

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

TIME SERIES AND GRAPHS

**2011**



Prague 2012



## CONTENTS

List of Abbreviations	5
<b>1. INTRODUCTION</b>	<b>6</b>
1.1 Basic Demographic and Socio-economic Indicators	6
<b>2. PENSION INSURANCE</b>	<b>8-10</b>
2.1 Number of Pensions Paid out by Type of Pension	11
2.2 Number of Pensioners in December 2003–2011	12
2.3 Average Monthly Amounts of Solo Paid out Pensions in December 2003–2011	13
2.4 Expenditures on Pensions by Type of Pension (civil sector)	14
2.5 Expenditures on Pensions in Relation to GDP	15
2.6 Average Old-age Pensions in Relation to Average Wage	16
2.6.1 Development of Average Old-age Pensions in Relation to Average Wage (Graph)	17
2.7 Overview of Increases to Paid out Pensions	18
<b>3. SICKNESS INSURANCE</b>	<b>19</b>
3.1 Basic Sickness Insurance Indicators	20
3.1.1 Basic Sickness Insurance Indicators (Graph)	21
3.2 Develop. of the Average Daily Sickness Benefits, Aver. Daily Wage and their Ratio	22
<b>4. STATE SOCIAL SUPPORT</b>	<b>23</b>
4.1 Expenditures on State Social Support Benefits	24
4.1.1 Structure of Expenditures on State Social Support Benefits (Graph)	25
4.2 Average Monthly Number of Paid out State Social Support Benefits	26
<b>5. NON-INSURANCE BENEFIT SYSTEMS</b>	<b>27</b>
5.1 Benefits for People with Disabilities	28
5.2 Benefits of Assistance in Material Need and Care Allowance	29
5.2.1 Development of Expenditures on Non-insurance Benefit Systems (Graph)	30
<b>6. SOCIAL SERVICES</b>	<b>31</b>
6.1 Number of Social Services	32
6.2 Social Services by Founder in 2011	33
6.3 Costs on Residential Social Services and Incomes from Residents' Contributions	34
6.4 Home Care Services	38
<b>7. INCOMES OF HOUSEHOLDS</b>	<b>36</b>
7.1 Development of Current Incomes of Household Sector and Average Wage	37
7.1.1 Development of Current Incomes of Household Sector and Average Wage (Graph)	38
7.2 Average Monthly Gross Wage - CZ-NACE Sections	39
7.2.1 Average Monthly Gross Wage - CZ-NACE Sections (Graph)	40
7.3 Social Incomes of Households	41
<b>8. BASIC INFORMATION ON LABOUR MARKET</b>	<b>42</b>
8.1 Basic Indicators of Labour Market	43
8.1.1 Number of Job Seekers and Job Vacancies (Graph)	44
8.2 State Budget Expenditures on State Employment Policy	45
<b>9. EUROPEAN SYSTEM OF INTEGRATED SOCIAL PROTECTION STATISTICS</b>	<b>46-47</b>
9.1 ESSPROS Core System – Expenditures on Social Protection by Functions	48
9.2 Total Social Protection Expenditures in Relation to GDP in selected European Countries using ESSPROS Data	49

## LIST OF ABBREVIATIONS

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

## 1. INTRODUCTION

The Czech Republic, as an independent state, was established on January 1, 1993 by a split of the former Czech and Slovak Federal Republic. With an area of 78,866 sq. km, population of 10.5 mil. and population density of 133 inhabitants per sq. km, it could be classed as a small Central European state.

The area of the state is administratively structured into 76 territorial entities - (LAU 1 - districts with approximately 120 thous. inhabitants on average) and the capital Prague (NUTS 3 and LAU 1 at the same time) with 1,241 mil. inhabitants at the end of 2011. Concerning territorial performance of state administration the district offices were abolished in 2003, function of state administration, which these authorities had exercised until that time, passed largely on municipal and regional offices. The local government is performed on the level of individual municipalities (ca 6.2 thous. municipalities) and from January 1, 2000 also on the level of 14 regions (it corresponds with the classification NUTS 3) that represent higher self-government units. They were gradually involved in some functions formerly provided at the level of district offices or ministries.

The economic and social transformation proceeding after 1989 had an impact on certain demographic characteristics of the population. The most significant aspects are postponement of a family establishment and birth of children. Number of born children had dropped constantly. Since 1993 the natural population increment has turned into a decrement. Since 2006 number of live-born children has exceeded number of deaths. In 2011 there were 108.7 thous. of live births and 106.8 thous. of deaths. In December 31, 2011 number of inhabitants in Czech Republic made up 10,504 thous.

In 2011 the economic development in the Czech Republic was influenced by gradual slowdown of GDP. Concerning the structure of GDP, it has been evident, that its lower growth was mainly caused by decline of domestic demand. There was a decrease of total consumption by 0.7%, expenditure of public sector (due governmental economic measures and fiscal consolidation) and sector of households declined. In the third quarter of 2011 there was stagnation, in the fourth quarter of 2011 there was even quarter-on-quarter decline of GDP. With regard to level of GDP in 2008 (before the economic crisis), it can be stated that in 2011 the pre-crisis level of GDP was not been reached.

In 2011 the labour market situation was more favourable than in the previous year. There was annual improvement of main indicators of labour market in this year. In 2011 the average registered unemployment rate made up 8.6% (lower by 0.4 percentage points than in 2010). There was annual decrease of average number of registered job seekers (507.8 thous.) by 21.0 thous. Average number of job vacancies (36.5 thous.) has annually increased by 3.3 thous. In December 2011 the unemployment rate was 8.6%, the total number of job seekers was 508.5 thous. (in December 31, 2011).

Table No. 1.1

### Basic Demographic and Socio-economic Indicators

Indicator	měrná jednotka	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Population as of December 31		10 203	10 211	10 221	10 251	10 287	10 381	10 468	10 507	10 533	10 504
aged	0-14	1 590	1 554	1 527	1 501	1 480	1 477	1 480	1 494	1 518	1 541
	15-64	7 195	7 234	7 260	7 293	7 325	7 391	7 432	7 414	7 379	7 263
	65+	1 418	1 423	1 434	1 457	1 482	1 513	1 556	1 599	1 636	1 701
Live births		92 786	93 685	97 684	102 211	105 831	114 632	119 570	118 348	117 153	108 673
Deaths		108 243	111 288	107 177	107 938	104 441	104 636	104 948	107 421	106 844	106 848
Expectance of life at birth:	men	72,1	72,0	72,5	72,9	73,4	73,7	74,0	74,2	74,4	74,7
	women	78,5	78,5	79,0	79,1	79,7	79,9	80,1	80,1	80,6	80,7
Natural increase of population		-15 457	-17 603	-9 513	-5 727	1 390	9 996	14 622	10 927	10 309	1 825
Migration balance		12 290	25 789	18 635	36 229	34 720	83 945	71 790	28 344	15 648	16 889
Total growth of population		-3 167	8 186	9 122	30 502	36 110	93 941	86 412	39 271	25 957	18 714
GDP (in current prices)	CZK mil.	2 567 530	2 688 107	2 929 172	3 116 056	3 352 599	3 662 573	3 848 411	3 739 225	3 775 237	3 809 311
GDP growth (current prices)		4,9	4,7	9,0	6,4	7,6	9,2	5,1	-2,8	1,0	0,9
Average inflation rate	%	1,8	0,1	2,8	1,9	2,5	2,8	6,3	1,0	1,5	1,9
Average registered unemployment rate		8,5	9,9	9,2	9,0	8,1	6,6	5,4	8,0	9,0	8,6
Economically active persons	thous. persons	5 173	5 132	5 133	5 174	5 199	5 198	5 232	5 287	5 269	5 258

Source: CZSO, MoLSA

## 2. PENSION INSURANCE

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

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

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

After passage of Pension Insurance Act in 1995 number of legislative changes has been adopted. For example adjustments effective since 2004, when increase in the retirement age after 2007 has been approved. Furthermore, early retirement was limited by cancellation of temporarily reduced pension (except for disability pensioners), crediting of studies for the purposes of pension insurance has been reduced as well as cancelling the condition enabling entitlement to the payment of old-age pensions concurrently with income from gainful activities. Rate of premium for pension insurance was increased by two percentage points (from 26% to 28% of the assessment base) and at the same time the rate of contribution to the state employment policy decreased by two percentage points (from 3.6% to 1.6% of the assessment base). Gradual increase in the minimum assessment base for setting premiums for the self-employed in 2004-2006 has been also adopted.

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

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

- gradual extension of the insurance period required for entitlement to old-age pension from 25 years to 35 years including non-contributory periods of insurance or to 30 years without non-contributory periods of insurance,

- gradual limitation on crediting of non-contributory insurance periods also for entitlement to the old-age pension to 80% except period of personal care for a child under age of 4 years or for a person dependent on care of other person or due to former basic military service,
- uninterrupted continuation in gradual increases in the retirement age to 65 years for men and women who have not brought up any child or one child and to 62 - 64 years for women (by the number of the brought up children), if they have brought up at least two children,
- gradual extension of the period for the early retirement from three to five years,
- cancellation of condition for entitlement to old-age pension in addition to income from gainful employment, which consisted in negotiation the employment relationship for a maximum period of one year,
- increase of percentage amount of old-age pension for the period of employment after becoming entitled to a old-age pension from the concurrent receipt of this pension,
- the change of a full disability pension to old-age pension in the same amount at the age of 65 years,
- unification of the existing fixed age limit for the “permanent” entitlement of women to men and to a widower's pension at the age of 4 years below the retirement age for men the same birth date,
- new definition of disability (introduction of three-degree) with “permanent” protection of existing amounts of partial disability pensions in case of change from II. degree of disability to I. degree,
- unification of the age limit, to which the so-called imputed amount of time for the percentage amount of disability pension for men and women (for men and women of retirement age set for women of the same birth date, which did not bring up any child),
- cancellation of the duration of studies acquired in the period after the Act was enacted as non-contributory period, except for assessment of entitlement to disability pensions,
- increase of reduction of percentage-based assessment in case of early retirement from 0.9% to 1.5% of calculation base (from the 721st calendar days for every – as well as initiated - 90 calendar days).

Change of the Pension Insurance Act adopted in 2011 (the Act No. 220/2011 Coll.) reacted to the verdict of the Constitutional Court (the judgement of the Constitutional Court 8/07, published under No. 135/2010 Coll.), that legislation of determining the calculation base (from which the percentage-based assessment of pensions is calculated, along with the determination of the reduction limits) does not ensure (with other parameters of pension system construction) constitutionally guaranteed right to adequate material security and induce unacceptable inequalities between different groups of persons insured. Judgement of the Constitutional Court made possible to adjust reduction limits and to adopt another measures for increasing the principle of equivalence (merit) in basic pension system generally. The amendment of the Pension Insurance Act therefore includes other measures that improve financial sustainability of the basic pension insurance and specify current legislation.

Among the most significant changes belongs:

- determination of the basic amount of pension, basic amount of pensions is always set as 9% of the average wage,
- determination of the amount of reduction limits and credit of amounts of the personal assessment base for determination of the calculation base. The Act clearly regulates rules for determination of reduction limits - in relation to the average wage - depending on the amount of reduction limits of the percentage for determining the amounts to be credited to

level of calculation base from personal assessment base. This change will be implemented gradually over a five-year transition period,

- continuation of gradual extension of reference period for determination of personal assessment base from the current target state of 30 years to lifelong period with the fact that incomes before 1986 are not taken into account. In many cases the reference period shall include period of the systematic preparation for future careers in form of study, when insured persons usually do not reach any income. When calculating the pension the period of study is considered as excluded period and division of real income earned in reference period will not come to pass,
- continuation of increasing of the retirement age and acceleration of unification of the retirement age for men and women, the full unification of the retirement age will come up in 2041. For persons born in 1975 there will be single retirement age of 66 years and 8 months (this retirement age will be increased by 2 months for every year of birth after 1975),
- slower gradation of percentage rate for reducing the amount of percentage-based assessment of early retirement – in case of pensions granted after December 31, 2011, percentage-based assessment will be reduced for every (as well as initiated) 90 calendar days in period from 361st to 720th days by 1.2% of calculation base (compared to current 0.9% of assessment base),
- cancellation of a lump sum payment at termination of entitlement to widow's, respectively widower's pension due to enter to new marriage for entitlements after December 31, 2011,
- reducing the period (from five to two years for entitlements after December 31, 2011) for repeated establishment of entitlement to widow's or widower's pension, if conditions stipulated by law are met again,
- determination of way of paid pensions increase exclusively in accordance with the legal procedures and according to statistically identified growth of consumer price index and one-third of real wage growth.

Under Pension Insurance Act, paid out pensions are as of 2003 increased regularly in January of each year, whereas the minimum prescribed increase provided for under law reflects a 100% growth in prices and a 1/3 growth in real wages. Since 2008 (the Act No. 178/2008 Coll.) the Act has newly provided for the condition for raising the pensions in an extraordinary term already if prices increase by at least 5% (previously, this provision applied only if prices increased by at least 10%). At the same time, the Act stipulated that in 2008 pensions would be increased, apart from the regular term, from the pension benefit payment due in August 2008. It means pension benefits were increased two times in 2008. To raise pensions since January 2010 (in regular term) minimal increase stipulated according to law made up 0.9% - condition of 2% for compulsory valorisation was not met - and the Government decided (with regard to its economic measures) not to raise pensions since January 2010. Pensions paid were increased since January 2011.

## Number of Pensions paid out by Type of Pension

Table No. 2.1

thous. persons

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

### As % of total

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

Source: Czech Social Security Administration

Notes:

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

Widow's and widower's pensions include concurrence with direct pension.

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

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

Year	Old-age				Partial old-age	Disability for degree of disability				Orphan's	TOTAL	
	total	not reduced to age limit <sup>1)</sup>		reduced		III. <sup>3)</sup>	II. <sup>4)</sup>		I.			
		to age limit <sup>1)</sup>	after disab. <sup>2)</sup>	permanently			temporarily	III. <sup>3)</sup>				II. <sup>4)</sup>
<b>total</b>												
2003	1 891 577	1 639 500	0	225 933	26 144	22 642	380 416	173 569	0	67 438	55 202	2 590 844
2004	1 923 728	1 648 673	0	270 683	24 372	21 187	384 203	179 173	0	63 374	54 020	2 625 685
2005	1 942 079	1 656 890	0	250 839	14 297	19 791	385 149	184 906	0	60 632	52 543	2 645 100
2006	1 976 693	1 667 628	0	295 328	13 737	18 657	385 764	194 291	0	57 411	50 988	2 683 784
2007	2 011 281	1 677 398	0	323 263	10 620	16 584	202 773	202 773	0	54 195	48 415	2 719 161
2008	2 049 530	1 690 727	0	354 415	4 388	16 475	377 723	211 022	0	51 507	47 754	2 754 011
2009	2 092 894	1 697 687	0	391 734	3 473	15 474	370 154	215 790	0	49 281	46 798	2 790 391
2010	2 245 707	1 709 059	108 253	425 168	3 227	14 325	244 048	54 973	167 308	46 711	46 021	2 819 093
2011	2 326 984	1 716 138	109 057	498 803	2 986	13 163	227 640	58 034	159 359	42 131	46 693	2 873 004
<b>men</b>												
2003	657 771	559 274	0	87 433	11 064	11 146	190 456	96 562	0	7 532	25 453	978 920
2004	669 969	563 112	0	96 641	10 216	12 510	192 961	99 197	0	7 535	24 773	995 686
2005	679 071	568 237	0	104 780	6 054	13 227	193 836	101 710	0	7 701	23 871	1 007 516
2006	694 676	572 642	0	115 531	6 505	14 421	194 512	106 163	0	7 759	22 971	1 027 504
2007	710 131	576 665	0	128 069	5 397	14 487	193 744	110 009	0	7 635	22 140	1 045 146
2008	733 276	589 616	0	141 574	2 086	15 553	189 678	113 199	0	7 506	21 253	1 066 465
2009	760 965	600 696	0	157 933	1 736	16 131	184 918	114 416	0	7 438	20 680	1 089 430
2010	832 291	610 707	46 048	173 951	1 585	16 229	129 066	29 314	88 383	7 296	20 167	1 108 146
2011	873 426	615 390	46 471	210 140	1 425	16 115	120 308	31 201	83 605	6 881	22 044	1 139 060
<b>women</b>												
2003	1 233 806	1 080 226	0	138 500	15 080	21 496	189 960	77 007	0	59 906	29 749	1 611 924
2004	1 253 759	1 085 561	0	154 042	14 156	19 936	191 242	79 976	0	55 839	29 247	1 629 989
2005	1 263 008	1 088 653	0	166 112	8 243	18 464	191 313	83 196	0	52 931	28 672	1 637 584
2006	1 282 015	1 094 988	0	179 797	7 232	17 236	191 252	88 128	0	49 652	27 997	1 656 280
2007	1 301 150	1 100 733	0	195 194	5 223	16 097	190 169	92 764	0	46 560	27 275	1 674 015
2008	1 316 254	1 101 111	0	212 841	2 302	14 922	188 045	97 823	0	44 001	26 501	1 687 546
2009	1 332 529	1 096 991	0	233 801	1 737	13 961	185 236	101 374	0	41 843	26 118	1 700 961
2010	1 413 416	1 098 352	62 205	251 217	1 642	12 696	114 982	25 659	78 925	39 415	25 854	1 710 947
2011	1 453 558	1 100 748	62 586	288 663	1 561	11 548	107 332	26 833	75 754	35 250	23 649	1 733 924

Source: Czech Social Security Administration

Notes:

<sup>1)</sup> old-age pension granted after reaching retirement age<sup>2)</sup> full disability pensions (until 2009)<sup>3)</sup> pensions paid abroad are not included.<sup>4)</sup> partial disability pensions (until 2009)

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

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

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

Non reduced = old-age pension granted after reaching the retirement age.

Source: Czech Social Security Administration

Notes:

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

Widow's, widower's and orphan's pensions recorded as solo paid pensions.

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

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

Non reduced = old-age pension granted after reaching the retirement age.

Year	Old-age				Partial old-age	Disability for degree of disability				Orphan's	TOTAL	
	total	not reduced to age limit <sup>1)</sup>		reduced		III. <sup>3)</sup>	II. <sup>4)</sup>		I.			
		to age limit <sup>1)</sup>	after disab. <sup>2)</sup>	permanently			temporarily	III. <sup>3)</sup>				II. <sup>4)</sup>
<b>total</b>												
2003	7 083	7 226	0	6 432	6 122	3 689	6 911	4 243	0	4 830	3 440	6 616
2004	7 280	7 454	0	6 537	6 191	3 666	7 088	4 315	0	4 889	3 529	6 797
2005	7 755	7 963	0	6 914	6 536	3 775	7 637	4 584	0	5 143	3 780	7 238
2006	8 200	8 437	0	7 241	7 091	3 859	7 962	4 847	0	5 385	3 988	7 663
2007	8 761	9 040	0	7 699	7 646	3 994	8 496	5 161	0	4 358	4 278	8 176
2008	9 653	9 963	0	8 538	8 129	4 545	9 337	5 893	0	6 407	4 989	9 039
2009	10 062	10 412	0	8 903	8 433	4 511	9 681	6 076	0	6 567	5 145	9 413
2010	10 138	10 531	9 760	8 999	8 466	4 407	9 656	6 671	6 140	6 675	5 194	9 506
2011	10 567	11 008	10 158	9 460	8 761	4 473	10 004	6 748	6 094	6 814	5 428	9 913
<b>men</b>												
2003	7 909	8 044	0	7 241	6 934	3 376	7 449	4 501	0	3 770	3 426	7 285
2004	8 141	8 306	0	7 379	7 020	3 313	7 628	4 579	0	3 862	3 512	7 487
2005	8 671	8 860	0	7 802	7 406	3 413	8 096	4 861	0	4 123	3 761	7 969
2006	9 168	9 401	0	8 170	7 932	3 503	8 538	5 133	0	4 358	3 977	8 419
2007	9 796	10 077	0	8 687	8 503	3 664	9 094	5 457	0	4 668	4 254	8 990
2008	10 728	11 036	0	9 565	9 067	4 239	9 943	6 193	0	5 412	4 960	9 888
2009	11 189	11 536	0	10 062	9 416	4 249	10 301	6 384	0	5 860	5 114	10 311
2010	11 254	11 657	10 758	10 073	9 457	4 178	10 142	6 978	6 432	5 660	5 163	10 408
2011	11 714	12 177	11 179	10 571	9 858	4 294	10 482	7 036	6 399	5 920	5 414	10 835
<b>women</b>												
2003	6 438	6 571	0	5 879	5 479	3 748	6 243	3 905	0	4 963	3 452	6 053
2004	6 610	6 774	0	5 963	5 545	3 730	6 415	3 975	0	5 028	3 544	6 216
2005	7 042	7 227	0	6 302	5 839	3 848	6 840	4 235	0	5 291	3 796	6 621
2006	7 444	7 668	0	6 586	6 259	3 942	7 243	4 492	0	5 546	4 016	7 002
2007	7 952	8 217	0	6 985	6 682	4 080	7 750	4 800	0	5 875	4 298	7 484
2008	8 799	9 094	0	7 763	7 106	4 634	8 588	5 535	0	6 577	5 013	8 311
2009	9 149	9 482	0	8 096	7 175	4 597	8 925	5 718	0	6 743	5 169	8 636
2010	9 204	9 591	8 477	8 154	7 202	4 481	9 075	6 310	5 806	6 744	5 226	8 721
2011	9 599	10 031	8 667	8 559	7 445	4 545	9 435	6 405	5 752	6 989	5 440	9 102

Source: Czech Social Security Administration

Notes:

<sup>1)</sup> old-age pension granted after reaching retirement age<sup>2)</sup> full disability pensions (until 2009)<sup>3)</sup> pensions paid abroad are not included.<sup>4)</sup> partial disability pensions (until 2009)

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

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

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

Non reduced = old-age pension granted after reaching retirement age.

<sup>2)</sup> old-age pensions granted to disability pensioners after reaching age of 65<sup>3)</sup> partial disability pensions (until 2009)<sup>4)</sup> partial disability pensions (until 2009)

Widow's, widower's and orphan's pensions recorded as solo paid pensions.

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

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

Non reduced = old-age pension granted after reaching retirement age.



Year	Pension							total	
	Old-age	disability for degree of disability			widow's	widower's	orphan's		other <sup>3)</sup>
		III. 1)	II. 2)	I.					
1993	50 864	11 505	1 942	8 467	48	634	178	73 638	
1994	57 759	13 507	2 122	9 274	62	724	182	83 630	
1995	72 035	17 037	2 966	10 119	106	1 150	279	103 691	
1996	85 063	19 887	3 967	11 681	330	1 432	5	122 365	
1997	104 198	22 363	5 188	13 127	608	1 794	2	147 281	
1998	114 805	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	
2007	203 933	40 420	13 254	20 382	1 984	2 904	0	282 876	
2008	222 105	42 446	14 952	20 871	2 096	3 066	0	305 536	
2009	243 636	44 380	16 609	21 576	2 249	3 254	0	331 705	
2010	265 985	30 870	4 295	21 018	2 263	3 214	0	340 162	
2011	284 614	29 504	5 116	21 483	2 385	3 301	0	359 234	

Source: Czech Social Security Administration

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

Increase of pension for helplessness included until 1999.

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

## Expenditures on Pensions in Relation to GDP

Table No. 2.5

Year	Expenditures on pensions <sup>1)</sup> (mld. CZK)	Gross domestic product	Ratio (%)
		in current prices (mld. CZK)	
1993	76,5	1 144,6	6,7
1994	88,2	1 323,3	6,7
1995	109,8	1 533,7	7,2
1996	127,6	1 761,6	7,2
1997	150,2	1 884,9	8,0
1998	166,1	2 061,6	8,1
1999	177,9	2 149,0	8,3
2000	186,9	2 269,7	8,2
2001	201,1	2 448,6	8,2
2002	213,6	2 567,5	8,3
2003	225,8	2 688,1	8,4
2004	230,9	2 929,2	7,9
2005	247,4	3 116,1	7,9
2006	272,9	3 352,6	8,1
2007	289,9	3 662,6	7,9
2008	312,5	3 848,4	8,1
2009	339,8	3 739,2	9,1
2010	346,2	3 775,2	9,2
2011	368,1	3 809,3	9,7

Source: State Closing Account

<sup>1)</sup> Incl. expenditures on pensions in the armed forces.



## Expenditures on Pensions in Relation to GDP

Table No. 2.6

Year	Average pension <sup>1)</sup> (in CZK)	Average wage (in CZK)		Total replacement rate (in %)	
		Gross <sup>2)</sup>	Net <sup>3)</sup>	gross	net
1988	1 496	3 095	2 451	48,3	61,0
1989	1 598	3 170	2 504	50,4	63,8
1990	1 731	3 286	2 586	52,7	66,9
1991	2 176	3 792	2 952	57,4	73,7
1992	2 413	4 644	3 563	52,0	67,7
1993	2 734	5 817	4 551	47,0	60,1
1994	3 059	6 896	5 351	44,4	57,2
1995	3 578	8 172	6 318	43,8	56,6
1996	4 213	9 676	7 520	43,5	56,0
1997	4 840	10 696	8 308	45,3	58,3
1998	5 367	11 693	9 090	45,9	59,0
1999	5 724	12 655	9 842	45,2	58,2
2000	5 962	13 490	10 447	44,2	57,1
2001	6 352	14 640	11 324	43,4	56,1
2002	6 830	15 711	12 082	43,5	56,5
2003	7 071	16 769	12 807	42,2	55,2
2004	7 256	17 882	13 601	40,6	53,3
2005	7 728	18 809	14 252	41,1	54,2
2006	8 173	20 050	15 506	40,8	52,7
2007	8 736	21 527	16 509	40,6	52,9
2008	9 347	23 280	17 714	40,2	52,8
2009	10 028	24 091	18 665	41,6	53,7
2010	10 093	24 526	18 962	41,2	53,2
2011	10 543	25 093	19 257	42,0	54,7

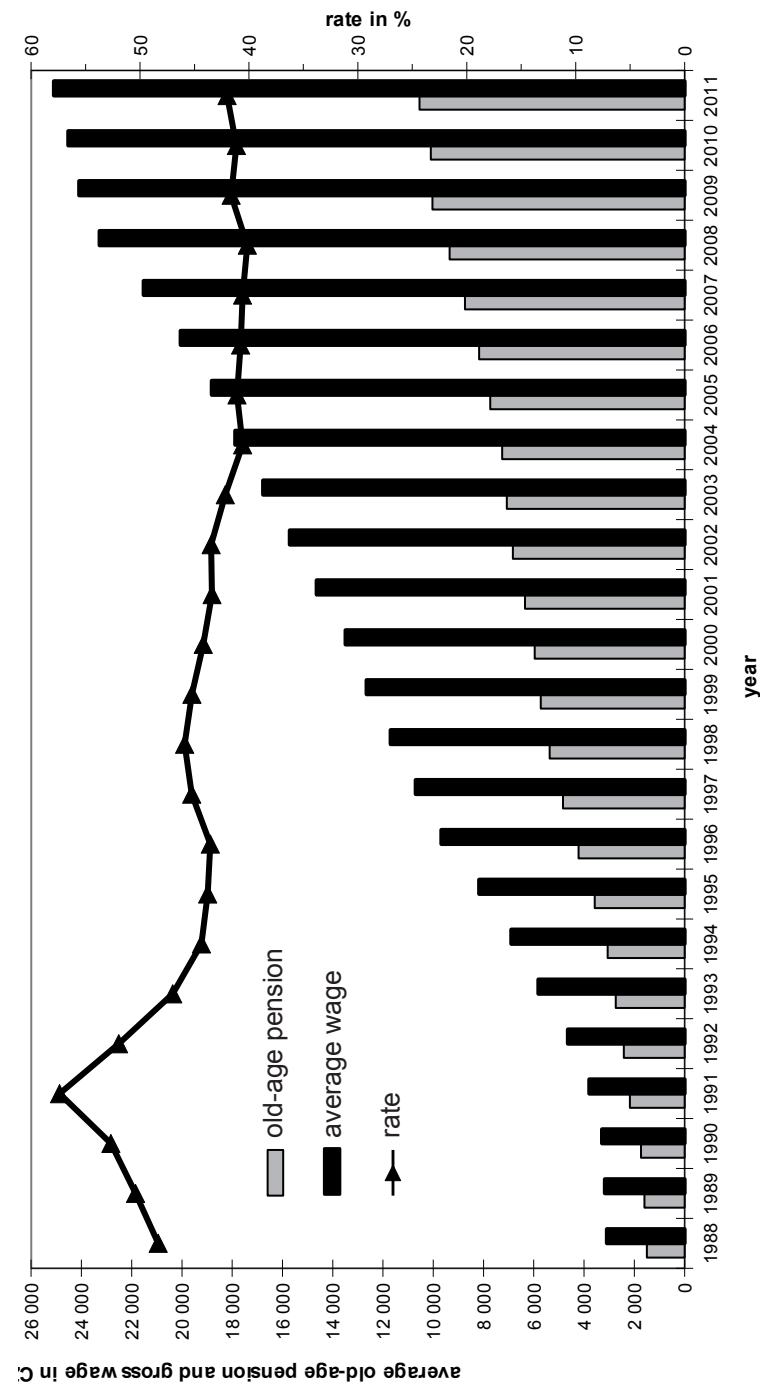
Source: MoLSA

Notes:

- <sup>1)</sup> The average pension in the average monthly solo old-age pension paid out in a give year.
- <sup>2)</sup> The average gross wage = general assessment base (§ 17 subsection 2 of the Act No. 155/1995 Coll.) stipulatd by government degree.
- <sup>3)</sup> Average net wage = the average gross wage decreased by the corresponding amount of income tax and health and social insurance premium.  
Amount of wages and pensions are increased by state compensatory allowance (in period when it had belonged).

Graph No. 2.6.1

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



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

## Overview of Increases to Paid out Pensions

Table No. 2.7

Month of increase	Increase			Basic amount of pensions after increase
	percentage-based amount of pension		basic amount of pension	
	old-system pensioners	new-system pensioners		
April 1996	8 %	8 %	240.00 CZK	920.00 CZK
October 1996	6 %	6 %	140.00 CZK	1,060.00 CZK
August 1997	8 %	8 %	200.00 CZK	1,260.00 CZK
July 1998	9 %	5 %	50.00 CZK	1,310.00 CZK
August 1999	7,5 %	5 %		1,310.00 CZK
December 2000	9 %	5 %		1,310.00 CZK
December 2001	11 %	8 %		1,310.00 CZK
January 2003	4 %	3,8 %		1,310.00 CZK
January 2004	2,5 %	2,5 %		1,310.00 CZK
January 2005	5,4 %	5,4 %	90.00 CZK	1,400.00 CZK
January 2006	6 %	4 %	70.00 CZK	1,470.00 CZK
January 2007	6,6 %	5,6 %	100.00 CZK	1,570.00 CZK
January 2008	3 %	3 %	130.00 CZK	1,700.00 CZK
August 2008			470.00 CZK	2,170.00 CZK
January 2011	4,4 %	4,4 %		2,170.00 CZK
January 2011	3,9 %	3,9 %	60.00 CZK	2,230.00 CZK

Source: MoLSA

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

## 3. SICKNESS INSURANCE

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

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

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

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

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

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

## Basic Sickness Insurance Indicators

Table No. 3.1

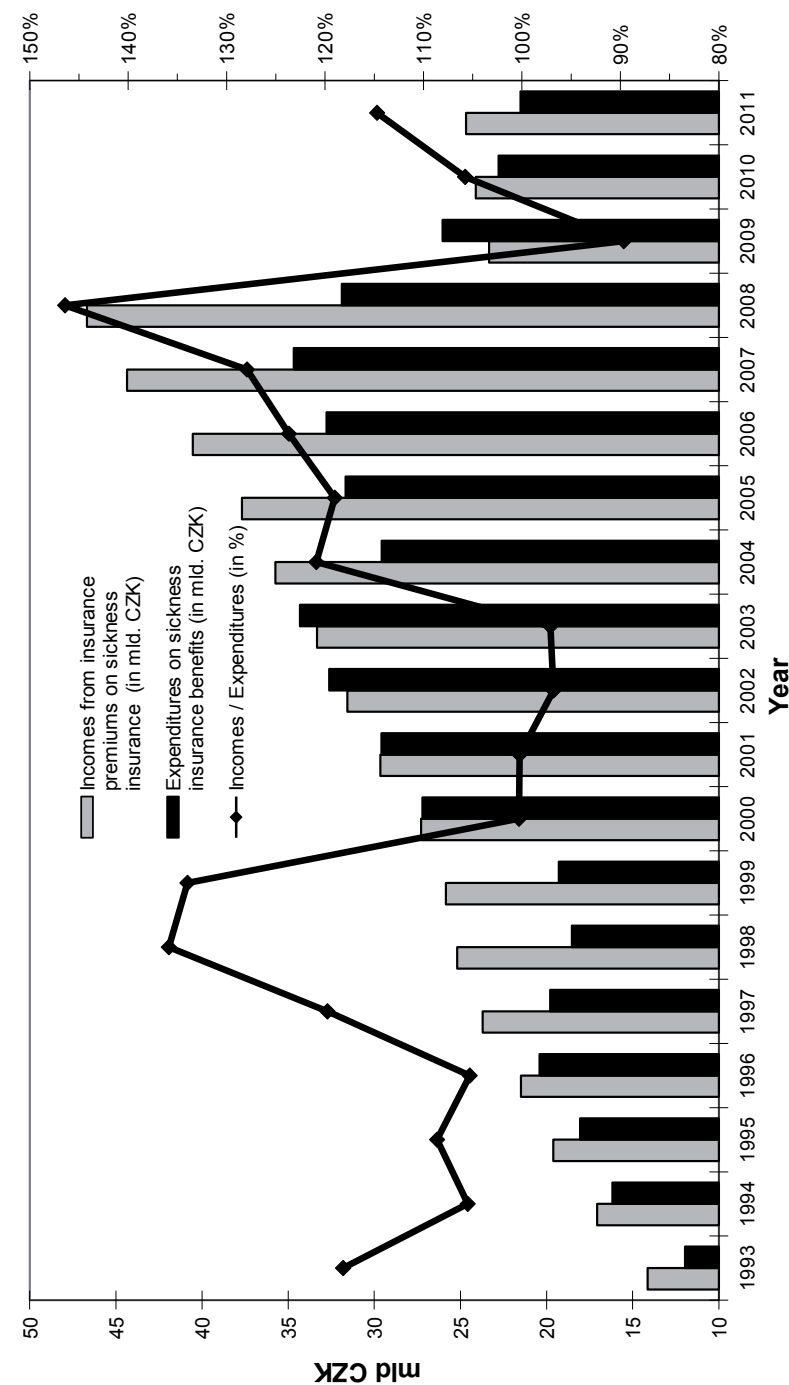
		1993	1994	1995	1996	1997	1998	1999	2000	2001
1.	Average number of persons insured under sickness insurance	4 711 075	4 755 667	4 708 151	4 603 615	4 833 831	4 784 482	4 578 688	4 517 546	4 483 455
2.	Newly notified cases of incapacity for work	3 925 021	4 048 326	4 324 828	3 951 214	4 192 150	3 790 700	3 813 161	3 812 185	3 863 031
3.	Number of calendar days of incapacity for work	thous.	91 138	100 177	105 693	101 921	110 312	101 552	99 509	106 730
4.	Average period of 1 case of incapacity for work	days	23,2	24,8	24,4	25,8	26,3	26,8	26,1	28,0
5.	Average percentage of incapacity for work	%	5,30	5,77	6,15	6,05	6,25	5,82	5,95	6,46
6.	Incomes from sickness insurance (premium)	mil. CZK	14 133	17 064	19 604	21 492	23 706	25 181	25 839	27 285
7.	Expenditures on sickness insurance benefits including:	mil. CZK	11 961	16 173	18 049	20 409	19 794	18 533	19 287	27 205
	sickness benefit	mil. CZK	9 665	13 589	15 416	17 662	16 959	15 733	16 434	23 653
	family member care benefit / care benefit	mil. CZK	655	835	893	927	864	765	696	785
	maternity benefit	mil. CZK	1 623	1 732	1 722	1 811	1 963	2 028	2 151	2 759
	pregnancy and maternity compensatory benefit	mil. CZK	18	17	18	9	8	7	6	7
8.	Difference between incomes and expenditures	(I.6/I.7)	2 172	891	1 555	1 083	3 912	6 648	6 552	80
9.	Incomes / Expenditures	$(I.6/I.7) \cdot 100$	118,2	105,5	108,6	105,3	119,8	135,9	134,0	100,3

		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
1.	Average number of persons insured under sickness insurance	4 466 699	4 435 434	4 389 251	4 442 703	4 497 033	4 597 021	4 572 443	4 253 139	4 310 960	4 211 549
2.	Newly notified cases of incapacity for work	3 589 680	3 621 995	2 705 662	3 029 448	2 706 725	2 726 634	2 221 739	1 441 516	1 324 926	1 268 761
3.	Number of calendar days of incapacity for work	thous.	110 411	110 306	94 083	99 346	95 428	94 274	86 757	64 956	59 208
4.	Average period of 1 case of incapacity for work	days	30,8	30,5	34,8	32,8	35,3	34,6	39,1	45,1	44,7
5.	Average percentage of incapacity for work	%	6,77	6,81	5,86	6,13	5,81	5,62	5,18	4,18	3,76
6.	Incomes from sickness insurance (premium)	mil. CZK	31 563	33 316	35 738	37 679	40 535	44 354	46 677	23 338	24 103
7.	Expenditures on sickness insurance benefits including:	mil. CZK	32 609	34 307	29 563	31 660	32 773	34 671	31 882	26 033	22 789
	sickness benefit	mil. CZK	28 222	29 523	24 704	26 258	26 963	27 881	24 769	18 215	14 944
	family member care benefit / care benefit	mil. CZK	893	1 004	730	819	825	893	811	729	431
	maternity benefit	mil. CZK	3 487	3 774	4 123	4 579	4 981	5 893	6 297	7 084	7 410
	pregnancy and maternity compensatory benefit	mil. CZK	7	6	5	5	4	4	4	5	6
8.	Difference between incomes and expenditures	(I.6/I.7)	-1 046	-991	6 175	6 019	7 762	9 683	14 795	-2 695	1 314
9.	Incomes / Expenditures	$(I.6/I.7) \cdot 100$	96,8	97,1	120,9	119,0	123,7	127,9	146,4	89,6	105,8

Source: Incapacity for Work due to Disease or Injury in the Czech Republic in years 1993-2011 (statistical information from CZSO), MoLSA, CSSA (incomes including fines, penalties, surcharge to insurance and other obligations and claims)

Graph No. 3.1.1

Basic Sickness Insurance Indicators



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

Table No. 3.2

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

Source: MoLSA

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

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

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

## 4. STATE SOCIAL SUPPORT

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

When entitlement for a benefit is assessed, property of family is not tested. Only family income was subject of testing in case of following benefits in 2011: child allowance, social allowance, housing allowance and birth grant. Parental allowance, foster care benefits and funeral grant were provided without regard to family income. Income decisive for entitlement to state social support benefits includes, in particular, income from employment-related activity, income from entrepreneurship or other self-employment activity, sickness and pension scheme benefits, unemployment benefit, including similar income from abroad. Benefits are not subject of taxation.

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

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

After significant legislative changes effective from 2008, caused by the need for stabilisation of public budgets, there were other important amendments with efficiency from January 1, 2011 (in the connection with the economic measures of the MoLSA):

- parental allowance – parents had to newly apply for standard 3 years draw-down by the end of the calendar month in which their youngest child reached the age of 9 months (instead of 21 months as in previous period); at the 4 years draw-down an amount of 7,600 CZK was newly provided only until 9 months of a child age, subsequently reduced amount of 3,800 CZK was provided until the 4 years of a child age; another significant changes of construction of this benefit have been effective since January 2012,
- birth grant – a woman is newly entitled to the birth grant if family income in the calendar quarter prior to the birth of the first child does not exceed 2.4 times the family's living minimum,
- social allowance – entitlement to this allowance was restricted only to families with a handicapped member, i.e. cases when a parent care at least for one dependent child suffers from a long-term severe disability, a long-term disability or a long-term illness as well as in cases when at least one of parents caring for a dependent child is long-term severe disabled, or is a dependent child with a long-term disability or a long-term illness. From January 1, 2012, this allowance has been cancelled.

Mainly due to these legislative changes there was an annual decrease of expenditures on state social support benefits by 4.8 mld. CZK to 36.0 mld. CZK (by 11.7%) in 2011. This level of total expenditures was in contrast with the situation in 2007, when especially due to more than two-fold annual increase of expenditures on parental benefit (in 2007 set at 40% of average month wage in non-commercial sphere), total expenditures on State Social Support benefits made up 48.5 mld. CZK.

in mil. CZK

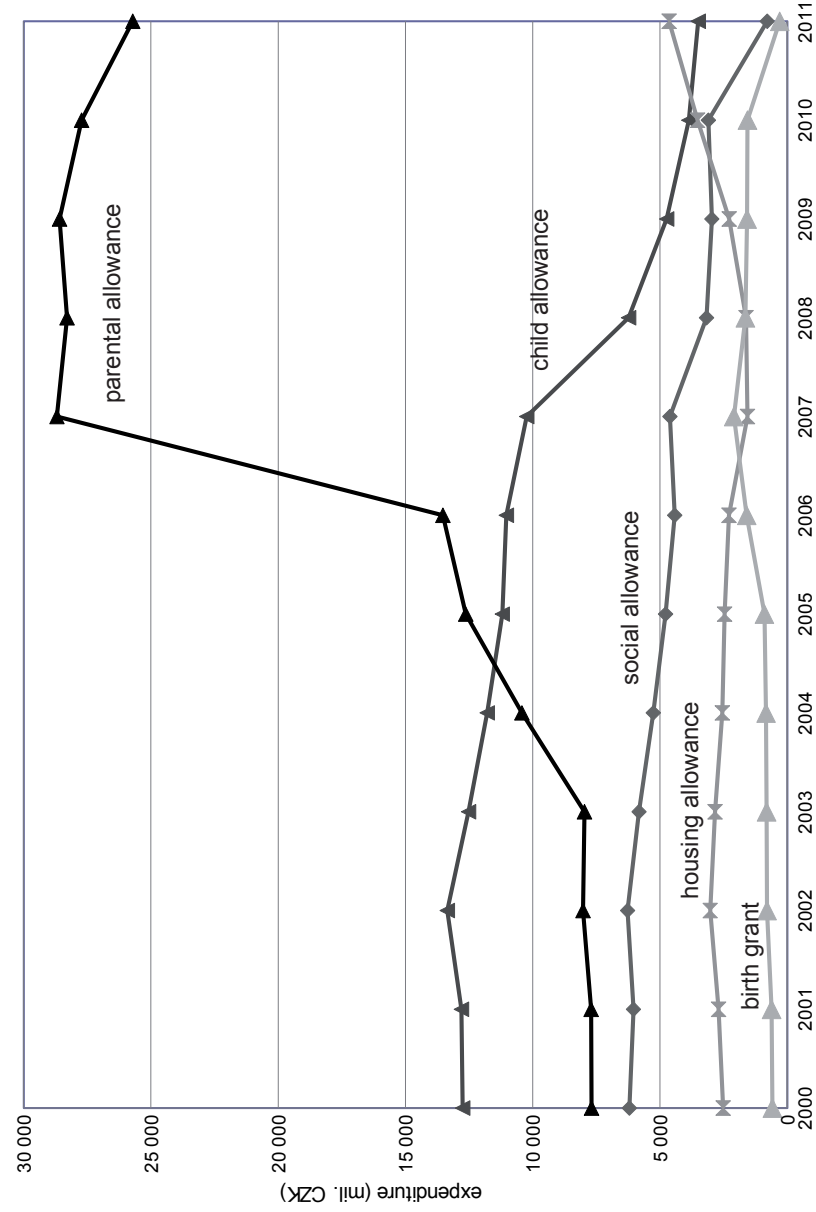
Benefits	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Child allowance	12 748	12 799	13 353	12 519	11 790	11 195	11 033	10 236	6 232	4 736	3 862	3 498
Social allowance	6 199	6 041	6 271	5 822	5 262	4 779	4 418	4 607	3 174	2 962	3 100	786
Housing allowance	2 518	2 689	3 028	2 835	2 548	2 459	2 287	1 565	1 619	2 280	3 521	4 641
Transportation benefit <sup>1)</sup>	1 045	1 173	1 298	1 287	856	-3	-1	-	-	-	-	-
Parental benefit	7 691	7 701	8 022	7 984	10 425	12 627	13 526	28 690	28 294	28 586	27 722	25 709
Foster care benefits	339	366	395	407	427	467	585	771	844	922	1 005	1 073
Birth grant	581	616	791	807	832	885	1 591	2 097	1 647	1 579	1 565	292
Funeral grant	540	528	529	549	525	533	513	509	71	17	16	15
Other <sup>2)</sup>	194	20	14	8	3	2	89	57	2	-	-	-
<b>Total</b>	<b>31 855</b>	<b>31 942</b>	<b>33 700</b>	<b>32 178</b>	<b>32 669</b>	<b>32 554</b>	<b>34 041</b>	<b>48 532</b>	<b>41 883</b>	<b>41 082</b>	<b>40 791</b>	<b>36 014</b>

Source: MoLSA

<sup>1)</sup> granting of transportation benefit was terminated on June 30, 2004 (with drawback in 2005 and 2006).

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

Note: Total expenditure exclude transfers to deposit account, drawbacks of defunct benefits and transfers of overpayments from previous years transferred to State budget.



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

in mil. CZK

Benefits	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Child allowance	2 055	2 040	2 020	1 958	1 894	1 805	1 760	1 670	886	682	530	484
Social allowance	475	455	446	411	370	330	297	241	166	147	148	26
Housing allowance	331	334	340	321	291	262	234	115	86	94	119	141
Transfers, oration benefit <sup>1)</sup>	358	366	370	351	236	-	-	-	-	-	-	-
Parental benefit	268	264	262	260	275	291	307	339	356	362	337	324
Foster care benefits	11	11	12	12	12	13	15	16	18	19	21	21
Birth grant	7	7	8	8	8	8	9	9	10	10	10	2
Funeral grant	9	9	9	9	9	9	9	9	1	0:3	0:3	0:3
Other <sup>2)</sup>	159	9	1	1	0	0	5	5	0	0	0	0
<b>Total</b>	<b>3 674</b>	<b>3 495</b>	<b>3 468</b>	<b>3 331</b>	<b>3 095</b>	<b>2 718</b>	<b>2 636</b>	<b>2 404</b>	<b>1 523</b>	<b>1 314</b>	<b>1 165</b>	<b>998</b>

Source: MoLSA

<sup>1)</sup> granting of transportation benefit was terminated on June 30, 2004 (with drawback in 2005 and 2006)

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

Note: Total expenditure exclude transfers to deposit account, drawbacks of defunct benefits and transfers of overpayments from previous years transferred to State budget.

## 5. NON-INSURANCE BENEFIT SYSTEMS

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

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

Under the system of material need there are following benefits:

**1. Allowance for Living** - this benefit covers cases of material need that tackles the insufficient income of a person or family. Beneficiaries are entitled to an allowance for living if the income of these persons or families is less than the amount of living subsistence when reasonable housing costs have been deducted. The amount of living is established on a case-by-case basis based on an evaluation of the person's income, efforts and opportunities.

**2. Supplement of housing** - tackles cases where the income of a person or family, including the entitlement to a housing allowance from the system of state social support, is insufficient to cover justified housing costs.

**3. Extraordinary immediate assistance** - is provided to persons (with low income) who find themselves in situations that have to be resolved immediately: suffer from a serious threat to health, serious extraordinary event (a natural disaster, ecological disaster, etc.), risk of social exclusion (for example, homecoming from prison or facility), lack of resources to cover one-off expenditure or to acquire or repair basic furniture or durables, and to cover justified costs relating to the education or special interests of dependent children.

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

Social assistance benefits for people with disabilities tackles unfavorable level of living of these persons by providing means for their need related to housing, transport and provision of special compensatory aids. Until the end of 2011, social assistance benefits for severely handicapped people had been provided in accordance with Decree of Ministry of Labour and Social Affairs No. 182/1991 Coll., through which are applied the Act on Social Welfare and the Act on the Operation of Bodies of the Czech Republic in Social Welfare, as amended. From 2012, the Act No. 329/2011 Coll., on providing benefits for handicapped people and about the change of related law, two basic benefits have been introduced – allowance for mobility and grant for special aid.

	2006		2007		2008		2009		2010		2011	
	total number of expenditures in thous. CZK	total number of benefits	total number of expenditures in thous. CZK	total number of benefit	total number of expenditures in thous. CZK	total number of benefit	total number of expenditures in thous. CZK	total number of benefit	total number of expenditures in thous. CZK	total number of benefit	total number of expenditures in thous. CZK	total number of benefit
<b>PERIODIC BENEFITS</b>												
Opakující se peněžité příspěvek podmíněný zdravotním stavem	2 252 495	4 06 389	2 434 897	2 178 599	2 481 254	2 663 376	2 455 337	1 794 994	2 477 725	1 889 607		
for increased costs of living *	2 171 229	386 594	2 434 897	2 144 149	2 481 254	2 663 376	2 455 337	1 794 994	2 477 725	1 889 607		
for use of barrier-free flat	22 963	9 237	466 609	23 837	1 684	521						
for use of garage	6 796	1 513	9 484	6 607	22 381	9 340	21 703	8 837	23 288	9 528	22 059	9 182
for blind citizen to feed for guide dog	3 931	3 087	4 106	4 106	6 707	1 506	6 961	1 621	6 303	1 571	6 205	1 385
<b>ONE-OFF BENEFITS</b>												
Jednorázový peněžité příspěvek podmíněný zdravotním stavem	254 209	2 361 497	2 434 897	2 178 599	2 481 254	2 663 376	2 455 337	1 794 994	2 477 725	1 889 607		
for vehicle purchase	4 946	395 120	4 712	3 812 258	4 951	4 012 416	4 988	3 489 900	4 095	3 352 233	4 006	3 352 432
for general overhaul of motor vehicle	175	8 386	1 077	5 421	70	3 137	73	2 883	86	3 267	113	5 684
for special modification of motor vehicle	373	15 581	374	16 558	453	18 761	393	16 786	478	21 235	479	20 827
for motor vehicle operation **	229 032	1 461 065	1 523 778	239 339	243 141	1 547 079	244 002	1 569 437	237 690	930 962	225 882	884 349
for flat modification	2 099	65 614	1 984	62 638	2 080	65 566	1 874	59 794	1 588	53 579	1 646	55 966
for individual transport	6 469	42 991	5 922	45 781	5 889	36 374	5 334	33 834	5 217	32 823	4 900	31 555
for acquisition of special aids	7 778	317 357	8 227	376 742	7 992	391 700	8 371	411 762	8 049	405 346	9 856	538 725
for blind citizen for a guide dog	48	8 416	62	9 766	52	7 841	31	5 592	40	7 681	38	7 683

Source: MoLSA

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

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

## Benefits of Assistance in Material Need and Care Allowance

Unit	Year			
	2007	2008	2009	2010

## Expenditures

Total benefits of assistance in material need	3 287	2 794	3 089	3 882	4 982
- allowance for living	2 593	2 176	2 328	2 863	3 820
of which					
- supplement of housing	524	473	512	686	850
- extraordinary immediate assistance	170	146	249	334	312
Care allowance	14 608	18 252	18 697	19 599	18 084

## Average monthly number of paid benefits

Benefits of Assistance in Material Need	72	66	73	90	102
- allowance for living*	25	21	20	23	26
- supplement of housing	6	5	8	9	10
- extraordinary immediate assistance	260	309	308	313	302

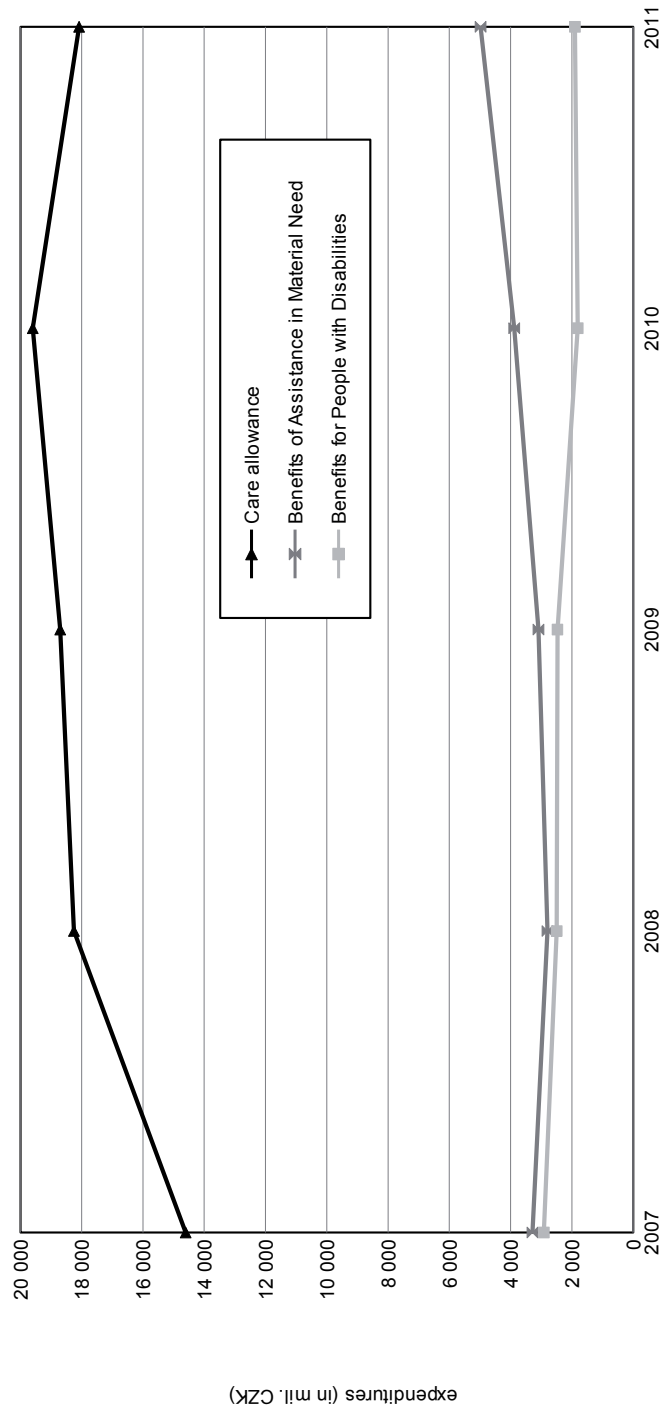
## Average monthly number of beneficiaries (number of circles of household members assessed)

Allowance for living	66	57	63	79	91
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Source: MoLSA and Ministry of Finance

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





## 6. SOCIAL SERVICES

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

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

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

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

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

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

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

Type of service (§ 34 of the Act No. 108/2006 Coll.)	2009			2010			2011		
	number	capacity	number of users as of 31.12.	number	capacity	number of users as of 31.12.	number	capacity	number of users as of 31.12.
Day service centres	91	1 215	1 158	85	1 109	1 083	85	1 063	1 019
Day care centres	246	3 844	3 442	248	3 685	3 285	245	3 227	2 941
Week care centres	71	956	816	66	892	772	62	908	782
Homes for disabled persons	218	14 552	14 085	219	14 396	13 946	211	13 978	13 618
Homes for the elderly	453	37 192	35 640	466	37 818	36 183	471	37 616	36 523
Special regime homes	165	8 223	7 911	176	8 822	8 526	189	9 727	9 415
Protected housing	116	2 591	2 461	129	2 818	2 695	131	2 667	2 567
Asylum homes	189	5 593	4 797	201	6 037	5 242	205	6 245	5 124
Half-way homes	38	346	264	42	410	323	36	368	275
Crisis centres	39	71	55	42	36	26	40	32	19
Low-threshold centres	40	0	0	44	0	0	47	0	0
Low-threshold facilities for children and youth	192	0	0	221	0	0	222	0	0
Hostels (homeless shelters)	58	1 085	833	60	1 122	1 049	62	1 250	1 164
Therapeutic communities	16	251	220	16	261	229	16	249	211
Social counselling facilities	609	0	0	645	0	0	587	0	0
Social therapeutic workshops	88	911	870	106	980	976	112	1 080	1 016
Social rehabilitation services centres	241	991	871	266	862	785	251	1 021	981
Early intervention care centres	40	0	0	39	0	0	40	0	0
Intervention centres	16	0	0	17	0	0	17	0	0
Follow-up services	31	130	80	39	162	134	44	177	140
<b>TOTAL</b>	<b>2 957</b>	<b>77 951</b>	<b>73 503</b>	<b>3 127</b>	<b>79 410</b>	<b>75 254</b>	<b>3 073</b>	<b>79 608</b>	<b>75 795</b>

Source: MoLSA

Type of service (§ 34 of the Act No. 108/2006 Coll.)	TOTAL			State		Regional		Municipal		Church		Other	
	number	capacity	number of users as of 31.12.	number	capacity	number	capacity	number	capacity	number	capacity	number	capacity
Day service centres	85	1 063	0	0	158	6	228	23	201	28	201	28	476
Day care centres	245	3 227	3	172	621	40	833	71	525	57	525	74	1 076
Week care centres	62	908	1	85	440	32	440	8	107	9	83	12	193
Homes for disabled persons	211	13 978	5	727	11 405	157	13 948	28	232	12	232	9	266
Homes for the elderly	471	37 616	0	0	17 086	184	15 874	171	2 613	70	2 613	46	2 043
Special regime homes	189	9 727	0	0	5 187	91	2 555	48	367	14	367	36	1 618
Protected housing	131	2 667	3	55	1 358	52	342	11	201	17	201	48	711
Asylum homes	205	6 245	0	0	174	2	1 267	46	2 226	77	2 226	80	2 578
Half-way homes	36	368	0	0	4	1	38	5	76	8	76	22	250
Crisis centres	40	32	0	0	10	1	10	2	10	10	10	27	11
Low-threshold centres	47	0	0	0	0	0	0	1	0	24	0	22	0
Low-threshold facilities for children and youth	222	0	0	0	0	1	0	17	0	69	0	135	0
Hostels (homeless shelters)	62	1 250	0	0	233	1	155	12	399	24	399	25	463
Therapeutic communities	16	249	0	0	15	1	15	1	8	1	8	13	211
Social counselling facilities	587	0	1	0	0	50	0	26	0	81	0	429	0
Social therapeutic workshops	112	1 080	1	34	131	14	64	4	195	23	195	70	656
Social rehabilitation services centres	251	1 021	1	15	10	3	0	0	140	42	140	205	856
Early intervention care centres	40	0	1	0	0	0	0	2	0	12	0	25	0
Intervention centres	17	0	0	0	0	6	0	0	0	4	0	7	0
Follow-up services	44	177	0	0	0	0	12	2	8	5	8	37	157
<b>TOTAL</b>	<b>3 073</b>	<b>79 608</b>	<b>16</b>	<b>1 088</b>	<b>36 832</b>	<b>642</b>	<b>22 839</b>	<b>478</b>	<b>7 284</b>	<b>587</b>	<b>7 284</b>	<b>1 350</b>	<b>11 565</b>

Source: MoLSA

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

Table No. 6.3

Year	Type of service (§ 34 of the Act No. 108/2006 Coll.)	Average non-investment expenditures per 1 bed for a year (thous. CZK)	Average contribution of a resident per year (thous. CZK)	Portion of residents' contribution to non-investment expenditures per 1 bed for a year (in %)
		(1)	(2)	(2/1)
2007	Homes for the elderly	214	106	49,7
	Homes for disabled persons	297	108	36,4
	Special regime homes	247	125	50,5
2008	Homes for the elderly	237	123	51,8
	Homes for disabled persons	315	133	42,2
	Special regime homes	255	132	51,7
2009	Homes for the elderly	250	134	53,6
	Homes for disabled persons	347	143	41,2
	Special regime homes	291	151	51,9
2010	Homes for the elderly	260	137	52,7
	Homes for disabled persons	344	148	43,0
	Special regime homes	305	153	50,2
2011	Homes for the elderly	253	140	55,4
	Homes for disabled persons	339	151	44,4
	Special regime homes	254	149	58,8

Source: MoLSA

## Home Care Services

Table No. 6.4

Year	Total expenditures (in mil. CZK)	Number of users	Number of employees	Average payment by a user per year in CZK
1996	1 799	89 673	5 660	755
1997	1 215	91 030	5 761	985
1998	1 493	90 897	5 569	1 184
1999	1 331	106 825	5 885	1 211
2000	1 540	113 528	5 760	1 316
2001	1 588	114 203	5 659	1 473
2002	2 255	109 034	5 466	1 796
2003	2 051	116 128	5 430	1 793
2004	2 148	109 475	4 978	1 859
2005	1 593	112 927	4 821	2 028
2006	1 637	105 088	4 556	2 156
2007	1 591	98 373	4 478	4 263
2008	1 643	111 871	560 <sup>x)</sup>	4 261
2009	1 903	114 364	372 <sup>x)</sup>	5 063
2010	1 984	113 238	266 <sup>x)</sup>	5 248
2011	2 101	113 607	283 <sup>x)</sup>	5 798

Source: MoLSA

<sup>x)</sup> incl. number of medical employees only

## 7. INCOMES OF HOUSEHOLDS

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

Current household incomes made up 3 030.8 mld. CZK in 2011. Compared to 2010, it has increased nominally by 1.1% (by 33.5 mld. CZK) and declined really by 0.8%. The next item included in the current household incomes represents social benefits and mixed pension (ratio of nearly 20%), pension from property and so-called other current transfers (compensations from non-life insurance, wins from bets, lotteries etc.) with ca 5% ratio.

The average monthly gross wage is another indicator for evaluation of development of household living situation. This indicator is based on ratio of wages excl. other personal costs related to one employee (before reduction by premiums on general health insurance and social security, payments of income tax and other legal deductions eventually). In last 11 years the annual dynamics of this wage has fluctuated in interval from 2.2% to 8.8%, in real expression (i.e. reduced by growth of consumer prices) from 0.5% to 6.1%.

Average monthly nominal wage (per number of employees – full-time equivalent) in the national economy made up 24 436 CZK in 2011 with annual growth by 2.4% (by 572 CZK) – it had annually increased by 2.2% (by 520 CZK) in 2010. In the business enterprise sector (its employees made up nearly 82% within all reported subjects), the average monthly nominal wage amounted to 24 429 CZK after annual growth by 2.9% (by 696 CZK). The average wage in non-business sector (organisations fully or partially financed by state or local budgets and non-profit institutions) decreased by 0.1% (by 16 CZK) to 24 469 CZK.

From the point of view of social transfers to households, it may be stated, that ratio of social incomes in the structure of total social incomes of households reached 18.2% and annually exceeded this ratio by 0.3 percentage point. Total amount of social incomes of households amounted to 450.0 mld. CZK, it has represented growth by 2.6% (by 11.6 mld. CZK) compared to 2010. The most significant part (79.4%) of social transfers represented pension insurance benefits (357.2 mld. CZK), i.e. annual growth by 6.2% (by 21.0 mld. CZK).

Table No. 7.1

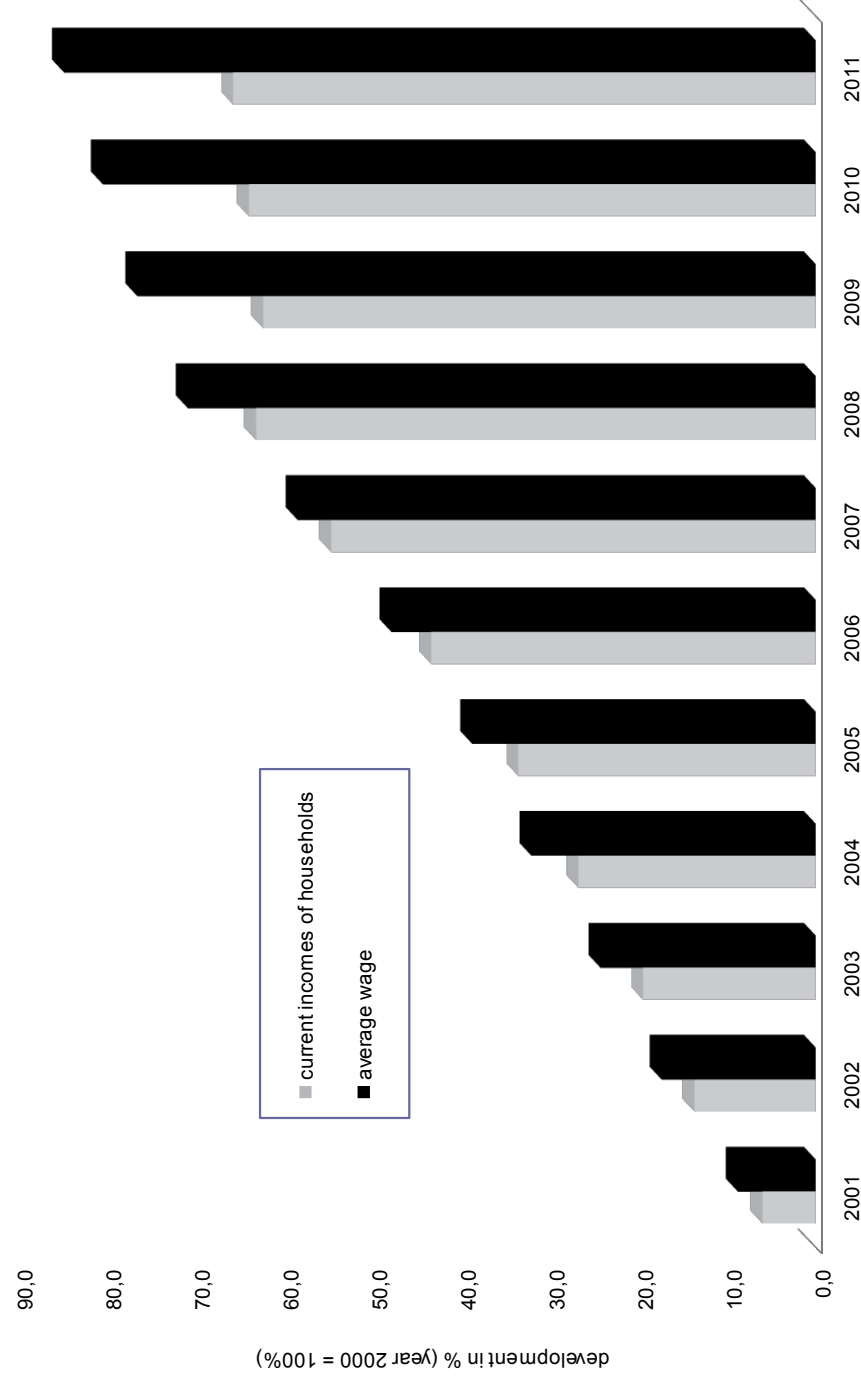
Development of Current Incomes of Household Sector and Average Wage

	Year											
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	
<b>Current incomes of households <sup>*)</sup></b>	total	1 971,3	2 079,3	2 185,5	2 317,8	2 442,6	2 619,8	2 827,2	2 983,2	2 967,4	2 997,3	3 030,8
	index											
	- year-on-year - year 2000 = 100 %	106,0	107,3	105,1	106,1	105,4	107,3	107,9	105,5	99,5	101,0	101,1
<b>of which: wages and salaries <sup>*)</sup></b>	total	106,0	113,7	119,5	126,8	133,6	143,4	154,7	163,2	162,4	164,0	165,8
	index											
	- year-on-year - year 2000 = 100 %	755,5	809,7	857,6	924,8	986,7	1 057,1	1 139,5	1 212,4	1 192,5	1 195,1	1 205,5
<b>Average wage in the national economy (full-time equivalent) <sup>*)</sup></b>	total	106,9	105,5	105,9	107,8	106,7	107,1	107,8	106,4	98,4	100,2	100,9
	index											
	- year-on-year - year 2000 = 100 %	106,9	112,8	119,5	128,8	137,4	147,2	158,7	168,9	166,2	166,5	168,0
<b>Average wage in the national economy (full-time equivalent) <sup>*)</sup></b>	total	14 378	15 524	16 430	17 466	18 344	19 546	20 957	22 592	23 344	23 864	24 436
	index											
	- year-on-year - year 2000 = 100 %	108,8	108,0	105,8	106,3	105,0	106,6	107,2	107,8	103,3	102,2	102,4
		108,8	117,4	124,3	132,1	138,8	147,9	158,5	170,9	176,6	180,5	184,9

Source: Czech Statistical Office

<sup>\*)</sup> according to National Accounts Statistics, MoLSA calculation

<sup>\*\*)</sup> CZSO (data as of 7/6/2012), MoLSA



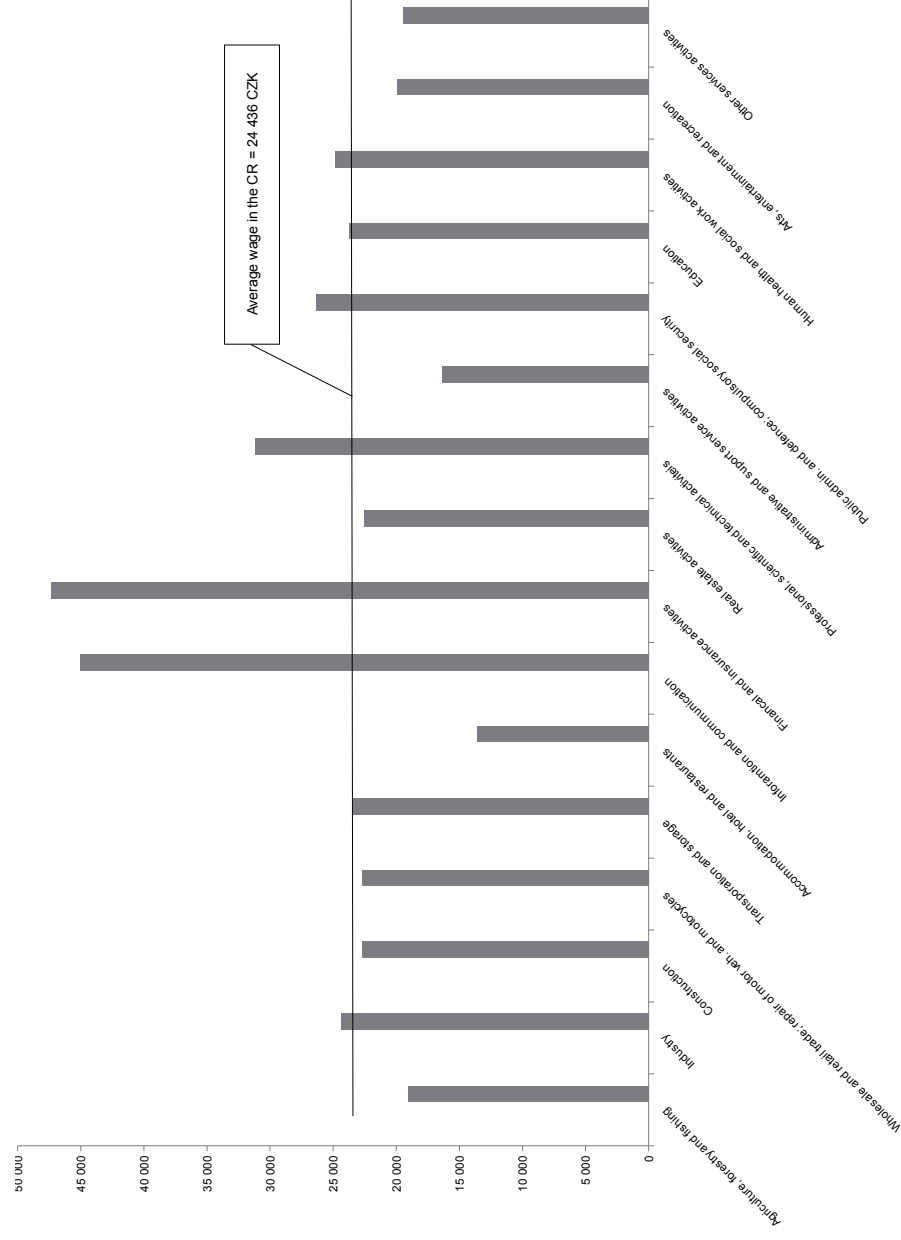
Average Monthly Gross Wage - CZ-NACE Sections

Table No. 7.2

	Year											
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Average monthly gross wage in the CR</b>	13 219	14 378	15 524	16 430	17 466	18 344	19 546	20 957	22 592	23 344	23 664	24 436
agriculture, forestry and fishing	10 466	11 447	11 813	12 188	13 244	13 961	14 538	16 184	17 765	17 644	18 465	19 043
industry total	13 234	14 153	15 081	15 650	17 021	17 837	18 977	20 311	22 118	22 625	23 639	24 391
mining and quarrying	16 553	17 743	18 749	19 688	21 122	22 679	24 047	25 714	28 271	28 312	30 270	31 420
manufacturing	12 545	13 761	14 659	15 410	16 584	17 362	18 480	19 852	21 564	21 968	22 962	23 766
in which	18 468	19 833	21 675	23 084	24 725	26 594	29 179	31 157	35 420	39 436	40 259	40 419
electricity, gas, steam and air conditioning supply	13 235	14 071	15 144	15 788	16 775	17 703	18 749	19 750	21 461	22 049	23 059	23 420
water supply, sewage, waste management and remediation activities	12 623	13 537	14 213	15 203	16 279	16 808	17 885	18 036	20 948	22 022	22 284	22 715
construction	12 570	13 709	14 778	15 382	16 302	17 058	18 238	19 821	21 341	21 358	22 040	22 721
wholesale and retail trade; repair of motor vehicles and motorcycles	13 368	14 288	15 417	16 260	17 350	18 188	19 262	20 663	22 369	23 000	23 064	23 378
transportation and storage	7 526	8 664	9 696	9 826	10 183	10 637	11 676	12 380	12 474	12 330	13 204	13 597
accommodation and food service activities	22 089	25 442	27 399	29 466	31 317	33 423	35 814	38 167	41 800	43 083	43 793	45 006
information and communication	25 125	28 649	31 283	32 878	35 232	37 296	40 020	42 351	45 655	46 124	46 188	47 338
financial and insurance activities	12 381	13 696	15 566	16 233	17 436	17 879	19 263	20 718	20 808	20 715	21 346	22 525
real estate activities	16 903	17 370	19 594	20 722	21 812	23 486	24 678	26 925	30 244	31 789	31 603	31 178
professional, scientific and technical activities	10 465	11 303	12 127	12 203	12 969	13 516	14 478	15 254	15 521	15 927	15 953	16 373
administrative and support service activities	15 472	16 855	18 461	19 659	20 858	22 244	23 292	25 040	26 209	27 045	26 939	26 331
public administration and defence; compulsory social security	12 207	13 473	14 779	16 539	17 748	18 787	20 040	21 251	22 119	23 429	23 033	23 720
education	11 969	13 444	15 173	16 465	16 882	17 609	19 043	20 169	21 177	23 032	23 595	24 838
human health and social work activities	11 407	12 888	13 211	14 247	15 075	16 071	16 827	17 908	18 797	19 434	19 830	19 910
arts, entertainment and recreation	11 145	12 096	13 230	14 079	14 800	15 450	16 487	17 612	17 980	18 340	18 356	19 488
other service activities												

Source: CZSO (as of 7/6/2012).

Note: Data are related to employees contracted for work by the employer, persons performing public office (deputies, senators, full-time controllers at all levels, judges, etc. are excluded). Data on average wage cover wages charged to be paid to employees in a given period.



Average wage in the CR = 24 436 CZK

	Social incomes (in mil. CZK)										Index (in %)									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2004	2005	2006	2007	2008	2009	2010	2011			
<b>Pension insurance benefits <sup>1)</sup></b>	2 18 790	222 371	240 726	260 939	281 726	303 738	330 150	336 230	357 162	2004	2005	2006	2007	2008	2009	2010	2011			
<b>Sickness insurance benefits <sup>2)</sup></b>	34 303	29 560	31 656	32 764	34 664	31 873	26 018	22 773	21 492	101,6	108,3	108,4	108,0	107,8	108,7	101,8	106,2			
<b>State social support benefits <sup>3)</sup></b>	32 178	32 730	32 954	34 051	48 533	41 883	41 082	40 791	36 014	86,2	107,1	103,5	105,8	91,9	81,6	87,5	94,4			
<b>One-off benefits <sup>4)</sup></b>	x	6 538	x	x	x	x	x	x	x	100,7	103,3	142,5	86,3	98,1	99,3	88,3	x			
<b>Passive employment policy <sup>5)</sup></b>	6 870	7 030	7 014	7 276	6 986	7 086	15 035	13 317	10 318	102,3	99,8	103,7	96,0	101,4	212,2	88,6	77,5			
<b>Social care benefits <sup>6)</sup></b>	14 148	14 317	14 196	14 674	3 785	2 489	2 453	1 791	1 901	101,2	99,2	103,4	25,8	65,8	98,5	73,0	106,1			
<b>Benefits on assistance in material need</b>	x	x	x	x	3 287	2 794	3 089	3 882	4 982	x	x	x	x	x	110,6	125,7	128,3			
<b>Care allowance</b>	x	x	x	x	14 608	18 253	18 697	19 599	18 084	x	x	x	x	x	102,4	104,8	92,3			
<b>Social incomes total</b>	<b>306 289</b>	<b>312 546</b>	<b>326 546</b>	<b>349 704</b>	<b>393 589</b>	<b>408 116</b>	<b>436 524</b>	<b>438 383</b>	<b>449 953</b>	<b>102,0</b>	<b>104,5</b>	<b>107,1</b>	<b>112,5</b>	<b>103,7</b>	<b>107,0</b>	<b>100,4</b>	<b>102,6</b>			

Source: MoLSA

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

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

<sup>3)</sup> without transfers to deposit account, deposit account, drawbacks of defunct benefits and transfers of overpayments from previous years transferred to State budget.

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

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

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

## 8. BASIC INFORMATION ON LABOUR MARKET

The situation on the labour market in 2011 was more favourable than in the previous year. There was a gradual stabilization on the labour market and subsiding impact of global economic crisis, which has affected labour market of Czech Republic since the end of 2008.

Main indicators of the labour market showed annual improvement in 2011. Average registered unemployment rate made up 8.6% (annually lower by 0.4 percentage points). Number of job seekers registered by labour offices (507.8 thous. persons) declined by 21.0 thous. persons. Average number of job vacancies (36.5 thous.) increased by 3.3 thous. year-on-year. For this reason, there was decline of average number of job seekers per 1 job vacancy from 16.0 in 2010 to 13.9 in 2011. Average number of job seekers receiving unemployment benefit decreased from 163.5 thous. to 132.4 thous. persons (its share in total number of job seekers declined from 30.9% to 26.1%).

Total number of registered job seekers was largely involved by young people less than 25 years old (share in total number of job seekers increased annually from 16.9% to 18.1% as of the end of 2011), on the contrary, share of people older than 50 years decreased from 27.7% to 26.0%. To place job seekers with low level of education has remained continuous problem. The share of job seekers without any education and with primary education rose from 26.3% to 27.5% as of December 31, 2011. Number of the long-term unemployed (unemployed for more than 12 months) increased from 178.5 thous. (at the end of 2010) to 184.1 thous. (as of December 31, 2011). Their share in total number of the registered unemployed rose from 31.8% to 36.2%.

Average monthly amount of unemployment benefit declined from 5,698 CZK in 2010 to 5,586 CZK in 2011. This amount was affected by changes of structure of beneficiaries and lower incomes of newly registered job seekers, as well as reduction of unemployment benefit amount for job seekers, who terminated employment without serious reason or by agreement with employer. Unemployment benefit expenditures made up 10.3 mil. CZK in 2011 and decreased annually by 3.1 mld. CZK. This was mainly due to lower number of newly registered job seekers (total of 657.7 thous. persons in 2011, i.e. annual drop by 93.5 thous.), by reduction of average number of job seekers with unemployment benefit and decline in average monthly unemployment benefit (see above).

The expenditure on active employment policy from the State budget and European Social Fund made up 3.8 mld. CZK in 2011. Compared to 2010, these expenditures decreased by 2.4 mld. CZK, mainly due to lower expenditures from the European Social Fund.

Within the framework of state employment policy it was spent 3.3 mld. CZK in the form of contribution to employers which employed more than 50% of employees with disability (§ 78 of the Act No. 435/2004 Coll., Employment Act) and 0.4 mld. CZK on payment of wage claims to employees in case of employer's insolvency.

According to Labour Force Survey of CZSO, there was growth of employment in all sectors of national economy to 4 904.0 thous. persons (i.e. annual growth by 18.8 thous. persons, i.e. by 0.4%). After significant decline of employment in 2009 and its reduction in 2010, there was annual growth in 2011 evident in first three quarters.

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

### Basic Indicators of Labour Market

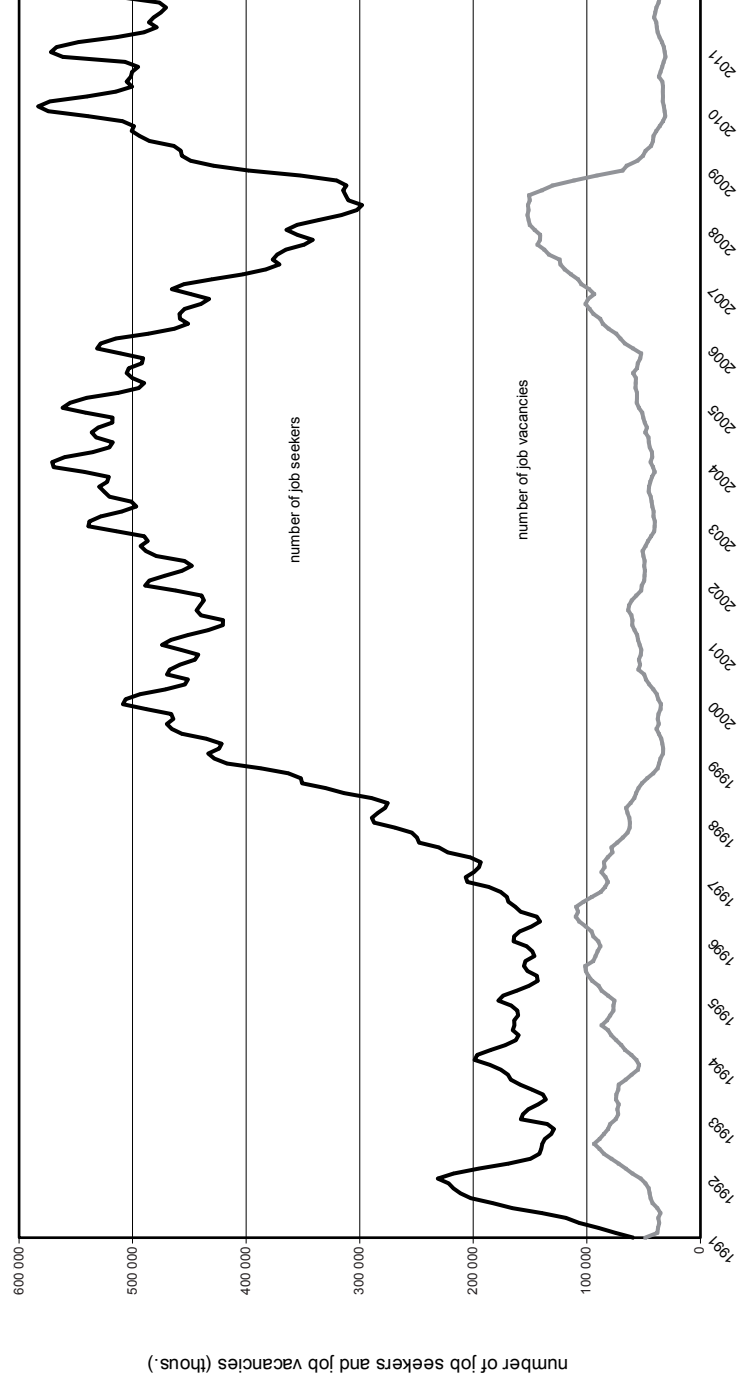
Table No. 8.1

As of	Employment (number of persons)	Number of job seekers						Number of job vacancies	
		total	with unemployment benefit	unemployed more than 6 months	unemployed more than 12 months	of which	disabled persons		
						graduates and youth	women		
31.12.1995	5 067 054	153 041	67 623	60 468	36 218	20 085	88 113	22 687	88 047
31.12.1996	5 110 253	186 339	93 430	66 066	37 562	27 178	105 100	31 455	83 976
31.12.1997	4 945 112	268 902	138 108	100 911	52 588	44 174	151 772	40 460	62 284
31.12.1998	4 888 672	386 918	190 396	154 521	86 772	68 220	205 401	48 951	37 641
31.12.1999	4 787 358	487 623	206 836	253 406	144 726	70 751	248 120	57 615	35 117
31.12.2000	4 735 704	457 369	164 139	257 070	175 563	57 938	229 804	59 025	52 060
31.12.2001	4 746 718	461 923	169 046	253 447	171 203	57 393	231 870	61 518	52 084
31.12.2002	4 780 903	514 435	192 615	290 052	191 327	59 895	257 438	66 907	40 651
31.12.2003	4 749 819	542 420	189 479	318 435	218 336	54 217	272 498	71 806	40 188
31.12.2004	4 704 699	541 675	143 236	307 919	219 730	47 260	276 254	74 672	51 203
31.12.2005	4 746 299	510 416	141 753	292 860	212 804	38 545	265 631	75 316	52 164
31.12.2006	4 813 534	448 545	129 882	254 764	184 909	31 955	238 713	71 318	93 425
31.12.2007	4 895 690	354 878	112 675	190 653	136 913	22 680	191 150	65 216	141 066
31.12.2008	4 985 916	352 250	138 506	151 593	101 524	24 634	183 639	61 136	91 189
31.12.2009	4 960 814	539 136	189 497	248 202	123 873	35 612	258 112	67 738	30 927
31.12.2010	4 887 254	561 551	178 962	273 092	178 481	35 357	268 200	69 499	30 803
31.12.2011	4 905 100	508 451	129 951	264 513	184 130	33 508	250 301	63 092	35 784

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

\*) according to new MoLSA methodology since 2005





## State Budget Expenditures on State Employment Policy

Table No. 8.2

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenditures on State Employment Policy	9 086 623	9 522 338	9 879 089	10 960 415	11 750 430	11 008 975	14 202 321	15 072 541	15 680 608	23 132 685	22 736 413	17 636 581
- passive policy	5 680 469	5 228 947	6 209 746	6 949 250	7 030 047	7 046 845	7 307 521	7 015 755	7 114 894	15 077 723	13 384 778	10 349 149
- active policy	3 406 154	4 063 277	3 483 250	3 274 160	3 939 856	3 977 708	5 300 675	5 673 321	6 131 729	4 953 467	6 171 493	3 615 886
Active employment policy:												
- graduated position <sup>1)</sup>	358 012	388 336	347 896	331 220	418 018	144 687	143	-	-	-	-	-
- socially beneficial job	989 720	1 042 504	616 819	681 559	1 030 597	1 184 356	1 071 803	867 971	570 288	411 950	622 235	511 807
- publicly beneficial job	759 308	924 451	713 953	685 001	833 189	838 951	899 298	684 989	465 645	292 931	401 697	550 265
- retaining	345 920	382 852	370 431	405 870	480 635	408 250	357 299	269 288	271 130	119 388	96 676	85 421
- employment of disabled	195 194	211 214	177 575	223 585	251 354	310 040	318 873	235 689	255 656	323 545	323 661	255 783
in which:												
- establishment of sheltered workshops and jobs	54 892	46 380	42 135	61 819	83 800	96 390	90 382	43 907	36 137	84 475	80 967	41 518
- operation of sheltered workshops and jobs	132 895	158 446	131 632	155 036	162 244	208 799	219 772	185 201	210 469	231 948	234 637	207 988
- benefit for the self-employed <sup>2)</sup>	x	x	3 769	6 729	5 048	4 798	7 065	4 638	5 041	4 094	4 463	3 161
- occupational rehabilitation	7 307	6 388	39	0	262	53	1 654	1 943	4 009	3 129	3 594	3 116
- targeted programmes <sup>3)</sup>	x	x	x	x	262	50 093	217 265	235 924	80 613	0	0	0
- ESF programmes	x	x	x	x	x	x	x	2 100 517	2 678 240	2 736 538	4 175 475	2 156 359
- investment incentives <sup>4)</sup>	500 730	674 495	685 131	803 871	858 853	976 732	1 048 236	1 190 421	1 721 803	1 010 366	509 082	226 889
- other <sup>5)</sup>	31 646	64 197	47 237	133 055	67 473	114 744	110 094	88 522	88 554	58 747	42 657	29 351
contribution to employers, which employ at least 50% of disabled employees	x	375 428	527 709	524 446	649 012	736 913	1 410 552	2 187 432	2 283 655	2 257 461	2 712 304	3 282 404
Insolvency	135 623	230 114	186 093	212 651	133 489	147 506	183 573	196 032	150 330	844 033	487 837	389 142
employment services and administration <sup>6)</sup>	1 621 746	1 619 479	1 651 335	1 896 263	3 428 217	3 846 861	4 175 901	4 711 639	4 460 873	4 695 252	4 249 245	3 717 353 <sup>7)</sup>

in thous. CZK

Source: MALS.A

1) Ensuring of occupational experience for graduates and the acquisition of qualifications for young workers is not regulated by the Act No. 435/2004 Coll., Employment Act, as amended, i.e. new workplaces are not established; expenditures of labour offices (after 2004) resulted from agreement concluded prior to the date this Act comes into force

2) benefit to the self-employed with disability for establishment and operation of protected workplaces

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

4) incl. investment incentives and programmes to establish new workplaces

5) incl. costs on information materials issued by Labour Office and Ml.SA, other support employment programmes, costs on active employment policy not specified, ESF projects until 2006

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

7) incl. also expenditures of Ml.SA on services provided only by Gordic company to Labour Office (expenditures associated with software and services of other suppliers are not available)

## 9. EUROPEAN SYSTEM OF INTEGRATED SOCIAL PROTECTION STATISTICS (ESSPROS)

European System of integrated Social PROtection Statistics (ESSPROS) was developed by the Statistical Office of European Communities (Eurostat) in cooperation with member states experts in the 70's of the last century. ESSPROS represents a significant instrument for mutual comparison of social protection level in member states. Since its introduction ESSPROS methodology has been amended in a little scope. For implementation of ESSPROS in the Czech Republic the agreement between CZSO and MoLSA on establishment of inter-departmental Working Group (led by the MoLSA) was made in 2000. For the Czech Republic time series of ESSPROS Core system for 1995-2010 (including qualitative database containing descriptions of social protection schemes and benefits) and module on number of pension beneficiaries for 2000-2010 (methodically in the definitely internationally comparable form since 2006) are available so far. New Eurostat methodology for net social protection benefits module was completed by the international working group, the methodology guarantees data comparability. Data for the Czech Republic on this module are available for period of 2007-2009.

ESSPROS is divided into the Core system that includes data on receipts and expenditures in the area of social protection and modules containing additional statistical information. The Core system includes social protection in a form of cash payments, reimbursements and goods and services provided to protected households and individuals. All financial transactions under the ESSPROS should be based on accountancy. In cases when accountancy sources are not available, statistical and administrative sources as well as estimates can be used.

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

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

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

- decision-making (public and private schemes),
- legal enforcement (compulsory and non-compulsory schemes),
- establishments of entitlements (contributory and non-contributory schemes),

- scope (universal, general and special schemes),
- level of protection (basic and supplementary schemes).

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

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

Expenditures on social protection of ESSPROS Core system according to individual social protection functions in the time series (1995 - 2010) are in the Table No. 9.1. More detailed data and international comparison of social protection level in the EU member states and other European countries according to the ESSPROS methodology are available on Eurostat web sites (database CIRCA). The data in the Table No. 9.2 (Total Social Protection Expenditures in relation to GDP) are drawn from recently published data.

Social protection functions	Year															
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
1. Sickness/Health care	91 866	105 696	112 736	120 068	128 129	139 075	151 884	168 804	178 920	185 298	195 087	199 876	215 487	222 767	239 254	239 185
2. Disability	18 412	22 382	25 617	28 634	30 661	32 037	35 302	37 479	40 685	41 430	43 056	49 829	52 512	54 823	57 176	57 663
3. Old age	86 406	101 726	123 576	140 002	150 247	160 644	169 625	182 541	185 229	194 507	212 206	227 174	254 177	281 444	310 325	321 475
4. Survivors	12 016	14 193	16 308	17 484	18 204	18 663	20 632	22 120	22 589	22 739	23 670	24 864	26 741	27 182	28 297	27 824
5. Family/Children	29 442	31 434	32 599	32 626	33 904	34 984	36 452	38 738	38 477	44 164	41 765	44 040	58 787	53 549	53 893	50 615
6. Unemployment	5 618	7 341	9 395	10 908	14 444	14 309	14 406	16 513	20 836	20 877	19 767	18 618	22 057	23 663	39 280	31 020
7. Housing	43	688	938	1 818	2 458	2 710	2 720	3 038	2 904	2 623	2 547	2 389	2 205	2 194	2 896	4 307
8. Social exclusion not elsewhere classified	3 277	2 965	4 287	6 563	9 116	11 178	11 818	12 803	14 742	15 153	15 136	16 202	7 353	6 444	8 819	8 560
<b>Total expenditures**</b>	<b>247 080</b>	<b>286 425</b>	<b>325 646</b>	<b>358 103</b>	<b>387 163</b>	<b>413 600</b>	<b>442 839</b>	<b>482 036</b>	<b>504 382</b>	<b>526 791</b>	<b>553 214</b>	<b>582 992</b>	<b>639 319</b>	<b>672 066</b>	<b>739 940</b>	<b>740 649</b>

Source: MoLSA

The data are processed according to Eurostat methodology for ESSPROS.

\* ESSPROS = European System of Integrated Social Protection Statistics  
\*\* total expenditures do not include administration costs

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

Table No. 9.2

eurostat	% GDP								
	2001	2002	2003	2004	2005	2006	2007P	2008P	2009P
EU27 - current MS	:	:	:	:	27,1	26,6	25,7 P	26,7 P	29,5 P
EU25 - EU27 without Bulgaria and Romania	26,7	26,9	27,3	27,2	27,2	26,8	25,9 P	26,9 P	29,7 P
EU15 - MS until enlargement until 2004	27,0	27,2	27,6	27,6	27,6	27,2	26,4 P	27,5 P	30,3 P
EA17 - State with Euro (Eurozone)	26,8	27,3	27,7	27,6	27,6	27,2	26,8	27,5 P	30,2 P
BE - Belgium	26,3	26,7	27,4	27,4	27,3	27,1	26,8	28,1	30,4
BG - Bulgaria	:	:	:	:	15,1	14,2	14,1	15,5	17,2
CZ - Czech Republic	18,7	19,4	19,4	18,6	18,4	18,0	18,0	18,0	20,4
DK - Denmark	29,2	29,7	30,9	30,7	30,2	29,2	28,8	29,6	33,4
DE - Germany	29,7	30,3	30,7	30,1	30,0	28,9	27,8	28,0	31,4 P
EE - Estonia	13,0	12,7	12,5	13,0	12,6	12,1	12,1	14,9	19,2
IE - Ireland	14,7	17,0	17,7	17,9	17,9	18,2	18,8	22,0	27,9
EL - Greece	24,3	24,0	23,5	23,6	24,9	24,7	24,8	26,3	28,0
ES - Spain	19,7	20,0	20,3	20,3	20,6	20,5	20,7	22,1 P	25,0 P
FR - France	29,6	30,5	31,0	31,4	31,5	30,9	30,6	31,0	33,1 P
IT - Italy	24,9	25,3	25,8	26,0	26,4	26,6	26,7	27,8 P	29,8 P
CY - Cyprus	14,9	16,3	18,4	18,1	18,4	18,5	18,2	18,5	20,9
LV - Latvia	14,7	14,3	14,0	13,2	12,8	12,7	11,3	12,7	16,8 P
LT - Lithuania	14,7	14,0	13,5	13,4	13,2	13,4	14,4	16,1	21,3 P
LU - Luxembourg	20,9	21,6	22,1	22,3	21,7	20,4	19,3	20,2	23,1
HU - Hungary	19,5	20,4	21,3	20,8	21,9	22,5	22,7	22,9	23,4
MT - Malta	17,5	17,6	17,9	18,6	18,4	18,3	18,0	18,5	20,0
NL - The Netherlands	26,5	27,6	28,3	28,3	27,9	28,8	28,3	28,5	31,6 P
AT - Austria	28,6	29,0	29,4	29,1	28,7	28,2	27,8	28,4	30,8
PL - Poland	21,0	21,1	21,0	20,1	19,7	19,4	18,1	18,6	19,7
PT - Portugal	21,9	22,9	23,3	23,9	24,6	24,6	23,9	24,3	26,9
RO - Rumania	12,8	13,6	13,1	12,8	13,4	12,8	13,6	14,3	17,1
SI - Slovenia	24,4	24,3	23,6	23,3	23,0	22,7	21,3	21,4	24,3 P
SK - Slovakia	18,9	19,1	18,4	17,2	16,5	16,3	16,0	16,0	18,8 P
FI - Finland	25,0	25,7	26,6	26,7	26,7	26,4	25,4	26,2	30,3
SE - Sweden	30,4	31,3	32,2	31,6	31,1	30,4	29,2	29,5	32,1 P
UK - United Kingdom	26,8	25,7	25,7	25,9	26,3	26,0	23,3 P	26,3 P	29,2 P
IS - Island	19,4	21,2	23,0	22,6	21,7	21,2	21,4	22,0	25,4
NO - Norway	25,4	26,0	27,2	25,9	23,8	22,6	22,9	22,5	26,4
CH - Switzerland	27,7	28,5	29,2	29,3	29,3	28,0	27,3	26,4 P	:

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

(:) not available

P = provisional data

\*) data on gross domestic product (state as of October 2011) according to Eurostat methodology harmonized with standards defined by European system of accounts (ESA 1995)

\*\*) ESSPROS = The European System of Integrated Social Protection Statistics





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