 000 CZK to 5 000 CZK. After restriction of beneficiaries' range of child allowance in 1998, the amendment of Act on State Social Support has already extended this range and increased average amount starting January 1, 1999. In May 2004 an amount of parental allowance was significantly increased from 2 552 CZK to 3 573 CZK (from 1,1 multiples of subsistence level amount to 1,54 multiples). Transportation allowance was terminated on July 1, 2004, maintenance allowance on December 31, 2004. Care allowance for a child in a facility (introduced on October 1, 2005) was transformed into state allowance provided within social and legal child protection. In April 2006 the birth grant was significantly increased from 8 750 CZK to 17 500 CZK (from 5,0 multiples of subsistence level amount for the child's personal needs to 10,00 multiples in case when one child is born). New benefit "allowance for school aids" was introduced on June 1, 2006. The amount of 1 000 CZK is awarded to a child when starting attendance of the first class of an elementary school.

Statistical surveys concerning latest progress of number and amount of benefits (until the end of 2006) indicate relatively stable number of benefits per a month. Parental allowance represents c. 40 % of total expenditure on State Social Support, followed by child allowance with c. 32 % and social allowance with c. 13 %.

The introduction of State Social Support led to decline of number of dependent children receiving child allowance compared to 1995 since this kind of allowance was paid out to all families with children. Additionally a decrease of number of children influences most of other benefits has been noted.

Average number of benefits per a month paid out within State Social Support made up a sum of 2 647 thousand in 2006. Child allowance was paid out to c. 1 767 thousand of dependent children, social allowance to c. 299 thousand of families with children and housing allowance to c. 236 thousand of households. Parental allowance received c. 308 thousand of parents. Most of the beneficiaries (especially families with dependent children) get more types of these benefits concurrently. Other State Social Support allowances represent benefits with low number of beneficiaries and expenditure.

Table No. 5.1

Expenditure on State Social Support

mil. CZK

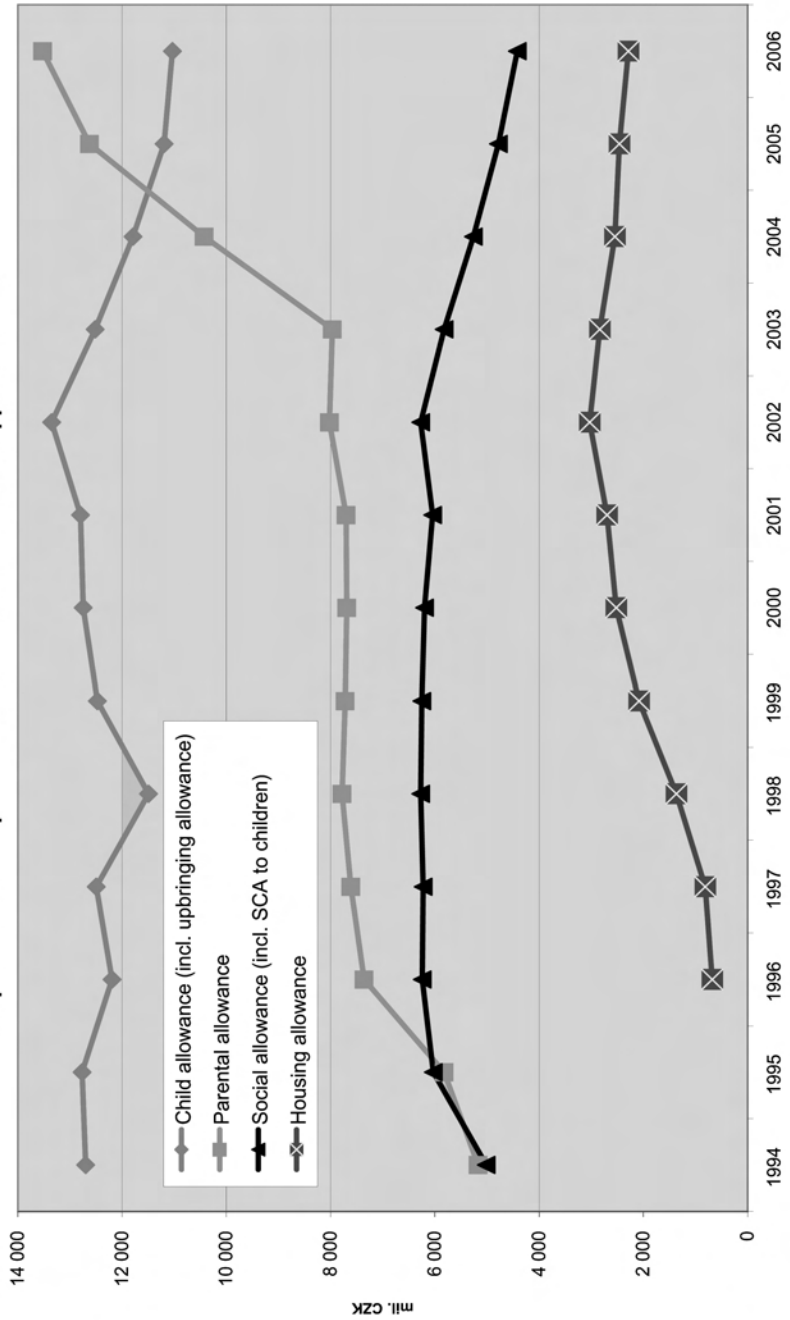
| | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Child allowance (incl. upbringing allowance) | 12 700 | 12 770 | 12 194 | 12 495 | 11 493 | 12 474 | 12 748 | 12 799 | 13 353 | 12 519 | 11 790 | 11 195 | 11 033 |
| Social allowance (incl. SCA to children) | 5 014 | 6 029 | 6 244 | 6 224 | 6 273 | 6 251 | 6 199 | 6 041 | 6 271 | 5 822 | 5 262 | 4 779 | 4 418 |
| Housing allowance | - | - | 677 | 813 | 1 367 | 2 084 | 2 518 | 2 699 | 3 028 | 2 835 | 2 548 | 2 459 | 2 287 |
| Transportation benefit ¹ | - | - | 839 | 938 | 947 | 994 | 1 045 | 1 173 | 1 298 | 1 267 | 856 | -3 | -1 |
| Parental allowance | 5 171 | 5 824 | 7 357 | 7 612 | 7 780 | 7 718 | 7 691 | 7 701 | 8 022 | 7 964 | 10 425 | 12 627 | 13 526 |
| Providing-for benefit ¹ | 48 | 39 | 34 | 25 | 23 | 19 | 15 | 14 | 14 | 8 | 3 | - | - |
| Foster care benefits | 103 | 111 | 144 | 154 | 233 | 315 | 339 | 366 | 395 | 407 | 427 | 467 | 585 |
| Birth grant | 434 | 428 | 484 | 525 | 563 | 566 | 581 | 616 | 791 | 807 | 832 | 895 | 1 591 |
| Death grant | 144 | 329 | 348 | 331 | 519 | 543 | 540 | 528 | 529 | 549 | 525 | 533 | 513 |
| Care allowance for a child in a facility ² | - | - | - | - | - | - | - | - | - | - | - | 2 | 24 |
| Allowance for school aids ³ | - | - | - | - | - | - | - | - | - | - | - | - | 65 |
| Separate benefits | | | | | | | | | | | | | |
| Heating benefit ⁴ | - | - | - | 67 | 277 | 236 | 106 | - | - | - | - | - | - |
| Rent benefit ⁴ | - | - | - | 49 | 163 | 127 | 73 | 6 | - | - | - | - | - |
| Other benefits ⁵ | - | - | - | 5 | - | - | - | - | - | - | - | - | - |
| Other expenditure ⁶ | - | - | - | - | - | - | - | - | - | - | - | - | 9 |
| Total | 23 613 | 25 531 | 28 319 | 29 237 | 29 637 | 31 328 | 31 855 | 31 942 | 33 700 | 32 178 | 32 669 | 32 954 | 34 050 |

Source: MLSA

SCA = state compensatory allowance (paid to 1995 as well as upbringing allowance)

¹ Transportation benefit was terminated on June 30, 2004 (with salvages in 2005 and 2005) as well as providing-for benefit on December 31, 2004,² Care allowance for a child in a facility was introduced on October 1, 2005 and abolished on June 30, 20³ Allowance for school aids is paid from June 1, 2006⁴ Heating benefit was terminated on June 30, 2000 as well as rent benefit on December 31, 2001⁵ Other benefits - unspecified entitlements generated before the Act on State Social Support as amended came into force⁶ Other expenditure - unspecified payments of entitlement concerning cancelled benefit

Graph No. 5.1.1 Expenditure on Selected State Social Support Benefits



6. Social Services

Social services are provided to needy citizens with reference to their health state or age as well as to persons unable to overcome their risky social situation or undignified living conditions without society assistance.

The elderly and people with disabilities use these services most frequently. The age group of the 65+ comprises 14.4 % of our population. Within this group the number of the 80+ is especially significant since these citizens and the handicapped need assistance to secure basic needs of life. Such assistance is provided by various forms of field social services or by services connected with housing or accommodation especially in social care facilities and other institutions.

The most widespread form of social services is home care service provided to citizens in their household or care facilities, personal hygiene centres, laundry houses and messes for pensioners. The most often required service is preparation and distribution of meals, shopping, personal hygiene services and assistance services for adults and families with children.

Number of social care services clients is uprising. As of December 31, 2006 there were totally 1 214 social care facilities. Care for the elderly is provided in pensioners homes and pensioners lodging houses. The severely handicapped and socially excluded citizens used services of 282 special social care facilities for physical, mental and sensory handicapped citizens.

Services to senior citizens are provided basically in two types of facilities, namely in the pensioners homes, where the comprehensive care is secured, and in pensioners lodging homes securing services with reference to health state of recipients. Social care facilities for adults are classed according to the kind of handicap: facilities for the handicapped, handicapped with secondary defects, handicapped with impaired senses, for mentally handicapped, chronic alcoholics, drugs addicts, psychotics and psychopaths. Similarly, social care homes for children and adolescents are divided into facilities for the disabled youth, adolescents with secondary defects and the mentally handicapped youth. The social care facilities classed as "other" include SOS villages for children, special facilities for performance of foster care, asylum houses for mothers with children, houses for maladapted and homeless people, charity homes for nuns and other combined establishments especially day care centres or weekly stay centres.

The structure of social services providers was following in 2006: state – 0.4 %, regional offices – 32.7 %, municipalities – 32.4 %, church – 20.2 % and other providers – 14.3 %.

Social Care Facilities

Table No. 6.1

| Year | Indicator | Pensioners homes | Pensioners lodging homes | Facilities for the handicapped | | Other facilities | Total |
|------|----------------------|-------------------|--------------------------|--------------------------------|----------------------|------------------|--------|
| | | | | adults | youth | | |
| 1997 | Number of facilities | 314 | 146 | 76 | 181 | 147 | 864 |
| | Number of beds | 34 436 | 12 593 | 6 563 | 11 906 ^{b)} | 4 317 | 72 563 |
| | Waiting list | 23 454 | 17 612 | 1 649 | 825 | .. | 43 540 |
| 1998 | Number of facilities | 320 ^{a)} | 150 | 75 | 181 | 167 | 893 |
| | Number of beds | 35 218 | 12 593 | 6 585 | 12 470 ^{b)} | 4 648 | 71 514 |
| | Waiting list | 25 431 | 18 443 | 1 816 | 741 | .. | 46 431 |
| 1999 | Number of facilities | 333 ^{a)} | 148 | 78 | 185 | 185 | 929 |
| | Number of beds | 35 656 | 12 126 | 6 743 | 12 468 ^{b)} | 4 984 | 71 977 |
| | Waiting list | 27 243 | 19 678 | 2 122 | 792 | .. | 49 835 |
| 2000 | Number of facilities | 343 ^{c)} | 148 | 81 | 182 | 203 | 957 |
| | Number of beds | 36 662 | 12 129 | 7 022 | 13 119 ^{b)} | 5 518 | 74 450 |
| | Waiting list | 28 784 | 20 652 | 2 642 | 746 | .. | 52 824 |
| 2001 | Number of facilities | 352 ^{d)} | 150 | 84 | 184 | 228 | 998 |
| | Number of beds | 36 612 | 12 432 | 7 059 | 13 116 | 6 072 | 75 291 |
| | Waiting list | 34 763 | 22 148 | 2 978 | 610 | .. | 60 499 |
| 2002 | Number of facilities | 360 ^{d)} | 148 | 88 | 186 | 309 | 1 091 |
| | Number of beds | 37 686 | 12 382 | 7 065 | 13 176 | 7 102 | 77 411 |
| | Waiting list | 33 222 | 17 601 | 3 241 | 400 | .. | 54 464 |
| 2003 | Number of facilities | 378 ^{e)} | 144 | 98 | 173 | 275 | 1 068 |
| | Number of beds | 39 331 | 11 487 | 7 744 | 12 056 | 6 636 | 77 254 |
| | Waiting list | 50 192 | 25 389 | 3 477 | 792 | .. | 79 850 |
| 2004 | Number of facilities | 386 ^{f)} | 149 | 110 | 169 | 257 | 1 071 |
| | Number of beds | 38 875 | 11 865 | 8 913 | 11 984 | 6 939 | 78 576 |
| | Waiting list | 38 220 | 17 930 | 2 119 | 334 | .. | 58 603 |
| 2005 | Number of facilities | 392 ^{g)} | 151 | 122 | 160 | 285 | 1 110 |
| | Number of beds | 39 188 | 11 701 | 10 273 | 10 762 | 7 007 | 78 931 |
| | Waiting list | 43 187 | 17 304 | 1 630 | 394 | .. | 62 515 |
| 2006 | Number of facilities | 399 ^{g)} | 142 | 131 | 151 | 391 | 1 214 |
| | Number of beds | 39 621 | 11 428 | 11 111 | 10 051 | 8 141 | 80 352 |
| | Waiting list | 45 631 | 20 446 | 3 361 | 456 | .. | 69 894 |

Source: MLSA (.) not available

^{a)} incl. 4 common PH and PLH.

^{b)} facilities with beds only (without daily stay).

^{c)} incl. 5 common PH and PLH.

^{d)} incl. 6 common PH and PLH.

^{e)} incl. 9 common PH and PLH.

^{f)} incl. 13 common PH and PLH.

^{g)} incl. 11 common PH and PLH.

Graph No. 6.1.1 - Social Care Facilities - Number of Beds

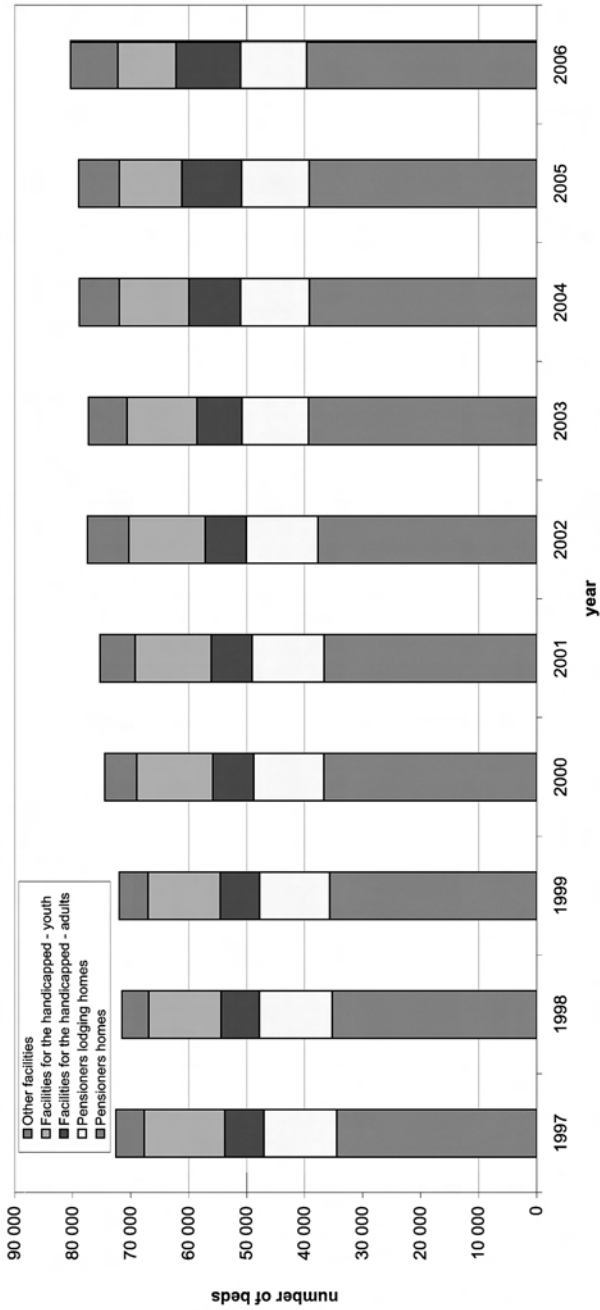


Table No. 6.2

Costs on Institutional Care and Incomes from Residents' Contributions

| Year | Type of facility | Average non-investment expenditure per 1 bed a year (CZK) | Average contribution of a resident per year (CZK) | Portion of residents' contribution to non-investment expenditure per 1 bed a year (%) |
|------|---|---|---|---|
| 2000 | Pensioners homes | 136 823 | 55 427 | 40.51 |
| 2001 | | 152 738 | 60 362 | 39.52 |
| 2002 | | 165 013 | 64 103 | 38.85 |
| 2003 | | 172 979 | 66 209 | 38.28 |
| 2004 | | 176 350 | 66 212 | 37.55 |
| 2005 | | 202 473 | 72 044 | 35.58 |
| 2006 | | 207 024 | 75 928 | 36.68 |
| 2000 | Pensioners lodging homes | 45 782 | 17 561 | 38.36 |
| 2001 | | 50 533 | 19 388 | 38.37 |
| 2002 | | 55 769 | 20 960 | 37.58 |
| 2003 | | 70 124 | 27 567 | 39.31 |
| 2004 | | 70 543 | 26 148 | 37.07 |
| 2005 | | 74 212 | 28 120 | 37.89 |
| 2006 | | 74 107 | 27 891 | 37.64 |
| 2000 | Social care facilities for adults with permanent stay | 147 464 | 52 360 | 35.51 |
| 2001 | | 168 445 | 59 508 | 35.33 |
| 2002 | | 195 684 | 63 616 | 32.51 |
| 2003 | | 197 761 | 67 250 | 34.01 |
| 2004 | | 202 134 | 79 869 | 39.51 |
| 2005 | | 226 679 | 92 022 | 40.60 |
| 2006 | | 236 404 | 101 672 | 43.01 |
| 2000 | Social care facilities for youth with permanent stay | 163 742 | 38 253 | 23.36 |
| 2001 | | 183 055 | 40 092 | 21.90 |
| 2002 | | 196 922 | 43 297 | 21.99 |
| 2003 | | 209 837 | 39 579 | 18.86 |
| 2004 | | 219 074 | 51 088 | 23.32 |
| 2005 | | 235 646 | 38 072 | 16.16 |
| 2006 | | 240 869 | 36 296 | 15.07 |

Source: MLSA

Home Care Service

| Year | Total expenditure (mil. CZK) | Number of service beneficiaries | Number of service employees | Average payment by a service beneficiary per year (CZK) |
|------|---------------------------------|------------------------------------|--------------------------------|---|
| 1992 | 674 | 80 409 | 7 759 | 142.93 |
| 1993 | 1 041 | 83 396 | 7 164 | 201.24 |
| 1994 | 1 897 | 85 533 | 6 656 | 330.01 |
| 1995 | 2 526 | 86 201 | 6 372 | 483.17 |
| 1996 | 1 799 | 89 673 | 5 660 | 755.18 |
| 1997 | 1 215 | 91 030 | 5 761 | 985.19 |
| 1998 | 1 493 | 90 897 | 5 569 | 1183.97 |
| 1999 | 1 331 | 106 825 | 5 885 | 1210.98 |
| 2000 | 1 540 | 113 528 | 5 760 | 1316.34 |
| 2001 | 1 588 | 114 203 | 5 659 | 1472.96 |
| 2002 | 2 255 | 109 034 | 5 466 | 1795.66 |
| 2003 | 2 051 | 116 128 | 5 430 | 1793.21 |
| 2004 | 2 148 | 109 475 | 4 978 | 1858.99 |
| 2005 | 1 593 | 111 603 | 4 821 | 2052.27 |
| 2006 | 1 637 | 105 088 | 4 150 | 2156.08 |

Source: MLSA

Table No. 6.4

Social Care for Children

| Year | Children placed in the custody of future fosters | Children in foster care and wardship | Foster care allowance per 1 child a month (CZK) | Children in social care facilities (incl. private ones) | Children in SOS villages and homes for mothers with children |
|------|--|--------------------------------------|---|---|--|
| 1992 | 460 | 5 311 | 762 | 11 572 | . |
| 1993 | 463 | 5 356 | 1 018 | 11 782 | 334 |
| 1994 | 543 | 5 460 | 1 129 | 11 914 | 411 |
| 1995 | 628 | 5 557 | 1 145 | 12 045 | 496 |
| 1996 | 575 | 5 787 | 1 574 | 12 210 | 626 |
| 1997 | 634 | 5 711 | 2 241 | 12 324 | 693 |
| 1998 | 499 | 5 935 | 3 273 | 12 477 | 830 |
| 1999 | 566 | 6 029 | 4 357 | 12 680 | 897 |
| 2000 | 512 | 6 000 | 4 712 | 12 783 | 1 073 |
| 2001 | 545 | 6 411 | 4 754 | 12 750 | 965 |
| 2002 | 464 | 6 598 | 4 985 | 12 806 | 992 |
| 2003 | 354 | 6 637 | 5 104 | 12 851 | 1 076 |
| 2004 | 319 | 6 565 | 5 416 | 10 369 | 1 263 |
| 2005 | 376 | 6 873 | 5 636 | 10 381 | 1 425 |
| 2006 | 298 | 7 149 | 6 824 | 10 517 | 1 522 |

Source: MLSA
(.) not available

Table No. 6.5

Social Care Benefits

| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Benefits to the old and the handicapped | | | | | | | | | |
| Periodic cash benefits - number (thous.) | 96 | 133 | 149 | 168 | 191 | . | . | . | . |
| - expenditure (mil. CZK) | 784 | 1 047 | 1 199 | 1 291 | 1 449 | 895 | 714 | 486 | 508 |
| Lump sum cash benefits - number (thous.) | 173 | 186 | 193 | 201 | 201 | 308 | 306 | 317 | 314 |
| - expenditure (mil. CZK) | 1 477 | 1 610 | 1 706 | 1 848 | 1 913 | 2 268 | 2 293 | 2 354 | 2 521 |
| Closely related or other person care allowance | | | | | | | | | |
| Expenditure (mil. CZK) | 881 | 999 | 1 095 | 1 168 | 1 375 | 1 564 | 1 729 | 2 071 | 3 186 |
| Benefits to families with children | | | | | | | | | |
| Periodic cash benefits - number (thous.) | 133 | 162 | 167 | 150 | 136 | . | . | . | . |
| - expenditure (mil. CZK) | 2 083 | 2 758 | 3 427 | 3 665 | 3 651 | 3 870 | 3 718 | 3 320 | 3 190 |
| Periodic child maintenance allowance - number (thous.) | 18 | 22 | 25 | 25 | 26 | . | . | . | . |
| - expenditure (mil. CZK) | 54 | 71 | 88 | 95 | 101 | 110 | 106 | 101 | 93 |
| Lump sum cash benefits - number (thous.) | 66 | 77 | 81 | 81 | 85 | 98 | 88 | 81 | 65 |
| - expenditure (mil. CZK) | 180 | 201 | 222 | 216 | 231 | 240 | 209 | 197 | 168 |
| Benefits to individuals | | | | | | | | | |
| Periodic cash benefits - number (thous.) | 169 | 270 | 285 | 243 | 260 | . | . | . | . |
| - expenditure (mil. CZK) | 1 840 | 3 462 | 4 353 | 4 362 | 4 712 | 5 083 | 5 496 | 5 463 | 4 923 |
| Lump sum cash benefits - number (thous.) | 29 | 57 | 50 | 51 | 54 | . | . | . | . |
| - expenditure (mil. CZK) | 104 | 140 | 144 | 148 | 170 | 171 | 167 | 163 | 132 |

Source: MLSA () not available since amendments of the quarterly statistical questionnaire V9-04, for new methodology since 2003 see Table No. 6.5.1

Table No. 6.5.1

Social Care Benefits - Average Number of Beneficiaries and Costs on Benefits per Month

| | 2003 | 2004 | 2005 | 2006 |
|---|---------|---------|---------|---------|
| PERIODIC BENEFITS | | | | |
| Benefits to the old and the handicapped | | | | |
| Cash benefit contingent on social neediness | | | | |
| - average monthly number of beneficiaries | 3 543 | 3 800 | 4 186 | 4 653 |
| - average monthly expenditure (thous. CZK) | 44 597 | 28 529 | 8 760 | 8 518 |
| Cash benefit contingent on health state | | | | |
| - average monthly number of beneficiaries | 167 734 | 182 565 | 188 561 | 197 165 |
| - average monthly expenditure (thous. CZK) | 27 632 | 30 922 | 31 737 | 33 865 |
| Benefits to job seekers without children | | | | |
| Cash benefit contingent on social neediness | | | | |
| - average monthly number of beneficiaries | 150 715 | 149 293 | 134 646 | 140 596 |
| - average monthly expenditure (thous. CZK) | 423 607 | 457 995 | 455 268 | 410 358 |
| Closely related or other person care allowance | | | | |
| - average monthly number of benefits | 33 050 | 37 065 | 42 297 | 49 740 |
| - average monthly expenditure (thous. CZK) | 130 323 | 144 046 | 172 553 | 265 568 |
| Benefits to families with dependent children | | | | |
| Cash benefit contingent on social neediness | | | | |
| - average monthly number of beneficiaries | 86 346 | 93 749 | 80 857 | 72 369 |
| - average monthly expenditure (thous. CZK) | 322 497 | 309 873 | 276 745 | 265 892 |
| Child maintenance allowance (§ 5 of Act No. 482/1991 Coll.) | | | | |
| - average monthly number of beneficiaries | 13 132 | 12 325 | 11 622 | 10 067 |
| - average monthly expenditure (thous. CZK) | 9 188 | 8 860 | 8 445 | 7 738 |
| LUMP SUM BENEFITS | | | | |
| Benefits to the old and the handicapped | | | | |
| Cash benefit contingent on social neediness | | | | |
| - average monthly number of beneficiaries | 4 819 | 4 299 | 4 055 | 3 484 |
| - average monthly expenditure (thous. CZK) | 18 340 | 16 052 | 15 910 | 13 366 |
| Cash benefit contingent on health state | | | | |
| - average monthly number of beneficiaries | 17 592 | 18 267 | 19 468 | 20 376 |
| - average monthly expenditure (thous. CZK) | 170 583 | 175 008 | 180 279 | 196 843 |
| Benefits to job seekers without children | | | | |
| Cash benefit contingent on social neediness | | | | |
| - average monthly number of beneficiaries | 3 587 | 3 350 | 3 215 | 2 809 |
| - average monthly expenditure (thous. CZK) | 14 263 | 13 902 | 13 566 | 10 992 |
| Benefits to families with dependent children | | | | |
| Cash benefit | | | | |
| - average monthly number of beneficiaries | 6 921 | 6 043 | 5 563 | 4 546 |
| - average monthly expenditure (thous. CZK) | 20 051 | 17 478 | 16 439 | 14 062 |

Source: MLSA

7. Incomes of Population

Development of cash incomes of households in the period from 1994 to 2006 is taken down in table No. 7.1. It contains data from the National Accounts Statistics (CZSO) concerning the sector of households. It indicates that real current incomes of this sector have increased about more than a third since 1993.

The most significant part of current household incomes (actually more than a half) is represented by the compensations paid to employees (especially wages and salaries). The trend of the synthetic indicator of an average wage in the national economy is also included in table No. 7.1. Table No. 7.2 describes development of income situation in basic branches of national economy.

To evaluate the development of average wages, we used data from the Czech Statistical Office (per natural persons). Since 1993 the data include employees of the Ministry of Defence and the Ministry of Interior.

Table No. 7.3 characterizes the summary of development in basic groups of social incomes from the database of the Ministry of Labour and Social Affairs. These incomes represent nearly fifth of total cash incomes of households. Remaining part of incomes results from various business activities and increase of capital assets value.

Table No. 7.1

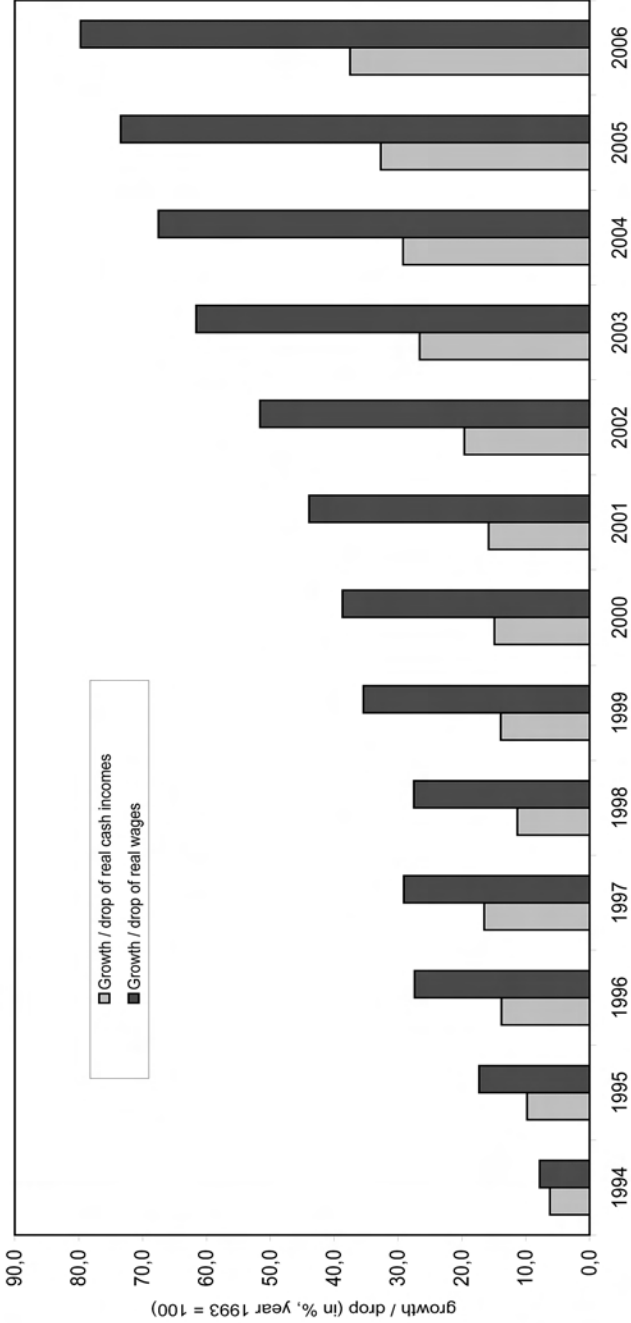
Real Incomes and Real Wages of Households

| | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Nominal cash income index ^{x)} | | | | | | | | | | | | | |
| - previous year = 100 | 116.8 | 112.8 | 112.9 | 111.0 | 105.8 | 104.4 | 104.9 | 105.5 | 105.2 | 106.0 | 104.9 | 104.6 | 106.2 |
| - year 1992 = 100 | 141.0 | 159.0 | 179.5 | 199.3 | 210.9 | 220.2 | 230.9 | 243.5 | 256.2 | 271.7 | 284.9 | 298.1 | 316.6 |
| Average nominal wage index (natural persons) | | | | | | | | | | | | | |
| - previous year = 100 | 118.6 | 118.6 | 118.3 | 109.9 | 109.2 | 108.4 | 106.4 | 108.7 | 107.3 | 106.6 | 106.6 | 105.3 | 106.4 |
| - year 1993 = 100 | 118.6 | 140.7 | 166.4 | 183.0 | 199.9 | 216.8 | 230.6 | 250.6 | 268.7 | 286.6 | 305.5 | 321.7 | 342.3 |
| Consumer price index | | | | | | | | | | | | | |
| - previous year = 100 | 110.0 | 109.1 | 108.8 | 108.5 | 110.7 | 102.1 | 103.9 | 104.7 | 101.8 | 100.1 | 102.8 | 101.9 | 102.5 |
| - rok 1992 = 100 | 132.8 | 144.9 | 157.7 | 171.7 | 189.4 | 193.4 | 200.9 | 210.3 | 214.3 | 214.5 | 220.5 | 224.7 | 230.3 |
| - year 1993 = 100 | 110.0 | 120.0 | 130.6 | 141.7 | 156.8 | 160.1 | 166.3 | 174.2 | 177.3 | 177.4 | 182.4 | 185.9 | 190.5 |
| Real cash income index ^{x)} | | | | | | | | | | | | | |
| - previous year = 100 | 106.2 | 103.4 | 103.7 | 102.3 | 95.6 | 102.3 | 100.9 | 100.7 | 103.3 | 105.9 | 102.0 | 102.7 | 103.6 |
| - year 1992 = 100 | 106.2 | 109.8 | 113.8 | 116.5 | 111.3 | 113.9 | 114.9 | 115.8 | 119.6 | 126.6 | 129.2 | 132.7 | 137.5 |
| Real wage index | | | | | | | | | | | | | |
| - previous year = 100 | 107.8 | 108.7 | 108.7 | 101.3 | 98.6 | 106.2 | 102.4 | 103.8 | 105.4 | 106.5 | 103.7 | 103.3 | 103.8 |
| - year 1993 = 100 | 107.8 | 117.3 | 127.4 | 129.1 | 127.5 | 135.4 | 138.7 | 143.9 | 151.6 | 161.6 | 167.5 | 173.4 | 179.7 |

Source: CZSO, MLSA calculation ^{x)} current incomes of households according to National Accounts Statistics (preliminary data for all years)

Graph No. 7.1.1

Real Incomes and Wages of Households



Wage Differentiation by National Economy Branches

| | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|-------|-------|-------|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Czech Republic total | | | | | | | | | | | | | | | |
| average nom. wage (CZK) | 4 644 | 5 904 | 7 004 | 8 307 | 9 825 | 10 802 | 11 801 | 12 797 | 13 614 | 14 793 | 15 866 | 16 917 | 18 041 | 18 992 | 20 104 |
| annual index (%) | 122.5 | 125.3 | 118.6 | 118.6 | 118.3 | 109.9 | 109.2 | 108.4 | 106.4 | 108.7 | 107.3 | 106.6 | 106.6 | 105.3 | 104.8 |
| Industry | | | | | | | | | | | | | | | |
| average nom. wage (CZK) | 4 805 | 5 893 | 6 888 | 8 148 | 9 587 | 10 726 | 11 871 | 12 671 | 13 589 | 14 543 | 15 368 | 16 293 | 17 502 | 18 347 | 19 504 |
| annual index (%) | 121.0 | 122.6 | 116.9 | 118.3 | 117.7 | 111.9 | 110.7 | 106.7 | 107.2 | 107.0 | 105.7 | 106.3 | 107.4 | 104.8 | 104.8 |
| ratio (%) | 103.5 | 99.8 | 98.3 | 98.1 | 97.6 | 99.3 | 100.6 | 99.0 | 99.8 | 98.3 | 96.9 | 96.3 | 97.0 | 96.6 | 96 |
| Agriculture, hunting and forestry | | | | | | | | | | | | | | | |
| average nom. wage (CZK) | 4 264 | 5 100 | 5 865 | 6 878 | 7 808 | 8 506 | 9 222 | 9 589 | 10 284 | 11 247 | 11 640 | 12 014 | 13 146 | 13 879 | 14 804 |
| annual index (%) | 115.1 | 119.6 | 115.0 | 117.3 | 113.5 | 108.9 | 108.4 | 104.0 | 107.2 | 109.4 | 103.5 | 103.2 | 109.4 | 105.6 | 104 |
| ratio (%) | 91.8 | 86.4 | 83.7 | 82.8 | 79.5 | 78.7 | 78.1 | 74.9 | 75.5 | 76.0 | 73.4 | 71.0 | 72.9 | 73.1 | 73 |
| Building industry | | | | | | | | | | | | | | | |
| average nom. wage (CZK) | 5 024 | 6 529 | 7 622 | 8 837 | 10 166 | 11 234 | 12 129 | 12 783 | 13 531 | 14 666 | 15 695 | 16 852 | 18 071 | 18 933 | 20 104 |
| annual index (%) | 124.3 | 130.0 | 116.7 | 115.9 | 115.0 | 110.5 | 108.0 | 105.4 | 105.9 | 108.4 | 107.0 | 107.5 | 107.2 | 104.8 | 104 |
| ratio (%) | 108.2 | 110.6 | 108.8 | 106.4 | 103.5 | 104.0 | 102.8 | 99.9 | 99.4 | 99.1 | 98.9 | 99.6 | 100.2 | 99.7 | 100 |
| Commerce, motor vehicles and consumer goods repair | | | | | | | | | | | | | | | |
| average nom. wage (CZK) | 4 165 | 5 131 | 6 315 | 7 201 | 8 499 | 10 488 | 11 889 | 12 847 | 14 171 | 15 354 | 16 367 | 17 144 | 18 346 | 18 949 | 20 104 |
| annual index (%) | 127.8 | 123.2 | 123.1 | 114.0 | 118.0 | 123.4 | 113.4 | 108.1 | 110.3 | 108.3 | 106.6 | 104.7 | 107.0 | 103.3 | 103 |
| ratio (%) | 89.7 | 86.9 | 90.2 | 86.7 | 86.5 | 97.1 | 100.7 | 100.4 | 104.1 | 103.8 | 103.2 | 101.3 | 101.7 | 99.8 | 99 |

Table No. 7.2 - sequel

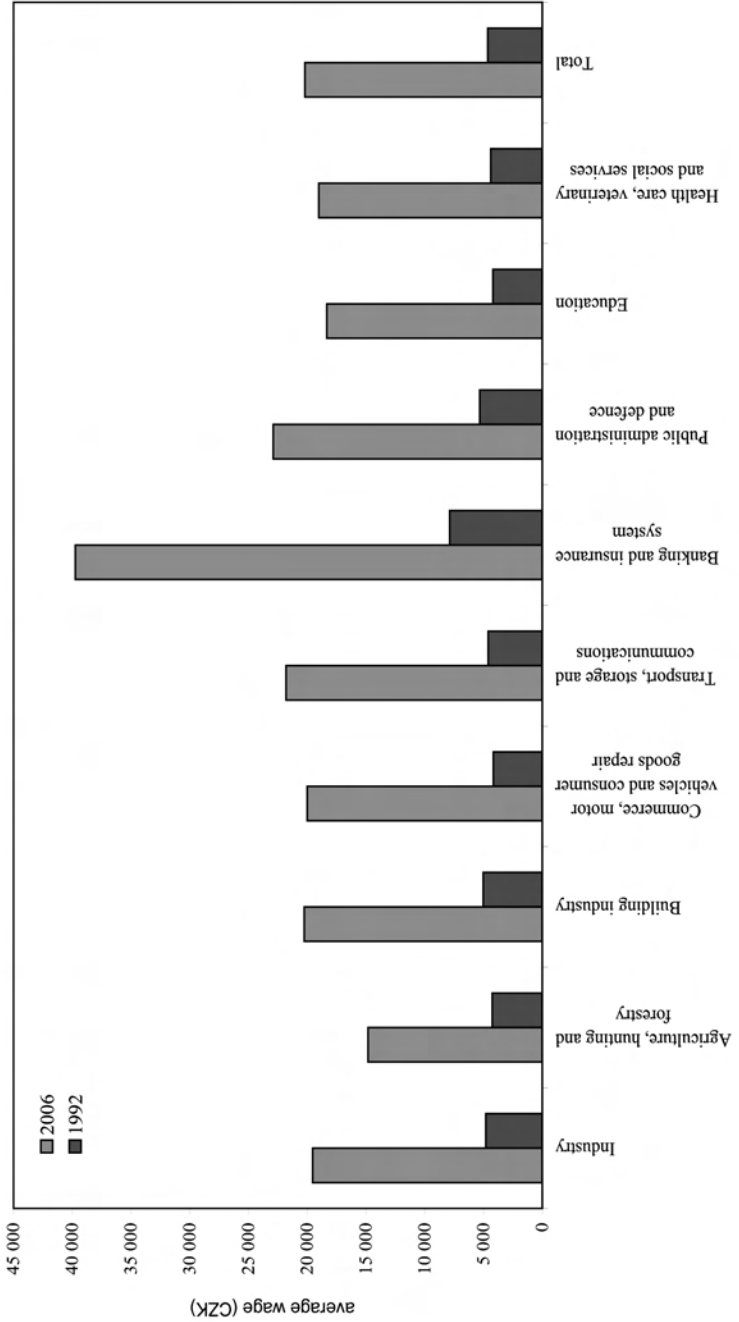
Wage Differentiation by National Economy Branches

| | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|
| <i>Transport, storage and communications</i> | | | | | | | | | | | | | | | |
| average nom. wage (CZK) | 4 602 | 5 672 | 6 807 | 8 241 | 9 833 | 11 306 | 12 616 | 13 646 | 14 842 | 16 052 | 17 247 | 18 281 | 19 418 | 20 561 | 21 1 |
| annual index (%) | 117.6 | 123.3 | 120.0 | 121.0 | 119.6 | 114.7 | 111.6 | 108.2 | 108.8 | 108.2 | 107.4 | 106.0 | 106.2 | 105.9 | 100 |
| ratio (%) | 99.1 | 96.1 | 97.2 | 99.2 | 100.3 | 104.7 | 106.9 | 106.6 | 109.0 | 108.5 | 108.7 | 108.0 | 107.7 | 108.3 | 101 |
| <i>Banking and insurance system</i> | | | | | | | | | | | | | | | |
| average nom. wage (CZK) | 7 877 | 10 336 | 12 081 | 14 017 | 16 407 | 18 665 | 21 177 | 23 182 | 25 630 | 29 136 | 31 570 | 33 223 | 35 426 | 37 366 | 39 1 |
| annual index (%) | 151.7 | 131.2 | 116.9 | 116.0 | 117.1 | 113.8 | 113.5 | 109.5 | 110.6 | 113.7 | 108.4 | 105.2 | 106.6 | 105.5 | 100 |
| ratio (%) | 169.6 | 175.1 | 172.5 | 168.7 | 167.0 | 172.8 | 179.5 | 181.2 | 188.3 | 197.0 | 199.0 | 196.4 | 196.4 | 196.7 | 190 |
| <i>Public administration and defence</i> | | | | | | | | | | | | | | | |
| average nom. wage (CZK) | 5 324 | 7 651 | 9 152 | 10 580 | 12 418 | 12 739 | 13 250 | 14 816 | 15 064 | 16 448 | 18 073 | 19 483 | 20 490 | 21 870 | 22 1 |
| annual index (%) | 133.3 | x | 119.6 | 115.6 | 117.4 | 102.6 | 104.0 | 111.8 | 101.7 | 109.2 | 109.9 | 107.8 | 105.2 | 106.7 | 100 |
| ratio (%) | 114.6 | 129.6 | 130.7 | 127.4 | 126.4 | 117.9 | 112.3 | 115.8 | 110.7 | 111.2 | 113.9 | 115.2 | 113.6 | 115.2 | 111 |
| <i>Education</i> | | | | | | | | | | | | | | | |
| average nom. wage (CZK) | 4 206 | 5 249 | 6 325 | 7 426 | 8 994 | 9 422 | 9 851 | 11 088 | 11 283 | 12 447 | 13 612 | 15 312 | 16 415 | 17 187 | 18 1 |
| annual index (%) | 122.9 | 124.8 | 120.5 | 117.4 | 121.1 | 104.8 | 104.6 | 112.6 | 101.8 | 110.3 | 109.4 | 113.0 | 107.2 | 104.7 | 100 |
| ratio (%) | 90.6 | 88.9 | 90.3 | 89.4 | 91.5 | 87.2 | 83.5 | 86.6 | 82.9 | 84.1 | 85.8 | 90.5 | 91.0 | 90.5 | 90 |
| <i>Health care, veterinary and social services</i> | | | | | | | | | | | | | | | |
| average nom. wage (CZK) | 4 387 | 5 525 | 6 475 | 7 529 | 9 068 | 9 622 | 9 945 | 11 312 | 11 747 | 13 356 | 15 051 | 16 311 | 16 753 | 17 511 | 19 1 |
| annual index (%) | 119.8 | 125.9 | 117.2 | 116.6 | 120.4 | 106.1 | 103.4 | 113.7 | 103.8 | 113.7 | 112.7 | 108.4 | 102.7 | 104.5 | 100 |
| ratio (%) | 94.5 | 93.6 | 92.4 | 90.6 | 92.3 | 89.1 | 84.3 | 88.4 | 86.3 | 90.3 | 94.9 | 96.4 | 92.9 | 92.2 | 94 |

Source: CZSO Note: "ratio (%)" = average nominal wage in given branch / average nominal wage in national economy.

Graph No. 7.2.1

Wage Differentiation by National Economy Branches



Social Incomes of Population

mil. CZK

| | Annual index (%) | | | | | | | | | | | | | | | | | | |
|---|------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 1998 | | 1999 | | 2000 | | 2001 | | 2002 | | 2003 | | 2004 | | 2005 | | 2006 | | |
| | 1998 | 1999 | 2000 | 1999 | 2000 | 1999 | 2000 | 2001 | 1999 | 2000 | 2001 | 1999 | 2000 | 2001 | 1999 | 2000 | 2001 | 1999 | 2000 |
| Pension ¹⁾ | 162 239 | 173 454 | 182 457 | 196 650 | 210 971 | 218 790 | 227 356 | 244 013 | 261 739 | 106.9 | 105.2 | 107.8 | 107.3 | 103.7 | 103.9 | 107.3 | 107.3 | 107.3 | 107.3 |
| Sickness insurance | 18 532 | 19 286 | 27 520 | 29 583 | 32 605 | 34 303 | 29 560 | 31 656 | 32 764 | 104.1 | 142.7 | 107.5 | 110.2 | 105.2 | 86.2 | 107.1 | 103.5 | 103.5 | 103.5 |
| State social support | 29 637 | 31 328 | 31 855 | 31 942 | 33 700 | 32 178 | 32 730 | 32 954 | 34 051 | 105.7 | 101.7 | 100.3 | 105.5 | 95.5 | 101.7 | 100.7 | 103.3 | 103.3 | 103.3 |
| Social care | 6 642 | 9 269 | 11 276 | 11 646 | 13 327 | 14 148 | 14 317 | 14 196 | 14 674 | 139.6 | 121.7 | 103.3 | 114.4 | 106.2 | 101.2 | 99.2 | 103.4 | 103.4 | 103.4 |
| Lump-sum contribution ²⁾ | x | x | x | x | x | x | 6 538 | x | x | x | x | x | x | x | x | x | x | x | x |
| Passive employment policy ³⁾ | 4 110 | 5 603 | 5 590 | 5 162 | 6 141 | 6 870 | 7 030 | 7 014 | 7 276 | 136.3 | 99.8 | 92.3 | 119.0 | 111.9 | 102.3 | 99.8 | 103.7 | 103.7 | 103.7 |
| Total | 221 160 | 238 940 | 258 698 | 274 983 | 296 744 | 306 289 | 317 531 | 329 833 | 350 504 | 108.0 | 108.3 | 106.3 | 107.9 | 103.2 | 103.7 | 103.9 | 103.9 | 103.9 | 103.9 |

Source: MLSA

Note: ¹⁾ incl. pension insurance, pension balance with state budget, pension increase for incapacity (helplessness);²⁾ lump-sum contribution granted to children (3.866 mil. CZK) and lump-sum granted to pensioners (2.672 mil. CZK);³⁾ unemployment benefits.

8. Basic Information on Labour Market

According to Labour Force Sample Survey (CZSO) there were 4 828.1 thous. employed persons on average in 2006. That is more by 64.1 thous. employees than in 2005 representing 1.3 % year-on-year relative growth (the highest since 1999) compared to 1.2 % in 2005. During 2006 the development of employment was affected by decline of economic growth dynamics.

The growth of employment was primarily evident in group of employees (by 52.5 thous. on level of 4 032.0 thous. persons). Entrepreneurs also recorded accrual (by 16.0 thous. on 779.2 thous. persons after fall by 28.6 thous. in 2005) given by increase of entrepreneurs with employees (by 18.8 thous. on 195.9 thous. persons). Number of entrepreneurs without employees has slightly dropped by 0.3 thous. on 550.8 thous. persons. Portion of entrepreneurs in total employment remains above-average as compared to other EU member states.

Employment decreased only in primary sector in 2006 (by 7.7 thous. persons). Portion of this sector in total employment fell to 3.8 %. Number of employed persons in secondary sector increased in the most significant way (by 48.2 thous. persons with 39.9% portion in total employment). After remarkable accrual in 2005, the employment in building industry decreased both absolutely and relatively in 2006 (decline by 22.2 thous. of the employed). The sector of industry recorded significant growth of employment (by 71.1 thous. persons) especially in manufacturing industry (by 65.4 thous. persons). Relative portion of industry in sector structure has increased. In tertiary sector the number of the employed has also boosted by 22.9 thous. on total level of 56.3%.

In terms of regional structure the highest increase of employment (more than 10 thous. persons) was recorded in *Středočeský* region, *Prague* and *Zlínský* region. On the contrary employment slightly declined in *Liberecký*, *Karlovarský* and *Plzeňský* region.

Total rate of employment (population aged 15-64), as important indicator of EU employment strategy, reached level of 65.3 %, i.e. by 0.5 percentage point higher than in 2005. Employment rate of women increased by 0.5 percentage point on 56.8% as well as employment rate of men by 0.4 percentage point on 73.7 %. For persons at the age of 55-64 years by 0.6 percentage point on 45.2 %.

Number of economically active persons represented by the employed and the unemployed has increased. This fact is attended both by growth of employment and by drop of unemployment that was more distinctive than in previous year. Rate of economic activity has declined (after accrual in previous years): for the population at the age of 15-64 by 0.1 percentage point on 70.3 %, for population aged 15+ by 0.1 percentage point on 59.3 %.

Average registered rate of unemployment (reported by MLSA based on the number of job-seekers registered by labour offices) made up 8.1 % in 2006. This comprises decrease by 0.9 percentage points compared to 2005 (level of 7.7% as per December 31, 2006 and year-on-year drop by 1.2 percentage point).

Average number of job-seekers registered by labour offices made up 474.8 thous. persons in 2006 compared to average number of 514.3 thous. persons in year before. Number of registered job-seekers declined by 61.9 thous. from 510.4 thous. (as of December 31, 2005) to 448.5 thous. (as of December 31, 2006) attended by year-on-year growth of employment. Unemployment level is the lowest one since 1998.

Number of registered vacancies significantly increased in 2006 (82.5 thous. vacancies at average): from 52.5 thous. at the end of 2005 to 93.4 thous. on December 31, 2006. Comfortable with described development of number of job-seekers and vacancies the indicator of job-seekers per a vacancy was improved in 2006 (average value of 5.8 which is 3.4 less than in previous year).

Movement of the unemployed (in and out of register) was still intensive. Number of new job-seekers decreased (638.2 thous. in 2005 and 610.7 thous. in 2006). Number of out of registered job-seekers was higher compared with 2005 (669.5 thous. in 2005 and 672.6 thous. in 2006).

Concerning risk groups the number of the handicapped dropped down absolutely – there were 71.3 thous. of them registered as unemployed at the end of 2006. However, their share in total number of job-seekers increased from 14.8 % at the end of 2005 to 15.9 % at the end of 2006.

Long-term absolute increase of unemployed persons over 50 years of their age stopped (annual drop: 6.8 % thous., share in total unemployment increased from 25.2 % at the end of 2005 to 27.1 % at the end of 2006).

Average portion of women within group of job-seekers increased (from 52.0 % as of December 2005 to 53.2 % in December 2006). Number of women seeking for a job turned down from 265.6 thous. to 238.7 thous. in the same period.

Increase of relative portion of the handicapped, elders and women represents lower fall (of their number) compared to decrease of total unemployment.

Number of long-term unemployed (more than 12 months) decreased by 27.9 thous. Their portion on total number of the unemployed slightly dropped from 41.7 % to 41.2 % (as of June 30, 2005).

With regard to adjusted education numbers of all job-seeker groups decreased. The most numerous is the group of skilled graduates – 40.1 % of all job-seekers (the largest fall of number and portion of job-seekers with this education) and group of applicants without completed education or having primary education – 31.4 % (in spite of absolute decrease there was growth of relative portion).

Positive aspect was remarked in decrease of number (78.5 thous., annual drop by 18.0 thous.) and portion of job-seekers under 25 years of their age (from 18.9 % to 17.5 %). The reasons are demographic development, higher number of students, increasing need of employers for young persons, care of labour offices (individual action plans) and tighter conditions for awarding unemployment benefits of graduates (since October 1, 2004). As these conditions were abated starting January 1, 2006, rate of unemployment has not been increased. On the contrary their number annually dropped (from 38.5 thous. as of end of December 2005 to 32.0 thous. at the end of 2006).

Another positive fact is decrease of unemployment rate in all Czech regions. The most evident decline was recorded in regions: *Olomoucký* (by 1.7 percentage point) and *Moravskoslezský* and *Ústecký* (by 1.6 p.p.). These regions count among the four worst affected areas by unemployment. As significant regional differences still remain, the divergence between unemployment rate in districts with the highest and the lowest rate was decreased by 1.3 p.p. The highest unemployment rate as of December 31, 2006 was in *Most* district (19.5 %, annual decline by 1.7 p.p.), the lowest in *Praha-západ* and *Praha-východ* districts (2.1 %).

In 2006 the supply side of labour market increased (growth of employment, highest number of job vacancies), decline of demand side accelerated (unemployment). However, structural aspect of unemployment still continues. Employers offer job vacancies, but labour force do not often dispose of appropriate experience and education.

Basic Indicators of Labour Market

| As of | Employment | Job-seekers | | | | | | Job vacancies | Number of job seekers per 1 job vacancy | Unemployment rate (%) | |
|------------|------------|-------------|---------------------------|-------------------------------|-----------|-----------|-----------------|---------------|---|-----------------------|--------|
| | | Total | of which | | | graduates | the handicapped | | | | |
| | | | with unemployment benefit | unemployed more than 6 months | 12 months | | | | | | women |
| 31.12.1991 | 5 368 825 | 221 749 | 159 766 | 65 448 | 8 694 | 127 196 | 24 568 | 17 032 | 48 402 | 4.6 | 4.13 |
| 31.12.1992 | 5 213 532 | 134 788 | 62 289 | 43 071 | 23 037 | 77 684 | 17 435 | 15 502 | 79 422 | 1.7 | 2.57 |
| 31.12.1993 | 5 044 906 | 185 216 | 93 380 | 56 753 | 27 315 | 103 592 | 23 859 | 20 016 | 53 938 | 3.4 | 3.52 |
| 31.12.1994 | 5 050 849 | 166 480 | 78 331 | 62 226 | 34 678 | 96 632 | 19 997 | 22 015 | 76 381 | 2.2 | 3.19 |
| 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 | 4 787 338 | 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 * |

Source: MLSA

Note: total employment indicator is elicited from the figures of the Federal Statistical Office for 1991-1993 and Labour Force Sample Survey (since 1994)

* according to new MLSA methodology

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

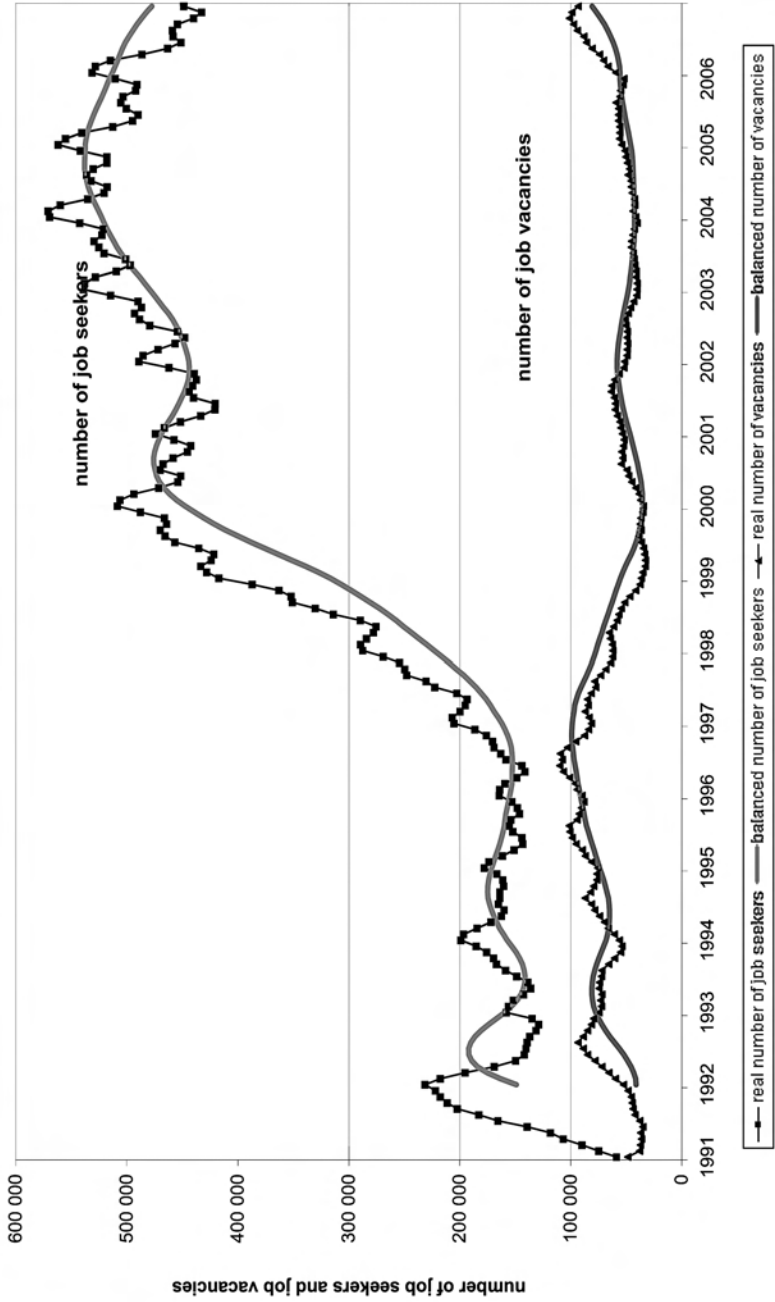


Table No. 8.2

| State Budget Expenditure on Employment Policy | | | | | | | | | | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|------------|------------|------------|
| | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Total expenditure (thous. CZK) | 2 166 077 | 2 562 888 | 2 416 637 | 2 664 493 | 3 972 035 | 5 096 712 | 7 631 216 | 9 086 623 | 9 522 338 | 9 879 089 | 10 960 415 | 11 750 430 | 11 959 120 | 14 202 321 |
| - passive policy (thous. CZK) | 1 416 669 | 1 844 265 | 1 781 846 | 2 106 406 | 3 420 038 | 4 193 088 | 5 709 466 | 5 680 469 | 5 228 947 | 6 209 746 | 6 949 250 | 7 030 047 | 7 046 845 | 7 307 521 |
| - active policy (thous. CZK) | 749 408 | 718 323 | 634 791 | 558 087 | 551 995 | 903 014 | 1 921 750 | 3 406 154 | 4 063 277 | 3 483 250 | 3 274 160 | 3 939 856 | 4 027 853 | 5 300 775 |
| Active policy: | | | | | | | | | | | | | | |
| Graduated positions | | | | | | | | | | | | | | |
| created jobs | 8 178 | 7 025 | 5 502 | 5 094 | 3 757 | 9 464 | 11 131 | 11 178 | 9 672 | 8 131 | 8 865 | 7 308 | 37 | 2 |
| placed job-seekers | 7 380 | 6 853 | 5 292 | 4 971 | 3 815 | 9 232 | 10 945 | 11 316 | 9 845 | 7 945 | 8 654 | 7 170 | 28 | 2 |
| expenditure (thous. CZK) | 245 190 | 127 053 | 117 754 | 100 334 | 101 759 | 117 777 | 304 790 | 358 012 | 388 336 | 347 996 | 331 220 | 418 018 | 144 687 | 143 |
| Socially beneficial jobs | | | | | | | | | | | | | | |
| created jobs | 9 547 | 9 636 | 5 963 | 3 612 | 2 626 | 8 805 | 15 445 | 27 240 | 21 939 | 13 654 | 17 688 | 25 584 | 24 140 | 25 131 |
| placed job-seekers | 12 250 | 9 974 | 6 603 | 4 025 | 2 931 | 8 178 | 15 804 | 26 721 | 21 167 | 14 123 | 17 618 | 25 010 | 25 129 | 25 417 |
| expenditure (thous. CZK) | 217 855 | 241 482 | 163 636 | 102 427 | 86 193 | 201 514 | 525 963 | 989 720 | 1 042 904 | 616 919 | 691 559 | 1 030 397 | 1 184 356 | 1 071 003 |
| Publicly beneficial works | | | | | | | | | | | | | | |
| created jobs | 12 095 | 13 432 | 11 448 | 9 638 | 11 760 | 11 024 | 14 800 | 19 714 | 18 862 | 16 448 | 14 703 | 17 727 | 15 845 | 17 142 |
| placed job-seekers | 11 760 | 12 927 | 10 821 | 10 259 | 11 888 | 11 905 | 16 089 | 20 034 | 19 977 | 16 873 | 15 378 | 18 246 | 16 846 | 18 011 |
| expenditure (thous. CZK) | 159 605 | 183 741 | 189 470 | 199 069 | 224 926 | 280 828 | 481 915 | 759 308 | 924 451 | 713 953 | 685 001 | 833 189 | 838 951 | 899 938 |
| Retraining | | | | | | | | | | | | | | |
| new registered | 12 095 | 14 814 | 13 654 | 12 107 | 11 448 | 16 381 | 22 939 | 33 331 | 35 145 | 36 015 | 42 753 | 44 089 | 38 439 | 51 262 |
| out of register | 12 521 | 15 167 | 14 034 | 12 133 | 11 918 | 15 489 | 22 136 | 32 260 | 34 771 | 34 699 | 42 420 | 45 094 | 38 333 | 50 413 |
| expenditure (thous. CZK) | 73 359 | 103 248 | 100 091 | 91 727 | 90 418 | 147 325 | 236 232 | 345 920 | 362 652 | 370 431 | 405 670 | 480 635 | 408 250 | 357 299 |
| The handicapped | | | | | | | | | | | | | | |
| created jobs | 1 005 | 851 | 824 | 622 | 533 | 920 | 1 059 | 1 434 | 1 017 | 976 | 1 165 | 1 241 | 1 137 | 1 179 |
| placed job-seekers | 947 | 748 | 724 | 562 | 469 | 853 | 951 | 1 369 | 1 028 | 1 063 | 1 221 | 1 536 | 1 592 | 1 606 |
| expenditure (thous. CZK) | 48 667 * | 61 630 * | 26 510 | 17 683 | 15 881 | 50 905 | 53 000 | 54 992 | 46 180 | 42 135 | 61 819 | 83 000 | 96 300 | 90 382 |
| operation (thous. CZK) | x | x | 33 351 | 39 749 | 44 005 | 76 533 | 109 003 | 132 995 | 158 446 | 131 632 | 155 036 | 162 244 | 208 799 | 219 772 |
| allowance to job-seekers on self-employment - Decree No. 115/1992 Coll. (thous. CZK) | | | | | 40 | | 3 833 | 7 307 | 6 388 | 3 769 | 6 729 | 5 048 | 4 798 | 7 065 |
| occupational rehabilitation (thous. CZK) | | | | | | | | | | | 39 | 0 | 262 | 53 |
| grants to employers with at least 10% of handicapped employees (thous. CZK) | | | | | | | | | 375 428 | 527 709 | 524 446 | 649 012 | 736 913 | 1 410 552 |
| insolvency (thous. CZK) | | | | | | | | 135 023 | 230 114 | 196 093 | 212 651 | 133 489 | 147 506 | 183 973 |
| other expenditure | | | | | | | | | | | | | | |
| (thous. CZK *) | 4 732 | 1 169 | 3 979 | 7 059 | 8 814 | 28 492 | 23 726 | 31 646 | 64 197 | 47 237 | 133 055 | 67 473 | 348 409 | 444 869 |
| investment incentives | | | | | | | | | | | | | | |
| (thous. CZK) | | | | | | | | | | | | | | |
| employment services and administration (thous. CZK)**) | 938 100 | 1 105 000 | 1 292 300 | 1 382 000 | 1 386 800 | 1 453 400 | 1 736 350 | 1 621 746 | 1 619 479 | 1 651 335 | 1 896 263 | 3 428 217 | 3 846 861 | 4 175 901 |

Source: MLSA

*) incl. costs on operation of sheltered workshops for the handicapped (until 1994).

**) incl. costs on operation of sheltered workshops for the handicapped and costs on active employment policy not specified.

)) incl. costs on informative material issued by labour offices and Employment Services Administration, other programmes for employment support and costs on active employment policy not specified.

***) estimation for 2005

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 base of the agreement between CZSO and MLSA an inter-departmental Working group (led by the MLSA) for implementation of this system in the Czech Republic was established in 2000. For the Czech Republic time series of ESSPROS Core system (1995-2005), number of pension beneficiaries (2000–2005), qualitative data (1995–2005) and net benefits on social protection for 2002 and 2003 are available so far.

ESSPROS is divided into the Core system that includes data on receipts and expenditure 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 set of risks or needs is as follows:

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

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 according following categories:

- 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 specific 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) 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.

With regard to comprehension and complexity of this issue we present the most elaborate part of Czech system with suppose of minimal further corrections in data time series: expenditure on social protection according to functions in 1995-2005. We plan to extend number of tables in the near future under this Chapter. More detailed data and international comparison of social protection level in MS and other European countries according to the ESSPROS methodology are available on web sites of Eurostat.

Table No. 9.1

ESSPROS Core System - Expenditure on Social Protection by Functions

| Social protection function | Year | | | | | | | | | | mil. CZK |
|----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | |
| 1. Sicknes/health care | 91 866 | 105 696 | 112 736 | 120 068 | 128 129 | 139 075 | 151 884 | 168 804 | 178 920 | 185 298 | 195 067 |
| 2. Disability | 18 825 | 22 478 | 25 921 | 28 754 | 30 781 | 32 177 | 35 532 | 37 670 | 40 925 | 41 609 | 43 213 |
| 3. Old-age | 95 837 | 112 696 | 135 794 | 153 213 | 163 906 | 174 691 | 185 072 | 199 270 | 202 343 | 210 931 | 229 893 |
| 4. Survivors | 2 584 | 3 222 | 4 090 | 4 272 | 4 545 | 4 616 | 5 184 | 5 391 | 5 475 | 5 447 | 5 399 |
| 5. Family/children | 29 498 | 31 392 | 32 535 | 32 574 | 33 827 | 34 906 | 36 357 | 38 685 | 38 387 | 44 036 | 41 863 |
| 6. Unemployment | 5 618 | 7 341 | 9 395 | 10 908 | 14 444 | 14 271 | 14 355 | 16 469 | 20 254 | 20 596 | 19 735 |
| 7. Housing | 43 | 688 | 938 | 1 818 | 2 458 | 2 710 | 2 720 | 3 038 | 2 904 | 2 623 | 2 547 |
| 8. Social exclusion | 3 278 | 2 965 | 4 288 | 6 563 | 9 117 | 11 208 | 11 876 | 12 879 | 14 869 | 14 881 | 14 364 |
| Total expenditure | 247 548 | 286 479 | 325 697 | 358 170 | 387 207 | 413 654 | 442 981 | 482 205 | 504 076 | 525 421 | 552 081 |

Source: MLSA

Data are processed according to Eurostat methodology for ESSPROS Core system (ESSPROS Manual 1996 incl. revisions).

LIST OF ABBREVIATIONS

| | |
|--------------|--|
| CZK..... | Czech Crowns |
| CZSO | Czech Statistical Office |
| CR..... | Czech Republic |
| ČNR..... | Czech National Council |
| EC..... | European Commission |
| ESA..... | Employment Services Administration |
| ESSPROS..... | European System of integrated Social Protection Statistics |
| EU..... | European Union |
| GDP..... | Gross Domestic Product |
| MLSA | Ministry of Labour and Social Affairs |
| MS..... | Member States of European Union |
| NE..... | National Economy |
| NGO..... | Non-governmental Organisation |
| OECD..... | Organization for Economic Co-Operation and Development |
| PH..... | Pensioners' House |
| PLH..... | Pensioners' Lodging House |
| SCA..... | State Compensatory Allowance |

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