

**BASIC INDICATORS OF LABOUR**

**AND SOCIAL PROTECTION**

**IN THE CZECH REPUBLIC**

**TIME SERIES AND GRAPHS**

**2007**

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## LIST OF ABBREVIATIONS

CSSA.....	Czech Social Security Administration
CZK.....	Czech Crowns
CZSO .....	Czech Statistical Office
CR.....	Czech Republic
ČNR.....	Czech National Council
EC.....	European Commission
ESSPROS.....	European System of integrated Social Protection Statistics
EU.....	European Union
GDP.....	Gross Domestic Product
MoLSA .....	Ministry of Labour and Social Affairs
MS.....	Member States of European Union
NE.....	National Economy
NGO.....	Non-governmental Organisation
OECD.....	Organization for Economic Co-Operation and Development
SCA.....	State Compensatory Allowance



## **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 10.4 mil. and population density of 132 inhabitants per sq. km, it could be classed as a small Central European state.

The area of the state was administratively structured into 76 territorial entities (NUTS4 – districts), each with approximately 120 thousand inhabitants on average, plus the capital Prague (NUTS3 and NUTS4 as the same time), with 1.212 mil. inhabitants and 22 basic local authorities of municipal districts. District authorities were abolished in 2003. Their functions were mainly dislocated to municipal and regional offices. Labour Offices have performed on the district level (similarly in the City of Prague). Social security is administered by the Czech Social Security Administration and its offices. Self-government exists on the level of individual municipalities; there are approximately 6 200 of them. The change on January 1, 2000, led to the creation of 14 new regions (NUTS3) as higher self-government units. They are gradually involved in some functions, earlier provided at the level of District Offices or within the authority of ministries.

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

The economic and social transformation had an impact on several demographic characteristics of the population. The most significant aspects are postponement of a family establishment and birth of children later. The birth rate has dropped constantly. Since 1993 the natural population increment has turned into a decrement. In 2006 the population development was in the sign of the superior numbers of live born children above dead people that was noticed at the first time after thirteen years. The fertility has increased in association with lower number of departed led to positive value of natural growth. In 2007 the natural increase was not so significant (10 thousand persons). The population increase was firstly caused by number of legal immigrants (83.9 thousand persons). Total number of inhabitants in the Czech Republic has continuously increased for five years, but it was especially caused by immigration of foreigners until 2005. In 2007 the growth of population in the amount 93.9 thousand persons was the highest growth in the history from the fiftieth in the last century in the Czech Republic. Number of inhabitants of the Czech Republic made up 10,381 thousand persons as of December 31, 2007.

The registered unemployment rate was 7.7% at the end of year 2007, which is less by 1.2% than at the end of previous year. However another decline of unemployment remains one of the main social tasks.

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

Table No. 1.1

## The Czech Republic in 2007

Area (sq km)		78 866
Population (thous. persons) - as of December 31, 2007		10 381
Population density per 1 km <sup>2</sup>		131.6
Economically active population (thous. persons)		5 198
Post-working age populations (thous. persons)		2 197
Average annual unemployed rate (%)		6.6
Life expectancy (years):	men	73.7
	women	79.9
Live births:	number	114 632
	per 1 000 inhabitants	11.1
Deaths:	number	104 636
	per 1 000 inhabitants	10.1
Natural increase of population:	number	9 996
	per 1 000 inhabitants	1.0
Migration balance:	number	83 945
	per 1 000 inhabitants	8.1
Total increase of population:	number	93 941
	per 1 000 inhabitants	9.1
Marriages:	number	57 157
	per 1 000 inhabitants	5.5
Divorces:	number	31 129
	per 1 000 inhabitants	3.0
<b>Capital Prague</b>		
Area (sq km)		496
Population (thous. persons) - as of December 31, 2007		1 212

Source: Czech Statistical Office



## **2. Basic Information**

Ministry of Labour and Social Affairs of the Czech Republic (MoLSA) was established in 1990 by the ČNR Act No. 203/1990 Coll. It is responsible for labour-law relations, occupational safety, employment and retraining, collective bargaining, wages and other remuneration for work, pension welfare, sickness insurance, social assistance, work conditions for the youth and women, maternity law protection, children and family welfare, care of citizens that need special help and for other wage and social issues. MoLSA manages the following subordinate state bodies: Czech Social Security Administration, labour offices, four special social care establishments, Office for International Legal Protection of Children and State Labour Inspection Office. MoLSA is a founder of these allowance organisations: Institute for Occupational Safety Education, Institute of Technical Inspection and social care establishment for the handicapped in Hrabyně. According to the Act No. 341/2005 Coll., on Public Research Institutions as amended, MoLSA founds Research Institute for Labour and Social Affairs and Occupational Safety Research Institute.

The main part of MoLSA authority is management of social welfare system that includes basic compulsory pension insurance and sickness insurance. Besides the premium on social welfare the contribution towards state employment policy is also collected. The system is financed by a continuous manner.

Czech pension system (see the Chapter no. 3 of this brochure) consists of two parts: basic compulsory pension insurance that is universal and secures all economically active persons. The various groups of participants are all subject to the same legislation except specific administrative and organisational divergences in departments of the armed forces. Regulation of basic pension insurance is stipulated by the Act No. 155/1995 Coll., Pension Insurance Act as amended. Beside this system there is voluntary supplementary pension insurance with state contribution considered according to EU terminology as the third pension pillar. This system is regulated by Ministry of Finance. Concerning the development of the pension area in 2007 the annual pension valorizing was secured as well as the following amendments of legislation: adjustment of “excluded periods” evaluation for calculation of personal assessment base, setting of manner of child care evidence and measures result from acceptance of act on stabilization of public budgets. At the same time the drafts of legislative revisions in connection with the I. phase of pension reform were being prepared (gradual prolongation of necessary insurance period for entitlement to old-age pension to 35 years, increase of retirement age to 65 years both for men and women, unification of age level for permanent entitlement to widow and widower pension, revaluation of disability definition, unification of age level as a basis for added-in period calculation to assess total insurance period both for men and women when receiving disability pension including reduction of added-in period, cancellation of period of studies as substitute insurance period, reduction of substitute insurance periods and percentual increase of old-age assessment during gainful activity and partial receiving of this type of pension benefit).

Sickness insurance (see the Chapter 4) financially secures economically active persons when losing their short-term earnings for reasons of sickness or maternity. Implication in system of sickness insurance is compulsory and given by law. The self-employed can participate on voluntary basis. The following benefits are provided under the system of sickness insurance of employees: sickness benefit, family member care benefit, maternity benefit, pregnancy and maternity compensation benefit. The self-employed are entitled to sickness benefit and maternity benefit only. In 2007 the area of sickness insurance was influenced by postponement of efficiency of new enactment No. 187/2006 Coll., Sickness Insurance Act. The Act regulates the system globally. It covers both employees and members of armed forces as well as self-employed persons.

The system of State Social Support is regulated by the Act No. 117/1995 Coll., on State Social Support. It includes state social benefits to partly reimburse expenses on maintenance and other basic personal needs of children and families in specific social situations. The applications for the benefits within the system are handled by relevant labour office according to place of permanent stay of a person. Entitlement to payment of a benefit becomes extinct by lapse of 3-month period (or 1 year for the lump sum benefits) as from a day when a benefit have appertained. In 2007 there were the following means-tested benefits: child allowance, allowance for school aids, social allowance and housing allowance. These benefits were not means-tested: parental allowance, foster care benefits, birth grant and death grant. Impact of the Act No. 110/2006 Coll., on Minimum Living Standard and Subsistence Level as amended, brought essential changes to the system. The living minimum is conceived as one-component (costs on housing are not included). More news about the system are mentioned in Chapter 5)

The Act 108/2006 Coll., Social Services Act as amended, came into efficiency on January 1, 2007. It significantly changes system of social services. A person who is dependent on other's person assistance is entitled to care allowance (see Chapter 6). Such person can ensure needed assistance according to own discretion. In consequence of care allowance introduction the closely related or other person care allowance, the pension increase for incapacity and a part of social care benefits were cancelled. The care allowance is provided to persons dependent on another physical person's assistance for the purposes of arranging for necessary assistance. The allowance is paid by a municipal authority of a municipality with extended powers that is relevant for making decision on the allowance. The Act on social services sets types of social services (see Chapter 7) and settlement of costs for provision of social services, social services funding, obligations of providers. Social services may be provided only on the basis of an authorization for social services provision; such authorization shall arise upon the decision on registration. Control on providers of social services is carried out within inspection of social services. When carrying out an inspection, social services quality is checked according to social services quality standards. The Act regulates also performance prerequisites for the profession of a social worker.

Another important legislation in the social area is the Act No. 111/2006 Coll., on Assistance in Material Need as amended. This Act regulates assistance in cases when a person or a family do not dispose by sufficient income and their social situation and property relations do not allow to satisfy basic necessities of live on level acceptable by society. At the same time, these persons are objectively unable to increase their income (through one's own work, through the due application of entitlement and claims or through the sale or other disposal of one's own assets), thereby improving their situation through their own actions. Benefits of assistance in material need are: allowance for living, supplement for housing and extraordinary immediate assistance. These benefits are provided cash; allowance for living can be provided in form of wares docket or luncheon voucher, supplement for housing as direct rent or housing costs reimbursement as well, extraordinary immediate assistance can be provided as direct costs on social services reimbursement. Delegated municipal authorities are responsible for granting and disbursing of benefits in material need.

On October 1, 2004, Act No. 435/2004 Coll., on Employment as amended, came into force. This basic legal rule stipulates procedures for achievement of state employment policy objectives. It also constitutes that MoLSA provides methodological guidance for labour offices, monitors labour market situation, proposes provisions to government to influence labour demand and supply, founds retraining centres, grants and revokes license to employment mediation, supports establishments of socially beneficial jobs and publicly beneficial work. Since July 1, 2000 the law provides (as a part of employment policy and the law, Act No. 188/2000 Coll.) the payments of employees' wages claims, whose employer is not able to fill these claims in consequence of his insolvency. The Ministry of Labour and

Social Affairs implements employment policy through local labour offices subordinated to the Employment Services Administration at the MoLSA. Administrative region of individual labour office is identical to territorial area of district. The capital Prague has its own Labour Office. Basic principle of current state employment policy is the revised Lisbon strategy of EU, i.e. "Strategy for Growth and Employment". The basic tasks of state employment policy for 2007 were stipulated by MoLSA on the basis of labour market analyses, state budget financial means on employment policy and obligations result from concluded agreements between Czech Republic and EU or OECD. Labour market development is described in Chapter 9.

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

Regional authorities and authorized municipalities provide not only institutional care but also various forms of field social services such as day care service, asylum aid etc. Municipalities with extended authority and authorized municipalities perform payments of social assistance benefits for people with disabilities, benefits of assistance in material need and care allowance.

Table No. 2.1

## Basic Social Security Indicators

Social security area	Year											2007
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007		
Total incomes from premiums	198 127	204 551	215 710	234 811	250 342	263 453	284 216	301 199	323 435	356 227		
Total expenditures on social security <sup>*)</sup>	240 712	261 106	279 945	298 681	310 470	332 583	375 232	395 712	435 054	507 588		
of which: social incomes of population <sup>**)</sup>	221 160	238 940	258 698	274 983	296 744	306 289	317 531	329 833	350 504	392 917		
active employment policy	903	1 922	3 406	4 037	3 483	3 274	3 938	4 172	5 302	5 674		
social services	9 476	9 853	11 016	12 630	14 850	14 790	14 055	14 685	15 923	9 651		
grants to civil and charity organisations	619	624	664	949	919	768	1 198	950	1 361	1 321		
GDP in current rates	1 996 483	2 080 797	2 189 169	2 352 214	2 464 432	2 577 110	2 814 762	2 983 862	3 215 642	3 551 364		
Social security total / GDP (%)	12.06	12.55	12.79	12.70	12.60	12.91	13.33	13.26	13.53	14.29		
of which: social services / GDP (%)	0.47	0.47	0.50	0.54	0.60	0.57	0.50	0.49	0.50	0.27		

mil. CZK

Source: MoLSA and CZSO

<sup>\*)</sup> expenditures on health are not included<sup>\*\*)</sup> social incomes of population (see table No. 8.3)

Table No. 2.2

**Structure of Expenditures on Social Benefits (in %)**

Social security area	Year													
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Pension insurance	40.3	40.9	43.3	49.0	48.0	47.3	45.7	45.5	45.6	43.2	43.1	44.0	44.7	43.6
Sickness insurance	7.3	7.1	7.0	6.7	4.5	4.5	7.3	7.2	7.4	7.2	5.9	6.1	5.6	5.4
State social support	13.1	10.1	9.8	9.9	8.6	8.6	8.1	7.4	7.4	6.4	6.3	6.0	5.8	7.5
Social care	1.6	1.6	1.4	1.8	2.8	3.5	4.0	3.8	4.0	3.9	4.4	3.7	3.7	4.3
Employment policy	1.2	0.9	0.9	1.3	1.5	2.1	2.1	2.2	2.1	2.2	2.4	2.2	2.4	2.3
Health insurance	36.5	39.4	37.5	31.3	34.6	34.0	32.8	33.9	33.5	37.1	37.9	38.0	37.8	36.9
T o t a l	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: MoL&amp;SA, Ministry of Health



### **3. 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 organisational 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 following pensions are provided under pension insurance: old-age, full disability, partial disability, widow's, widower's and orphan's. Old-age pension amount is composed of the basic amount (stipulated by universal fix amount irrespective of duration of insurance and earnings) and a percentage amount. Specialised assistance in matters concerning pension insurance is provided to citizens and organisations by the Czech Social Security Administrations except members of the armed forces (professional soldiers, police, prison guards and others) where the authorities are performed by the Ministry of the Interior, Ministry of Defence and Ministry of Justice.

In view of the most significant changes in pension area adopted after 1995, when the Pension Insurance Act was passed, it is necessary to mention amendments effective since 2004: enhancement of age level for entitlement to old-age pension to reach single level both for men and childless women, cancellation of temporarily reduced old-age pension (except full and partial invalidity conditions), reduction of evaluation of period of studies and abolishment of condition limiting the claim on payment of old-age pension by the amount of gainful employment incomes. Self-employment was divided into main and minor category (main self-employed persons always participate in pension insurance irrespective level of their income) and the range of self-employed persons was extended for persons who are mandataries.

In 2006 there were changes concerning partial invalidity pensions and widow's pensions, which are paid parallel with other pension. Payment of partial invalidity pensions, which were reduced because of amount of gainful employment or which were not paid out from this reason, belongs in full amount. The same situation is for widows entitled to widow's pension before January 1, 2006 with limited amount of this pension (because the sum of pensions reach over the highest stipulated level) – amount of their widow's pension was amended starting July 2006. Changes in the insurance rate consisted in transfer of a part of premium on state employment policy into the pension insurance system (2 percentual points growth of pension insurance rate, i.e. from 26% to 28% together with reduction of insurance rate of state employment policy from 3,6% to 1,6%). The next change consisted in sequential raising of minimal base of assess for the determination of self-employed persons insurance rate in 2004 – 2006.

Having efficiency since July 1, 2007, the judgment of the Constitutional Court of 6. June 2006 was integrated to the legislation on pension insurance. It regulates the same way of evaluation of childcare period both for men and women in the form of declaration on word of honour submitted together with application for a pension. Adjustment of “excluded periods” evaluation for calculation of personal assessment base was performed.

In context of adoption of the Act No. 108/2006 Coll., Social Services Act as amended (introducing care allowance starting 2007), the payments of pension increase for incapacity were cancelled within pension insurance system. CSSA paid only additional charges of this benefit in 2007.

Valorising of pensions was performed twenty times in the period of 1990-2007 (actually pensions are increased regularly every January: enhancement of an average old-age pension makes up at least 100% of price growth and at least one third growth of real wage).



# Number<sup>1)</sup> of Pension Benefits paid by Type

in thous. persons

Year	Pension							total
	old-age	full disability	partial disability	widow's <sup>2)</sup>	widower's <sup>2)</sup>	orphan's	other <sup>3)</sup>	
1985	1 646	349	122	636	-	49	49	2 850
1989	1 707	344	126	631	-	66	43	2 916
1990	1 737	353	130	635	-	66	31	2 952
1991	1 777	367	127	635	-	63	28	2 997
1992	1 804	382	123	633	4	60	26	3 033
1993	1 815	398	119	631	5	60	24	3 052
1994	1 811	410	117	627	5	60	21	3 051
1995	1 811	420	117	623	5	62	18	3 057
1996	1 806	408	124	625	31	58	-	3 052
1997	1 813	398	138	629	51	59	-	3 088
1998	1 859	392	145	627	68	56	-	3 147
1999	1 891	385	150	623	75	59	-	3 184
2000	1 919	382	155	619	79	57	-	3 210
2001	1 936	380	162	615	82	55	-	3 230
2002	1 921	382	171	612	85	56	-	3 227
2003	1 933	385	178	607	86	57	-	3 246
2004	1 965	388	184	604	88	56	-	3 285
2005	1 985	389	189	600	89	54	-	3 308
2006	2 024	390	199	598	91	53	-	3 355
2007	2 061	389	208	596	93	51	-	3 397

## Share of Pensions in %

1985	57.7	12.2	4.3	22.3	-	1.7	1.7	100.0
1989	58.6	11.8	4.3	21.6	-	2.2	1.5	100.0
1990	58.8	12.0	4.4	21.5	-	2.2	1.1	100.0
1991	59.3	12.2	4.2	21.2	-	2.1	0.9	100.0
1992	59.5	12.6	4.1	20.9	0.1	2.0	0.9	100.0
1993	59.5	13.0	3.9	20.7	0.2	2.0	0.8	100.0
1994	59.3	13.4	3.8	20.5	0.2	2.0	0.7	100.0
1995	59.2	13.7	3.8	20.4	0.2	2.0	0.6	100.0
1996	59.2	13.4	4.1	20.5	1.0	1.9	-	100.0
1997	58.7	12.9	4.5	20.4	1.6	1.9	-	100.0
1998	59.1	12.4	4.6	19.9	2.2	1.8	-	100.0
1999	59.4	12.1	4.7	19.6	2.4	1.8	-	100.0
2000	59.8	11.9	4.8	19.3	2.5	1.8	-	100.0
2001	59.9	11.8	5.0	19.0	2.5	1.7	-	100.0
2002	59.5	11.9	5.3	19.0	2.6	1.7	-	100.0
2003	59.5	11.8	5.5	18.7	2.7	1.7	-	100.0
2004	59.8	11.8	5.6	18.4	2.7	1.7	-	100.0
2005	60.0	11.8	5.7	18.1	2.7	1.6	-	100.0
2006	60.3	11.6	5.9	17.8	2.7	1.6	-	100.0
2007	60.7	11.4	6.1	17.5	2.7	1.5	-	100.0

Source: Czech Social Security Administration

- Notes:
- <sup>1)</sup> The number of pensions paid in December, incl. pensions paid abroad and other pensions.
  - <sup>2)</sup> Widow's and widower's pensions include combination with direct pensions.
  - <sup>3)</sup> Social, personal, long-term service and other pensions granted before January 1, 1957.

## Number of Pension Beneficiaries in December 1996 - 2007

Year	Old-age				Partial old-age	Disability		Widow's and widower's	Orphan's	Total (pers.)
	total	non-reduced	permanently reduced	temporarily reduced		full	partial			
<b>Total</b>										
1996	1 760 331	1 749 528	7 235	3 568	36 667	404 756	120 743	98 118	57 058	2 477 673
1997	1 768 248	1 734 757	23 407	10 084	34 416	394 766	134 584	95 475	57 621	2 485 110
1998	1 816 181	1 733 679	66 153	16 349	32 458	387 888	140 675	88 902	55 139	2 521 243
1999	1 849 739	1 721 213	110 885	17 641	30 144	381 542	146 266	83 183	57 285	2 548 159
2000	1 878 555	1 702 846	156 420	19 289	28 204	377 679	150 609	77 545	55 273	2 567 865
2001	1 896 495	1 681 223	199 528	15 744	26 277	376 456	157 831	72 998	53 961	2 584 018
2002	1 883 314	1 659 163	210 960	13 191	24 516	378 433	166 405	70 729	54 401	2 577 798
2003	1 891 577	1 639 500	225 933	26 144	22 642	380 416	173 569	67 438	55 202	2 590 844
2004	1 923 728	1 648 673	250 683	24 372	21 187	384 203	179 173	63 374	54 020	2 625 685
2005	1 942 079	1 656 890	270 892	14 297	19 791	385 149	184 906	60 632	52 543	2 645 100
2006	1 976 693	1 667 628	295 328	13 737	18 657	385 764	194 291	57 411	50 968	2 683 784
2007	2 011 281	1 677 398	323 263	10 620	17 584	383 913	202 773	54 195	49 415	2 719 161
<b>Men</b>										
1996	622 546	618 906	2 416	1 224	627	199 059	72 537	5 660	28 461	928 890
1997	622 725	610 398	8 686	3 641	693	194 354	77 957	6 544	28 526	930 799
1998	638 053	605 988	25 603	6 462	761	191 517	80 408	6 525	26 517	943 781
1999	650 189	597 884	44 310	7 995	831	188 746	82 587	6 817	27 180	956 350
2000	658 489	588 539	61 390	8 560	891	187 370	84 787	6 664	26 249	964 450
2001	664 091	579 347	77 806	6 938	957	187 258	88 696	6 709	25 409	973 120
2002	656 217	568 327	82 034	5 856	1 057	188 680	92 891	7 255	25 339	971 439
2003	657 771	559 274	87 433	11 064	1 146	190 456	96 562	7 532	25 453	978 920
2004	669 969	563 112	96 641	10 216	1 251	192 961	99 197	7 535	24 773	995 686
2005	679 071	568 237	104 780	6 054	1 327	193 836	101 710	7 701	23 871	1 007 516
2006	694 678	572 642	115 531	6 505	1 421	194 512	106 163	7 759	22 971	1 027 504
2007	710 131	576 665	128 069	5 397	1 487	193 744	110 009	7 635	22 140	1 045 146
<b>Woman</b>										
1996	1 137 785	1 130 622	4 819	2 344	36 040	205 697	48 206	92 458	28 597	1 548 783
1997	1 145 523	1 124 359	14 721	6 443	33 723	200 412	56 627	88 931	29 095	1 554 311
1998	1 178 128	1 127 691	40 550	9 887	31 697	196 371	60 267	82 377	28 622	1 577 462
1999	1 199 550	1 123 329	66 575	9 646	29 313	192 796	63 679	76 366	30 105	1 591 809
2000	1 220 066	1 114 307	95 030	10 729	27 313	190 309	65 822	70 881	29 024	1 603 415
2001	1 232 404	1 101 876	121 722	8 806	25 320	189 198	69 135	66 289	28 552	1 610 898
2002	1 227 097	1 090 836	128 926	7 335	23 459	189 753	73 514	63 474	29 062	1 606 359
2003	1 233 806	1 080 226	138 500	15 080	21 496	189 960	77 007	59 906	29 749	1 611 924
2004	1 253 759	1 085 561	154 042	14 156	19 936	191 242	79 976	55 839	29 247	1 629 999
2005	1 263 008	1 088 653	166 112	8 243	18 464	191 313	83 196	52 931	28 672	1 637 584
2006	1 282 015	1 094 986	179 797	7 232	17 236	191 252	88 128	49 652	27 997	1 656 280
2007	1 301 150	1 100 733	195 194	5 223	16 097	190 169	92 764	46 560	27 275	1 674 015

Source: Czech Social Security Administration

Notes: Pensions paid out abroad are not included.

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

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

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

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

At widow's, widower's and orphan's pensions only pensions paid separately.

## Average Monthly Pensions Paid out Solo in December 1996 - 2007

Year	Old-age				Partial old-age	Disability		Widow's and widower's	Orphan's	Total (in CZK)
	total	non-reduced	permanently reduced	temporarily reduced		full	partial			
<b>Total</b>										
1996	4 609	4 609	4 538	4 556	2 987	4 455	2 933	3 430	2 181	4 335
1997	5 149	5 151	5 139	4 972	3 283	4 986	3 338	3 804	2 546	4 837
1998	5 578	5 587	5 504	5 233	3 444	5 398	3 592	4 069	2 761	5 242
1999	5 914	5 936	5 733	5 474	3 524	5 731	3 739	4 250	2 918	5 549
2000	6 296	6 350	5 943	5 686	3 647	6 118	3 905	4 480	3 077	5 909
2001	6 814	6 908	6 303	6 011	3 808	6 638	4 147	4 783	3 289	6 389
2002	6 841	6 949	6 272	5 896	3 705	6 666	4 132	4 739	3 327	6 398
2003	7 083	7 226	6 432	6 122	3 699	6 911	4 243	4 830	3 440	6 616
2004	7 280	7 454	6 537	6 191	3 666	7 088	4 315	4 889	3 529	6 797
2005	7 755	7 953	6 914	6 536	3 775	7 537	4 584	5 143	3 780	7 238
2006	8 200	8 437	7 241	7 091	3 859	7 962	4 847	5 385	3 998	7 653
2007	8 761	9 040	7 699	7 646	3 994	8 496	5 161	5 705	4 278	8 176
<b>Men</b>										
1996	5 099	5 098	5 172	5 164	3 441	4 834	3 092	2 387	2 178	4 770
1997	5 689	5 688	5 784	5 584	3 571	5 393	3 507	2 804	2 539	5 310
1998	6 173	6 179	6 135	5 848	3 589	5 834	3 785	3 042	2 748	5 758
1999	6 557	6 578	6 386	6 065	3 566	6 194	3 947	3 215	2 903	6 101
2000	6 998	7 047	6 650	6 350	3 562	6 611	4 132	3 378	3 064	6 503
2001	7 594	7 682	7 074	6 743	3 609	7 172	4 399	3 620	3 274	7 040
2002	7 627	7 731	7 044	6 625	3 437	7 192	4 382	3 651	3 313	7 045
2003	7 909	8 044	7 241	6 934	3 376	7 449	4 501	3 770	3 426	7 285
2004	8 141	8 306	7 379	7 020	3 313	7 628	4 579	3 862	3 512	7 487
2005	8 671	8 860	7 802	7 406	3 413	8 096	4 861	4 123	3 761	7 969
2006	9 168	9 401	8 170	7 932	3 503	8 538	5 133	4 358	3 977	8 419
2007	9 796	10 077	8 687	8 503	3 664	9 094	5 457	4 668	4 254	8 990
<b>Women</b>										
1996	4 178	4 177	4 204	4 219	2 966	3 993	2 674	3 494	2 183	3 949
1997	4 687	4 686	4 739	4 602	3 266	4 490	3 089	3 878	2 552	4 426
1998	5 087	5 091	5 086	4 803	3 435	4 865	3 320	4 150	2 773	4 803
1999	5 390	5 407	5 274	4 941	3 520	5 163	3 456	4 342	2 931	5 082
2000	5 734	5 781	5 459	5 106	3 655	5 510	3 598	4 584	3 089	5 410
2001	6 195	6 278	5 778	5 372	3 829	5 977	3 809	4 901	3 303	5 841
2002	6 221	6 319	5 744	5 255	3 739	6 015	3 803	4 863	3 340	5 854
2003	6 438	6 571	5 879	5 479	3 748	6 243	3 905	4 963	3 452	6 053
2004	6 610	6 774	5 963	5 545	3 730	6 415	3 975	5 028	3 544	6 216
2005	7 042	7 227	6 302	5 839	3 848	6 840	4 235	5 291	3 796	6 621
2006	7 444	7 668	6 586	6 259	3 942	7 243	4 492	5 546	4 016	7 002
2007	7 952	8 217	6 985	6 652	4 080	7 750	4 800	5 875	4 298	7 484

Source: Czech Social Security Administration

Notes: Pensions paid out abroad are not included.  
 Permanently reduced = till 3 years before age limit awarded old-age pensions to § 31 Act No. 155/1995 Coll.  
 Temporarily reduced = till 2 years before age limit awarded old-age pensions to § 30 Act No. 155/1995 Coll.  
 Non-reduced = old-age pensions at reach of retiring age.  
 Partial old-age pensions = old-age pensions awarded according to § 26 Act No.100/1988 Coll. and § 29 letter b) Act No.155/1995 Coll. (short period of insurance)  
 Solo pensions = pensions are paid out separately (without paid out pensions at the same time).

**Expenditure on Pensions by Type (Civil Sector)**

(mil. CZK)

Year	Pension										total
	old-age	partial old-age	full disability	partial disability	widow's	widower's	orphan's	other <sup>1)</sup>			
1993	50 178	686	11 505	1 942	8 467	48	634	178			73 638
1994	56 995	764	13 507	2 122	9 274	62	724	182			83 630
1995	71 018	1 016	17 037	2 966	10 119	106	1 150	279			103 691
1996	83 795	1 269	19 887	3 967	11 681	330	1 432	5			122 365
1997	104 198	-	22 363	5 188	13 127	608	1 794	2			147 281
1998	114 605	-	24 578	6 162	13 747	831	1 882	0			161 805
1999	123 666	-	25 557	6 669	14 268	967	1 887	0			173 014
2000	130 932	-	26 412	7 012	14 534	1 055	1 975	0			181 921
2001	140 657	-	27 970	7 677	15 938	1 200	2 373	0			195 814
2002	150 772	-	30 222	8 501	17 078	1 368	2 498	0			210 440
2003	156 273	-	31 531	9 135	17 343	1 487	2 504	0			218 273
2004	163 026	-	32 719	9 631	17 408	1 532	2 567	0			226 883
2005	175 669	-	35 028	10 575	18 042	1 651	2 684	0			243 648
2006	188 949	-	37 239	11 802	18 924	1 810	2 740	0			261 464
2007	203 933	-	40 420	13 254	20 382	1 984	2 904	0			282 876

Source: Czech Social Security Administration (Statistical Yearbook)

Notes: Helplessness is not included since 1999.

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

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

## Share of Expenditure on Pension Benefits to GDP

Year	Expenditures on pensions benefit <sup>*)</sup> (mld. CZK)	GDP in current prices (mld. CZK)	Share (%)
1993	76.5	1020.3	7.5
1994	88.2	1182.7	7.5
1995	109.8	1 466.5	7.5
1996	127.6	1 683.3	7.6
1997	150.2	1 811.1	8.3
1998	166.1	1 996.5	8.3
1999	177.9	2 080.8	8.5
2000	186.9	2 189.2	8.5
2001	201.1	2 352.2	8.5
2002	213.6	2 464.4	8.7
2003	225.8	2 577.1	8.8
2004	230.9	2 814.8	8.3
2005	247.4	2 983.9	8.3
2006	272.9	3 215.6	8.5
2007	289.9	3 551.4	8.2

Source: State closing account

Notes: <sup>\*)</sup>Incl. expenditures on pensions in the armed forces.  
GDP in current prices revised by Czech Statistical Office in June 2008.

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

Year	Average pension <sup>1)</sup> (CZK)	Average wage (in CZK)		Ratio of pension to wage (in v%)	
		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	3 356	2 656	51.6	65.2
1991	2 176	3 932	3 092	55.3	70.4
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

Source: MoLSA

Notes:

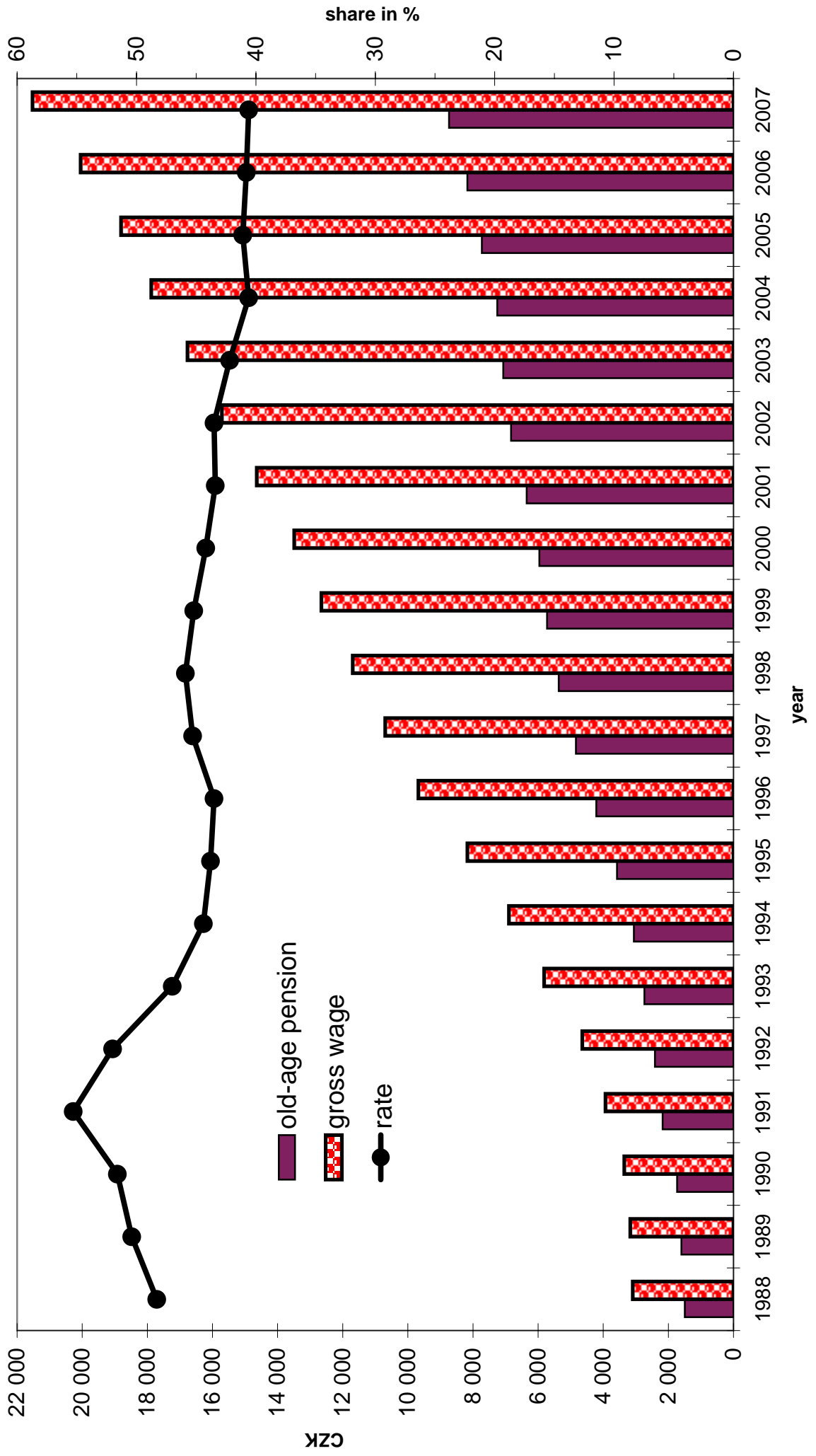
<sup>1)</sup> Monthly average of yearly pension payments (paid out solo without survivorship annually).

<sup>2)</sup> Average gross wage = general assessment base (§ 17 subsection 2 of the Act No. 155/1995 Coll.) determined by government direction according to average monthly wage (find out by the CZSO).

<sup>3)</sup> Average net wage = average gross wage reduced about health and social insurance and income tax which responses with this wage.

Amounts of wage and pensions are increased by state compensatory allowance in periods when it belongs.

### Replacement Rate of Average Old-age Pension\* to Average Gross Wage



\*) old-age pension, solo paid out, average in year

Table No. 3.7

## Summary of Pension Enhancement

Month of the enhancement	Enhancement		Basic measurement of pensions after enhancement (CZK/month.)
	"old-pensioners" percentage measurement	"new-pensioners" basic measurement (CZK/month)	
April 1996	8 %	8 %	920 CZK
October 1996	6 %	6 %	1 060 CZK
August 1997	8 %	8 %	1 260 CZK
July 1998	9 %	5 %	1 310 CZK
August 1999	7.5%	5 %	1 310 CZK
December 2000	9 %	5 %	1 310 CZK
December 2001	11 %	8 %	1 310 CZK
January 2003	4 %	3.8 %	1 310 CZK
January 2004	2.5 %	2.5 %	1 310 CZK
January 2005	5.4 %	5.4 %	1 400 CZK
January 2006	6 %	4 %	1 470 CZK
January 2007	6.6 %	5.6 %	1 570 CZK

Notes: "Old-pensioners" = pensioners with pensions awarded before January 1, 1996.

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



## **4. Sickness Insurance**

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

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

The maximal level of daily assessment base was 270 CZK (January 1, 1994 - September 1, 1999). Since October 1, 1999, the daily assessment base has been reduced according to two reduction limits. For the prevention of the backwardness of the sickness insurance benefits were specified that government increases supposing amounts of reduction limits yearly to January 1, with regard to trend of average wage (reduction limits are multiplied by special coefficient and rounded off up at whole ten CZK). Therefore these reduction limits were increased up from amount 360 CZK and 540 CZK (these amounts were valid from October 1, 1999 till December 31, 1999) to 400 CZK and 590 CZK (since January 1, 2000), to 430 CZK and 630 CZK (since January 1, 2001) and to 480 CZK and 690 CZK (since January 1, 2002). For reason of floods in August 2002 it was decided to stop valorisation for 2003 and with regards to public budget reform it was stopped for years 2004 and 2005 also. The reduction limits were increased at the amount 510 CZK and 730 CZK since January 1, 2006. Since January 1, 2007 the reduction limits were increased at 550 CZK and 790 CZK.

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

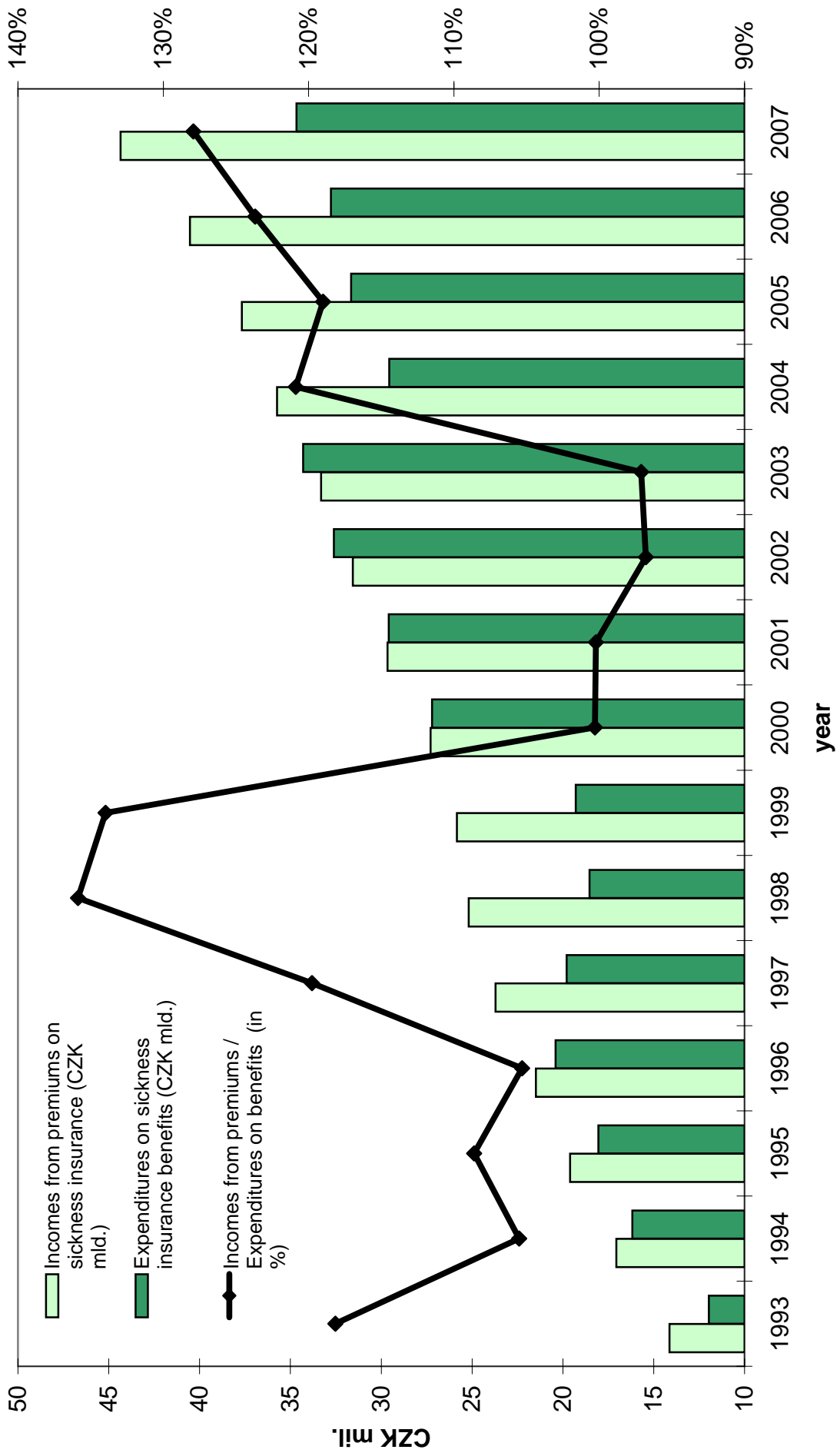
Amount of daily benefit is set by percentage rate calculated from limited daily assessment base. Since January 1, 2004 the rate for the first three days of sick leave was halved, i.e. at 25%, the rate of 69% (from the fourth day) has been remained.

## Basic Sickness Insurance Indicators

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
1. Average number of sickness insured persons	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	4 466 699	4 435 434	4 389 251	4 442 703	4 497 033	4 597 021
2. New report cases of sickness disability	3 925 021	4 048 326	4 324 828	3 951 214	4 192 150	3 790 700	3 813 161	3 812 185	3 863 031	3 589 680	3 621 995	2 705 662	3 029 448	2 706 725	2 726 634
3. Number of calendar days of sickness disability	91 138	100 177	105 693	101 921	110 312	101 552	99 509	106 730	110 431	110 411	110 306	94 083	99 346	95 428	94 274
4. Average period of disability per 1 case	23.2	24.8	24.4	25.8	26.3	26.8	26.1	28	28.6	30.8	30.5	34.8	32.8	35.3	34.58
5. Average percentage of sickness disability	5.3	5.77	6.15	6.05	6.25	5.82	5.95	6.46	6.75	6.77	6.81	5.86	6.13	5.81	5.62
6. Incomes from sickness insurance (premium)	14 133	17 064	19 604	21 492	23 706	25 181	25 839	27 285	29 653	31 563	33 316	35 738	37 679	40 535	44 354
7. Expenditures on sickness insurance benefits in total	11 961	16 173	18 049	20 409	19 794	18 533	19 287	27 205	29 585	32 609	34 307	29 563	31 660	32 773	34 671
including:															
sickness benefits	9 665	13 589	15 416	17 662	16 959	15 733	16 434	23 653	25 574	28 222	29 523	24 704	26 258	26 963	27 881
family member care benefits	655	835	893	927	864	765	696	785	957	893	1 004	730	819	825	893
maternity benefits	1 623	1 732	1 722	1 811	1 963	2 028	2 151	2 759	3 047	3 487	3 774	4 123	4 579	4 981	5 893
pregnancy and maternity compensation benefits	18	17	18	9	8	7	6	8	7	7	6	5	5	4	4
8. Difference between incomes and expenditures	2 172	891	1 555	1 083	3 912	6 648	6 552	80	68	-1 046	-991	6 175	6 019	7 762	9 683
9. Percentage of expenditures covered by incomes	118.2	105.5	108.6	105.3	119.8	135.9	134.0	100.3	100.2	96.8	97.1	120.9	119.0	123.7	127.9

Source: Incapacity for Work Due to Disease or Injury in the Czech Republic in 1993 - 2000 (Czech Statistical Office), MoLSA, Czech Social Security Administration (incomes including fines, penalties, surcharge to insurance and other obligations)

**Graph No. 4.1.1 Basic Sickness Insurance Indicators**



### Ratio of Average Daily Sickness Benefit to Average Daily Wage

Year	Average wage <sup>1)</sup> (gross)		Average daily sickness benefits <sup>3)</sup> in CZK	Ratio average daily sickness benefits 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	154	44
1998	11 693	384	155	40
1999	12 655	416	165	40
2000	13 490	442	222	50
2001	14 640	481	232	48
2002	15 711	517	256	50
2003	16 769	551	268	49
2004	17 882	586	263	45
2005	18 809	618	264	43
2006	20 050	659	283	43
2007	21 527	708	296	42

Source: MoLSA

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

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

<sup>3)</sup> In 1985 - 1992 converted from working days to calendar days.

## **5. State Social Support**

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

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

Starting January 1, 2007, the system of State Social Support has been amended significantly. The Act No. 110/2006 Coll., on Living Minimum as amended, introduced the living minimum („*životní minimum*“) and the subsistence minimum („*existenční minimum*“). The living minimum is stipulated as minimum level of cash incomes for ensuring sustenance and other basic personal needs. The subsistence minimum represents minimal level of incomes for survival. Neither living nor subsistence minimum include costs on housing. Protection within housing is ensured by housing allowance (State Social Support) and supplement for housing (system of material need).

Parental allowance has significantly increased (in 2007 it was counted as 40% of average wage in non-business sphere in 2005; i.e. 7 582 CZK). Entitlement to housing allowance was amended. Property owners or tenants are entitled to a housing allowance if 30% (in Prague 35%) of their family income is insufficient to cover housing costs and at the same time this portion is lower than the relevant prescriptive costs set by law. Housing costs include rent (similar costs for cooperative dwelling and flats in personal ownership), services and energies.

Change of living minimum concept influenced birth grant where an amount of a value increased from 17 500 CZK to 17 760 CZK for one child, 53 120 CZK for twins and 79 680 CZK for triplets. The growth of some foster care benefits amounts (fostering grant, foster child allowance and foster parent remuneration) was based on increase of coefficients for their calculation.

Statistical surveys concerning latest progress of number and amounts of benefits (until the end of 2007) indicate relatively stable number of benefits per a month. Parental allowance represents c. 59% of total expenditure on State Social Support, followed by child allowance with c. 21% and social allowance with c. 9%.

Average number of benefits per a month paid out within State Social Support made up a sum of 2 414 thous. in 2007. Child allowance was paid out to c. 1 772 thous. of dependent children, social allowance to c. 242 thous. of families with children and housing allowance to c. 117 thous. of households. Parental allowance received c. 308 thous. of parents. Most of the beneficiaries (especially families with dependent children) get more types of these benefits concurrently. Other State Social Support allowances represent benefits with low number of beneficiaries and expenditure.

Table No. 5.1

**Expenditure on State Social Support Benefits**

mil. CZK

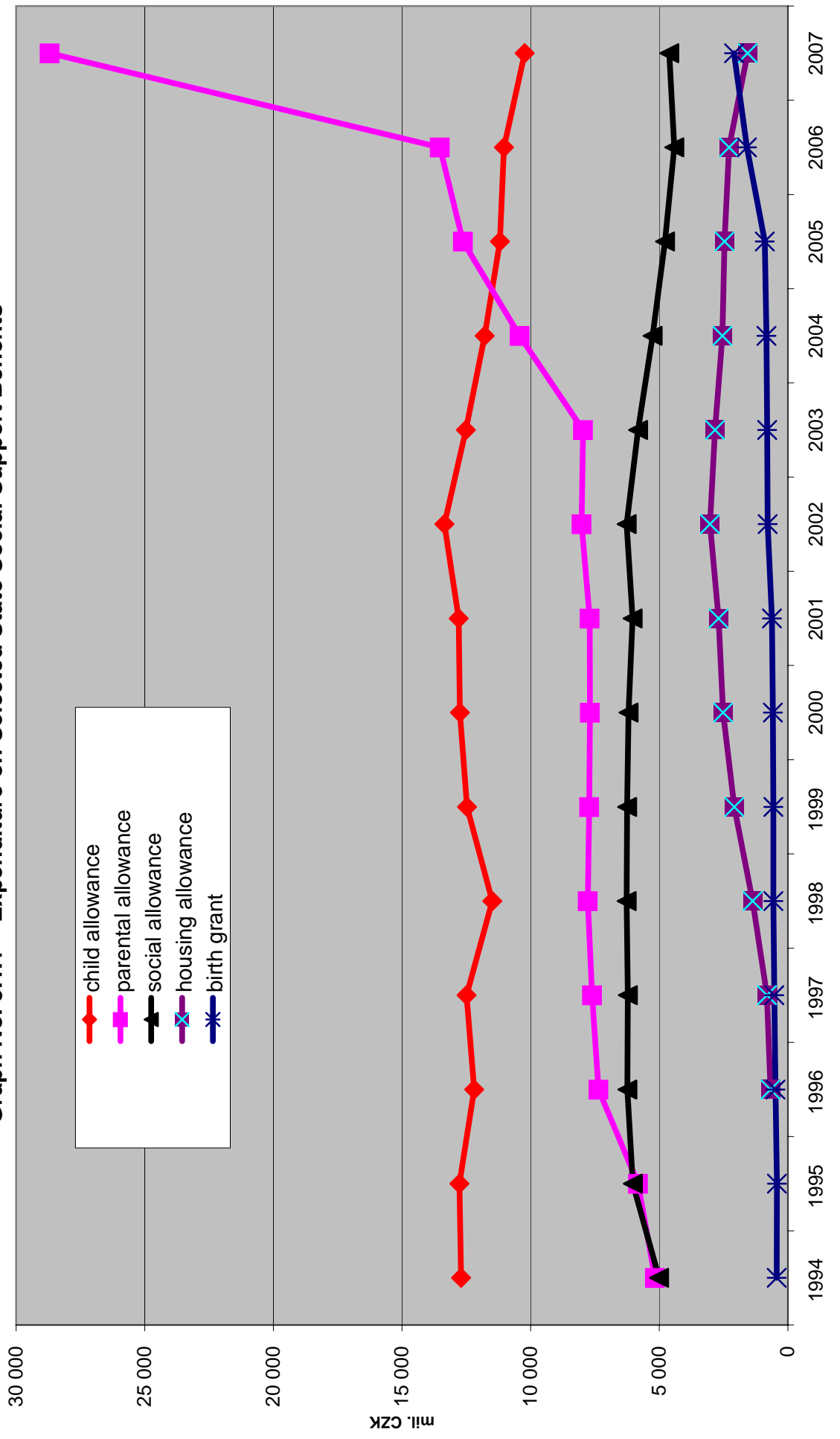
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Child allowance (incl. upbringing allowance)	12 700	12 770	12 194	12 495	11 493	12 474	12 748	12 799	13 353	12 519	11 790	11 195	11 033	10 236
Social allowance (incl. SCA to children)	5 014	6 029	6 244	6 224	6 273	6 251	6 199	6 041	6 271	5 822	5 262	4 779	4 418	4 607
Housing allowance	-	-	677	813	1 367	2 084	2 518	2 699	3 028	2 835	2 548	2 459	2 287	1 565
Transportation benefit <sup>1</sup>	-	-	839	938	947	994	1 045	1 173	1 298	1 267	856	-3	-1	-
Parental allowance	5 171	5 824	7 357	7 612	7 780	7 718	7 691	7 701	8 022	7 964	10 425	12 627	13 526	28 690
Providing-for benefit <sup>1</sup>	48	39	34	25	23	19	15	14	14	8	3	-	-	-
Foster care benefits	103	111	144	154	233	315	339	366	395	407	427	467	585	771
Birth grant	434	428	484	525	563	566	581	616	791	807	832	895	1 591	2 097
Death grant	144	329	348	331	519	543	540	528	529	549	525	533	513	509
Care allowance for a child in a facility <sup>2</sup>	-	-	-	-	-	-	-	-	-	-	-	2	24	-
Allowance for school aids <sup>3</sup>	-	-	-	-	-	-	-	-	-	-	-	-	65	57
Heating benefit <sup>4</sup>	-	-	-	67	277	236	106	-	-	-	-	-	-	-
Rent benefit <sup>4</sup>	-	-	-	49	163	127	73	6	-	-	-	-	-	-
Other benefits <sup>5</sup>	-	-	-	5	-	-	-	-	-	-	-	-	-	-
Other expenditure <sup>6</sup>	-	-	-	-	-	-	-	-	-	-	-	-	9	-
<b>Total</b>	<b>23 613</b>	<b>25 531</b>	<b>28 319</b>	<b>29 237</b>	<b>29 637</b>	<b>31 328</b>	<b>31 855</b>	<b>31 942</b>	<b>33 700</b>	<b>32 178</b>	<b>32 669</b>	<b>32 954</b>	<b>34 050</b>	<b>48 532</b>

Source: MoLSA

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

<sup>1</sup> Transportation benefit was terminated on June 30, 2004 (with salvages in 2005 and 2005) as well as providing-for benefit on December 31, 2004<sup>2</sup> Care allowance for a child in a facility was introduced on October 1, 2005 and abolished on June 30, 2006<sup>3</sup> Allowance for school aids is paid from June 1, 2006<sup>4</sup> Heating benefit was terminated on June 30, 2000 as well as rent benefit on December 31, 2000<sup>5</sup> Other benefits - unspecified entitlements generated before the Act on State Social Support as amended came into force<sup>6</sup> Other expenditure - unspecified payments of entitlement concerning cancelled benefits.

**Graph No. 5.1.1 Expenditure on Selected State Social Support Benefits**







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

Starting January 1, 2007, the Act No. 111/2006 Coll., on Assistance in Material Need as amended came into effect. It regulates providing of the assistance for assuring basic living conditions to persons in situations connected with insufficient level of subsistence, housing and in extraordinary events. The main purpose of the system is motivation to active effort for ensuring means to meet basic necessities of life and to prevent social exclusion. The system is based on the principle that “all persons who work must be better off than those who are out of work or who avoid work“. Social work plays an important role in the system of assistance in material need.

Another feature of the system is help to deal with certain special circumstances that can only be resolved with immediate assistance. It sets rule that everyone is entitled to receive basic information that can not only address their particular material need, but in the first place prevent it from occurring. Delegated municipal authorities are responsible for granting and disbursing of the following benefits in material need:

1. *Allowance for Living* - this benefit covers cases of material need that tackles the insufficient income of a person or family. Beneficiaries are entitled to an allowance for living if the income of these persons or families is less than the amount of living when reasonable housing costs have been deducted. The amount of living is established on a case-by-case basis based on an evaluation of the person's income, efforts and opportunities.
2. *Supplement of housing* - tackles cases where the income of the person or family, including the entitlement to a housing allowance from the system of state social support, is insufficient to cover justified housing costs.
3. *Extraordinary immediate assistance* - is provided to persons (with low income) who find themselves in situations that have to be resolved immediately: suffer from a serious threat to health; persons are victims of a serious extraordinary event (a natural disaster, storms and gales, ecological disaster, fire, etc.); persons do not have enough resources to cover essential one-off expenditure connected, in particular, with the payment of an administrative fee; persons do not have enough resources to acquire or repair basic furniture or durables or to cover justified costs relating to the education or special interests of dependent children; persons are at risk of social exclusion (it concerns, for example, the situation of persons who have been released from custody or from prison, who have left an orphanage or foster care on reaching adulthood, or who have completed treatment for an addiction).

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 beneficiary can reimburse (within this allowance) professional social service or cover costs on securing assistance within its family. A person shall be considered dependent on the assistance of another physical person in 4 degrees of dependence (from slight to total dependence).

Social assistance benefits for people with disabilities tackles unfavorable level of living of these persons by providing means for their need related to housing, transport and provision of special compensatory aids. Social assistance benefits for severely handicapped persons are provided in accordance with Decree by the Czech Ministry of Labour and Social Affairs no. 182/1991 Coll., to Implement the Act on Social Security and Act on Jurisdiction of Czech Republic Bodies in Social Security as amended.

Table No. 6.1

## Social Assistance Benefits for People with Disabilities

	2003		2004		2005		2006		2007	
	total number of benefits	expenditure (thous.CZK)	total number of benefits	expenditure (thous.CZK)	total number of benefits	expenditure (thous.CZK)	total number of benefits	expenditure (thous.CZK)	total number of benefits	expenditure (thous.CZK)
<b>Periodic benefits for the handicapped</b>										
- of it allowance for increased costs of living	1 805 729	331 586	2 000 064	371 068	2 134 365	380 839	2 252 495	406 389	2 178 599	480 953
	1 729 130	309 750	1 945 955	353 455	2 083 504	364 062	2 171 229	385 594	2 144 149	466 609
	222 077	2 046 998	229 361	2 100 099	245 151	2 163 343	254 209	2 361 497	273 570	2 434 897
<b>One-off benefits for the handicapped</b>										
benefit for motor vehicle purchase	5 890	448 732	5 369	418 633	4 890	383 695	4 946	395 120	4 712	381 258
benefit for general overhaul of motor vehicle	156	6 572	138	6 222	165	7 050	175	8 386	107	5 421
benefit for special modification of motor vehicle	446	17 715	416	16 771	361	14 866	373	15 581	374	16 558
benefit for motor vehicle operation	189 249	1 133 469	203 226	1 225 213	217 068	1 287 392	229 032	1 461 055	239 339	1 523 778
benefit for flat modification	2 033	62 795	2 298	71 230	2 117	63 500	2 099	65 614	1 984	62 638
benefit for individual transport	6 823	40 900	6 323	35 985	6 559	68 666	6 469	42 991	5 922	45 781
benefit for acquisition of special aids	7 456	266 246	7 804	295 111	7 277	307 502	7 778	317 357	8 227	376 742
benefit to blind citizens for a guide dog	57	4 978	57	6 725	44	6 870	48	8 416	302	9 649

Source: MoLSA

Table No. 6.2

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

Benefit	2007				
	Number of benefits *	Total expenditure (thous.CZK) **	Average amount of a benefit (CZK)	Average monthly number of benefits	Average monthly expenditure (thous.CZK)
<b>Benefits of assistance in material need</b>	1 219 430	3 286 638	2 695	101 619	273 887
<i>allowance for living</i>	853 837	2 592 920	3 037	71 153	216 077
<i>supplement for housing</i>	300 668	523 518	1 741	25 056	43 627
<i>extraordinary immediate assistance</i>	64 925	170 200	2 621	5 410	14 183
<b>Benefits of Social Care</b>					
<i>care allowance</i>	3 094 823	14 607 633	4 720	257 902	1 217 303

Source: MoLSA and Ministry of Finance

\* data source: information system OK-HN/SS (MoLSA), incl. back paid benefits,

\*\* data source: information system ARIS (Ministry of Finance)



## **7. Social Services**

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

- availability – in light of type of assistance, regional availability, accessibility to information and economic availability,
- effective – social service have to comply with needs of human not the system,
- quality – way and scope of provision correspondent to current knowledge and feasibility of society,
- reliable – provision shall not limit rights and interests of persons,
- economic – public and private expenditures on assistance provision shall maximally cover objective scope of needs.

Persons in unfavorable social situation that require assistance to be self-sufficient are entitled to individual benefit – care allowance – provided irrespective of origin of help (family of social services provider). Its amount corresponds to extent of needs.

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

On the basis of the Act the conditions for reliable, quality and effective provision of social services are stipulated with goal to secure protection of persons with reduced capability to assert their rights and interests. These conditions form series of obligations of social services providers and the system of control. Beside the standard control procedure there is also system of supervision on quality of social services introduced by the Act as well as conditions of vocational skills for performing a profession of a social worker.

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

The structure of social services in light of number of providers was the following in 2007: state – 0.6%, regional offices – 29.8%, municipalities – 23.9%, church – 21.0% and other providers – 24.7%.

Table No. 7.1

## Social Care Establishments

Type of service	2007		
	number	beds	unsatisfied applicants
Day services centres	42	740	30
Day care centres	142	2 958	89
Week care centres	40	702	105
Homes for the elderly	463	41 618	48 131
Homes for disabled persons	205	16 638	2 305
Special regime homes	75	3 829	2 697
Protected housing	70	2 087	3 573
Asylum houses	162	4 208	1 704
Half-way houses	29	334	39
Crisis centres	18	0	407
Low-threshold day centres	49	7	748
Low-threshold facilities for children and youth	61	0	572
Hostels (homeless shelters)	29	459	340
Therapeutic communities	13	136	260
Social counselling facilities	101	0	1 119
Social therapeutic workshops	22	337	18
Social rehabilitation services centres	60	408	482
Early intervention services centres	21	0	4
Intergenerational centres	2	75	1
Integrated centres	6	526	3

Source: MoLSA

Note: with regard to adoption of the Act No. 108/2006 Coll., on Social Services, as amended, the structure and notation of social services types was changed; the data are not comparable with the previous years

Table No. 7.2

**Costs on Social Services and Incomes from Residents' Contributions**

Year	Type of service	Average non-investment expenditure per 1 bed a year (CZK)	Average contribution of a resident per year (CZK)	Portion of residents' contribution to non-investment expenditure per 1 bed a year (%)
2007	Homes for the elderly	214 000	106 457	49,75
	Homes for disabled persons	297 139	108 114	36,38
	Special regime homes	246 951	124 730	50,51

Source: MoLSA

Table No. 7.3

## Home Care Service

Year	Total expenditure (mil. CZK)	Number of service beneficiaries	Number of service employees	Average payment by a service beneficiary per year (CZK)
1993	1 041	83 396	7 164	201.24
1994	1 897	85 533	6 656	330.01
1995	2 526	86 201	6 372	483.17
1996	1 799	89 673	5 660	755.18
1997	1 215	91 030	5 761	985.19
1998	1 493	90 897	5 569	1183.97
1999	1 331	106 825	5 885	1210.98
2000	1 540	113 528	5 760	1316.34
2001	1 588	114 203	5 659	1472.96
2002	2 255	109 034	5 466	1795.66
2003	2 051	116 128	5 430	1793.21
2004	2 148	109 475	4 978	1858.99
2005	1 593	112 927	4 821	2052.27
2006	1 637	105 088	4 556	2156.08
2007	1 544	95 520	4 795	4286.30

Source: MoLSA



## Social Care for Children

Table No. 7.4

Year	Children placed in the custody of future fosters	Children in foster care and wardship	Foster care allowance per 1 child a month (CZK)
1993	463	5 356	1 018
1994	543	5 460	1 129
1995	628	5 557	1 145
1996	575	5 787	1 574
1997	634	5 711	2 241
1998	499	5 935	3 273
1999	566	6 029	4 357
2000	512	6 000	4 712
2001	545	6 411	4 754
2002	464	6 598	4 985
2003	354	6 637	5 104
2004	319	6 565	5 416
2005	376	6 873	5 636
2006	298	7 149	6 824
2007	317	7 228	8 884

Source: MoLSA



## **8. Incomes of Population**

Development of cash incomes of households in the period from 1994 to 2007 is taken down in Table No. 8.1. It contains data from the National Accounts Statistics (CZSO) concerning the sector of households. It indicates that real current incomes of this sector have increased about more than a third since 1993.

The most significant part of current household incomes (actually more than a half) is represented by the compensations paid to employees (especially wages and salaries). The trend of the synthetic indicator of an average wage in the national economy is also included in table No. 8.1. Table No. 8.2 describes development of income situation in basic branches of national economy except flows within its differentiation.

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

Table No. 8.3 gives the summary of development in basic groups of social incomes from the database of the Ministry of Labour and Social Affairs. These incomes represent nearly fifth of total cash incomes of households. Remaining part of incomes results from various business activities and increase of capital assets value.

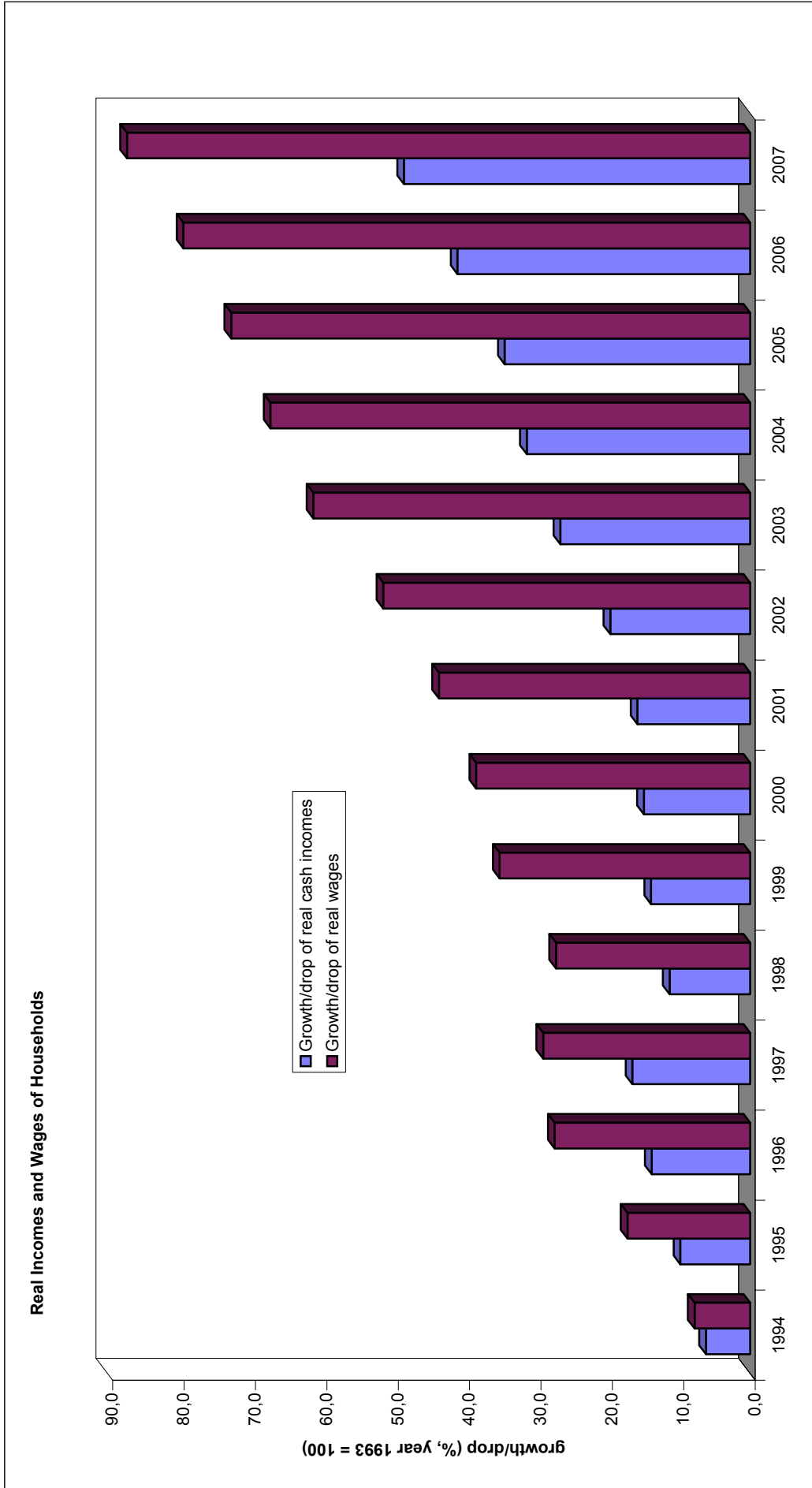
Table No. 8.1

### Real Incomes and Wages of Households

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Nominal cash income index<sup>x)</sup></b>														
- previous year = 100	116.8	112.8	112.9	111.0	105.8	104.4	104.9	105.5	105.2	106.0	106.6	104.3	107.5	108.2
- year 1992 = 100	141.0	159.0	179.5	199.3	210.9	220.2	230.9	243.5	256.2	271.7	284.9	298.1	298.1	351.3
<b>Average nominal wage index</b> (count. to natural persons)														
- previous year = 100	118.6	118.6	118.3	109.9	109.2	108.4	106.4	108.7	107.3	106.6	106.6	105.3	106.5	107.3
- year 1993 = 100	118.6	140.7	166.4	183.0	199.9	216.8	230.6	250.6	268.7	286.6	305.5	321.7	342.3	367.3
<b>Consumer price index</b>														
- previous year = 100	110.0	109.1	108.8	108.5	110.7	102.1	103.9	104.7	101.8	100.1	102.8	101.9	102.5	102.8
- year 1992 = 100	132.8	144.9	157.7	171.1	189.4	193.4	200.9	210.3	214.3	214.5	220.5	224.7	230.3	236.6
- year 1993 = 100	110.0	120.0	130.6	141.7	156.8	160.1	166.3	174.2	177.3	177.4	182.4	185.9	190.5	195.8
<b>Real cash income index<sup>x)</sup></b>														
- previous year = 100	106.2	103.4	103.7	102.3	95.6	102.3	100.9	100.7	103.3	105.9	102.0	102.7	103.6	105.3
- year 1992 = 100	106.2	109.8	113.8	116.5	111.3	113.9	114.9	115.8	119.6	126.6	129.2	132.7	137.5	148.5
<b>Real wage index</b>														
- previous year = 100	107.8	108.7	108.7	101.3	98.6	106.2	102.4	103.8	105.4	106.5	103.7	103.3	103.9	104.4
- year 1993 = 100	107.8	117.3	127.4	129.1	127.5	135.4	138.7	143.9	151.6	161.6	167.5	173.4	179.7	187.3

Source: CZSO (MoLSA calculation)

<sup>x)</sup> current incomes of households according to National Accounts Statistics (preliminary data for all years)



### Wage Differentiation by National Economy Branches

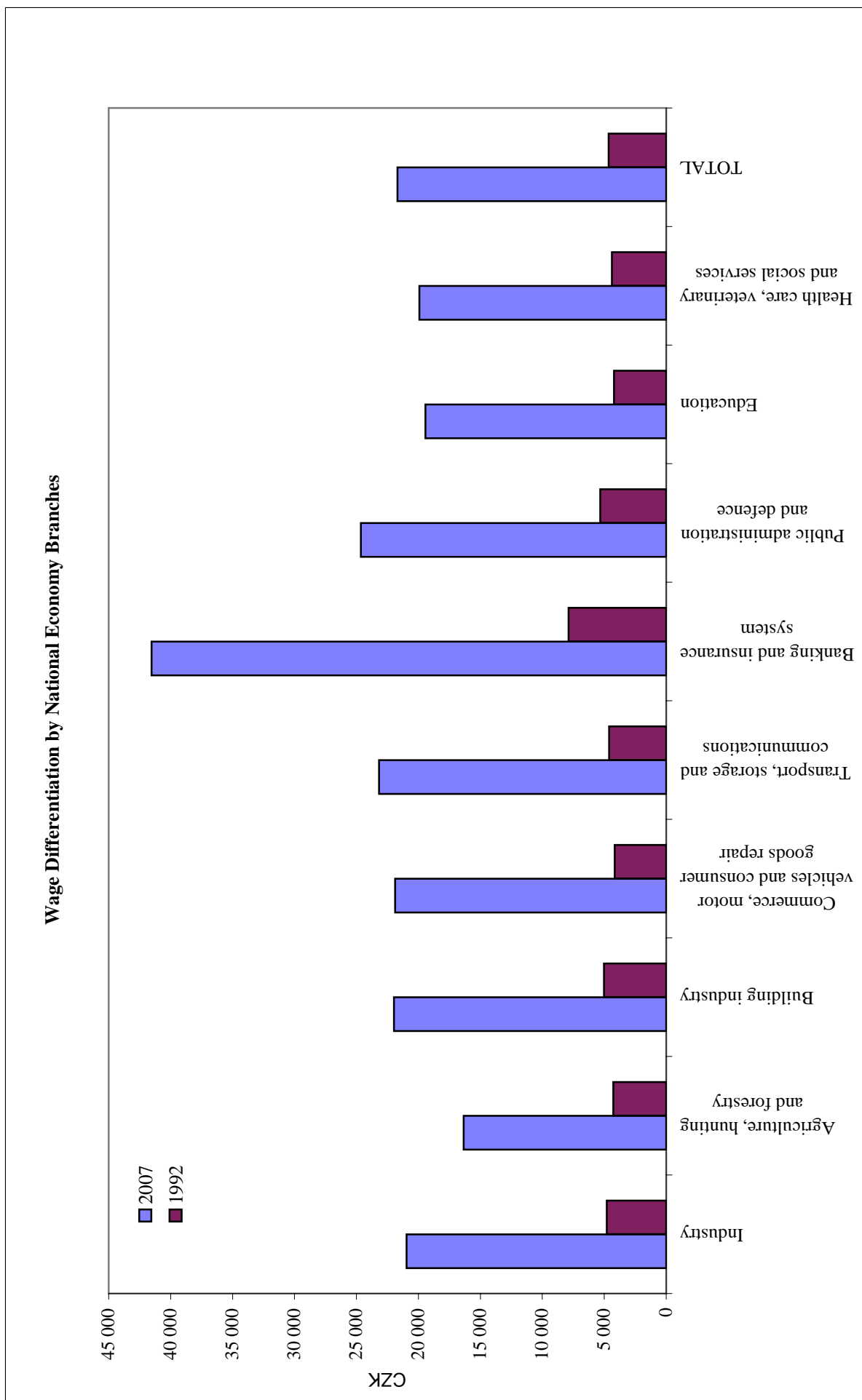
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Czech Republic total</b>																
average nom. wage (CZK)	4 644	5 904	7 004	8 307	9 825	10 802	11 801	12 797	13 614	14 793	15 866	16 917	18 041	18 992	20 219	21 694
annual index (%)	122,5	127,1	118,6	118,6	118,3	109,9	109,2	108,4	106,4	108,7	107,3	106,6	106,6	105,3	106,5	107,3
<b>Industry</b>																
average nom. wage (CZK)	4 805	5 893	6 888	8 148	9 587	10 726	11 871	12 671	13 589	14 543	15 368	16 293	17 502	18 347	19 548	20 962
annual index (%)	121,0	122,6	116,9	118,3	117,7	111,9	110,7	106,7	107,2	107,0	105,7	106,3	107,4	104,8	106,5	107,2
ratio (%)	103,5	99,8	98,3	98,1	97,6	99,3	100,6	99,0	99,8	98,3	96,9	96,3	97,0	96,6	96,7	96,6
<b>Agriculture, hunting and forestry</b>																
average nom. wage (CZK)	4 264	5 100	5 865	6 878	7 808	8 506	9 222	9 589	10 284	11 247	11 640	12 014	13 146	13 879	14 843	16 357
annual index (%)	115,1	119,6	115,0	117,3	113,5	108,9	108,4	104,0	107,2	109,4	103,5	103,2	109,4	105,6	106,9	110,2
ratio (%)	91,8	86,4	83,7	82,8	79,5	78,7	78,1	74,9	75,5	76,0	73,4	71,0	72,9	73,1	73,4	75,4
<b>Building industry</b>																
average nom. wage (CZK)	5 024	6 529	7 622	8 837	10 166	11 234	12 129	12 783	13 531	14 666	15 695	16 852	18 071	18 933	20 258	21 965
annual index (%)	124,3	130,0	116,7	115,9	115,0	110,5	108,0	105,4	105,9	108,4	107	107,5	107,2	104,8	107,0	108,4
ratio (%)	108,2	110,6	108,8	106,4	103,5	104,0	102,8	99,9	99,4	99,1	98,9	99,6	100,2	99,7	100,2	101,2
<b>Commerce, motor vehicles and consumer goods repair</b>																
average nom. wage (CZK)	4 165	5 131	6 315	7 201	8 499	10 488	11 889	12 847	14 171	15 354	16 367	17 144	18 346	18 949	20 037	21 875
annual index (%)	127,8	123,2	123,1	114,0	118,0	123,4	113,4	108,1	110,3	108,3	106,6	104,7	107	103,3	105,7	109,2
ratio (%)	89,7	86,9	90,2	86,7	86,5	97,1	100,7	100,4	104,1	103,8	103,2	101,3	101,7	99,8	99,1	100,8

## Wage Differentiation by National Economy Branches

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<i>Transport, storage and communications</i>																
average nom. wage (CZK)	4 602	5 672	6 807	8 241	9 853	11 306	12 616	13 646	14 842	16 052	17 247	18 281	19 418	20 561	21 811	23 174
annual index (%)	117,6	123,3	120,0	121,0	119,6	114,7	111,6	108,2	108,8	108,2	107,4	106,0	106,2	105,9	106,1	106,2
<b>ratio (%)</b>	<b>99,1</b>	<b>96,1</b>	<b>97,2</b>	<b>99,2</b>	<b>100,3</b>	<b>104,7</b>	<b>106,9</b>	<b>106,6</b>	<b>109,0</b>	<b>108,5</b>	<b>108,7</b>	<b>108,0</b>	<b>107,6</b>	<b>108,3</b>	<b>107,9</b>	<b>106,8</b>
<i>Banking and insurance system</i>																
average nom. wage (CZK)	7 877	10 336	12 081	14 017	16 407	18 665	21 177	23 182	25 630	29 136	31 570	33 223	35 426	37 366	39 706	41 541
annual index (%)	151,7	131,2	116,9	116,0	117,1	113,8	113,5	109,5	110,6	113,7	108,4	105,2	106,6	105,5	106,3	104,6
<b>ratio (%)</b>	<b>169,6</b>	<b>175,1</b>	<b>172,5</b>	<b>168,7</b>	<b>167,0</b>	<b>172,8</b>	<b>179,5</b>	<b>181,2</b>	<b>188,3</b>	<b>197,0</b>	<b>199,0</b>	<b>196,4</b>	<b>196,4</b>	<b>196,7</b>	<b>196,4</b>	<b>191,5</b>
<i>Public administration and defence</i>																
average nom. wage (CZK)	5 324	7 651	9 152	10 580	12 418	12 739	13 250	14 816	15 064	16 448	18 073	19 484	20 490	21 870	22 896	24 636
annual index (%)	133,3	x	119,6	115,6	117,4	102,6	104,0	111,8	101,7	109,2	109,9	107,8	105,2	106,7	104,7	107,6
<b>ratio (%)</b>	<b>114,6</b>	<b>129,6</b>	<b>130,7</b>	<b>127,4</b>	<b>126,4</b>	<b>117,9</b>	<b>112,3</b>	<b>115,8</b>	<b>110,7</b>	<b>111,2</b>	<b>113,9</b>	<b>115,2</b>	<b>113,6</b>	<b>115,2</b>	<b>113,2</b>	<b>113,6</b>
<i>Education</i>																
average nom. wage (CZK)	4 206	5 249	6 325	7 426	8 994	9 422	9 851	11 088	11 283	12 447	13 612	15 312	16 415	17 187	18 358	19 429
annual index (%)	122,9	124,8	120,5	117,4	121,1	104,8	104,6	112,6	101,8	110,3	109,4	113,0	107,2	104,7	106,8	105,8
<b>ratio (%)</b>	<b>90,6</b>	<b>88,9</b>	<b>90,3</b>	<b>89,4</b>	<b>91,5</b>	<b>87,2</b>	<b>83,5</b>	<b>86,6</b>	<b>82,9</b>	<b>84,1</b>	<b>85,8</b>	<b>90,5</b>	<b>91,0</b>	<b>90,5</b>	<b>90,8</b>	<b>89,6</b>
<i>Health care, veterinary and social services</i>																
average nom. wage (CZK)	4 387	5 525	6 475	7 529	9 068	9 622	9 945	11 312	11 747	13 356	15 051	16 311	16 753	17 511	19 021	19 916
annual index (%)	119,8	125,9	117,2	116,6	120,4	106,1	103,4	113,7	103,8	113,7	112,7	108,4	102,7	104,5	108,6	104,7
<b>ratio (%)</b>	<b>94,5</b>	<b>93,6</b>	<b>92,4</b>	<b>90,6</b>	<b>92,3</b>	<b>89,1</b>	<b>84,3</b>	<b>88,4</b>	<b>86,3</b>	<b>90,3</b>	<b>94,9</b>	<b>96,4</b>	<b>92,9</b>	<b>92,2</b>	<b>94,1</b>	<b>91,8</b>

Source: CZSO

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





## Social Incomes of Population

mil. CZK

	Annual index (%)																
	2000	2001	2002	2003	2004	2005	2006	2007	2000	2001	2002	2003	2004	2005	2006	2007	
	1999	2000	2001	2002	2003	2004	2005	2006	1999	2000	2001	2002	2003	2004	2005	2006	2007
Pension insurance <sup>1)</sup>	173 454	182 457	196 650	210 971	218 790	227 356	244 013	261 739	281 055	105.2	107.8	107.3	103.7	103.9	107.3	107.3	107.4
Sickness insurance	19 286	27 520	29 583	32 605	34 303	29 560	31 656	32 764	34 664	142.7	107.5	110.2	105.2	86.2	107.1	107.1	105.8
State social support	31 328	31 855	31 942	33 700	32 178	32 730	32 954	34 051	48 533	101.7	100.3	105.5	95.5	101.7	100.7	100.7	142.5
Social care benefits	9 269	11 276	11 646	13 327	14 148	14 317	14 196	14 674	21 679	121.7	103.3	114.4	106.2	101.2	99.2	99.2	147.7
Lump-sum contribution <sup>2)</sup>	x	x	x	x	x	6 538	x	x	x	x	x	x	x	x	x	x	x
Passive employment policy <sup>3)</sup>	5 603	5 590	5 162	6 141	6 870	7 030	7 014	7 276	6 986	99.8	92.3	119.0	111.9	102.3	99.8	99.8	96.0
<b>TOTAL</b>	<b>238 940</b>	<b>258 698</b>	<b>274 983</b>	<b>296 744</b>	<b>306 289</b>	<b>317 531</b>	<b>329 833</b>	<b>350 504</b>	<b>392 917</b>	<b>108.3</b>	<b>106.3</b>	<b>107.9</b>	<b>103.2</b>	<b>103.7</b>	<b>103.9</b>	<b>103.9</b>	<b>112.1</b>

Source: MoLSA

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



## **9. Basic Information on Labour Market**

According to the Labour Force Sample Survey (CZSO) there were on average 4922.0 thous. employed persons in 2007. This is more by 93.9 thous. employed persons than in 2006 representing 1.9% annual growth (compared to 1.3% annual growth in 2006). Starting 2004 the employment has increased. Their average annual level is the highest one since 1997. In single quarters of 2007 the year-on-year levels of growth increased. Employment in the fourth quarter of 2007 represented 4 967.2 thous. persons (the highest amount within quarter surveys since the half of 1996). The growth of employment was affected by raising of economic output (growth of GDP in current prices by 4.4% in 2007).

Employment of women represented the level of 2 115.9 thous. (less than a third portion on total employment growth only; portion of women on employment declined to 43.0%).

The growth of employment was mainly evident in groups of employees (increase by 79.2 thous. on level of 4 111.2 thous. persons in 2007) and entrepreneurs (incl. contributing family workers; increase by 16.8 thous. on level of 796.0 thous. persons given especially by growth of number of entrepreneurs without employees). Within the category of business sphere number of entrepreneurs with employees as well as number of contributing family workers declined. Compared to previous year it signifies reverse trend. However, portion of entrepreneurs on total employment is still above-average compared to EU states.

Number of persons employed in their main occupation with full hours of work increased (by 92.4 thous. on level of 4 565.3 thous. persons). Number of part time workers also slightly increased by 3.9 thous. on 245.9 thous. persons with 5.0% portion on total employment only.

Employment decreased only in primary sector again (by 5.5 thous. persons with 3.6% portion on total employment). Both secondary (industry and construction) and tertiary sector nearly identically affected growth of total employment (given in absolute expression). Number of the employed in secondary sector increased by 49.9 thous. persons with 40.2% portion on total employment. Industry recorded growth of employment again (by 39.4 thous. persons). However, compared to 2006 (by 71.7 thous.) this growth was not so significant. Employment growth was based mainly on manufacturing (growth by 44.0 thous. persons), especially on economic branches connected with production of cars. Relative share of industry in sector structure increased on 31.1%. In 2007 there were 10.5 thous. persons that acceded to construction (after a drop in 2006) with share of 9.1%. Portion of secondary sector in the Czech Republic represents the highest amount compared to other EU states. In tertiary sector the number of the employed increased by 49.5 thous., on the other hand the portion on total employment decreased on level of 56.2%.

In terms of regional structures there was accrual of employment in all regions except *Ústecký* region. There were 240.2 thous. foreigners in position of an employee in the late 2007 (annual growth by 29.8%) and other 68.9 thous. foreigners with trade licence. Foreigners represented 5.6% portion on labour force and 6.3% on employment.

Total employment rate (population aged 15-64 years) as important indicator of EU employment strategy reached level of 66.1% (by 0.8 percentage point higher than in 2006). Employment rate of women increased (by 0.5 p.p. on 57.3%) as well as employment rate of men (by 1.1% p.p. on 74.8%). For population aged 55-64 years by 0.8 p.p. on 46.0%.

After long-term growth the number of economically active persons (the employed + the unemployed) decreased in year-on-year comparison. This decline was accompanied by growth of employment and decrease of unemployment (more significant than in 2006). With regard to development of total number of the economically active population the rate of economic activity declined both for 15-64 years population to 69.8 (by 0.5 p.p.) and for population 15+ on level of 58.8%.

Average number of job seekers registered by labour offices in 2007 made up 392.8 thous. persons (there were on average 474.8 thous. unemployed persons in 2006). Number of registered job seekers towards the end of 2006 declined from 448.5 thous. persons to 354.9

thous. towards the end of 2007, i.e. by 93.7 thous. persons (it corresponds to annual growth of employment). Rate of unemployment in 2007 was the lowest since 1998.

Number of registered job vacancies significantly increased in 2007 (122.0 thous. on average). Improvement of indicator „number of job seekers per 1 job vacancy“ was recorded in 2007: average amount of 3.2 that is less by 2.6 job seekers in 2006.

Flows of the unemployed (in and out of register) were lower in 2007 than in the previous year, but still intensive. Number of new job seekers declined as well as number job seekers put out of the register. Number of job seekers put out of the register due to none cooperation with a labour office (as an implication of Employment Act effective since October 2004) was high – 97.2 thous. persons, compared to 87.0 thous. in 2006.

Concerning risk groups the number of the handicapped dropped down absolutely – there were 65.2 thous. of them registered as unemployed towards the end of 2007. However, their share in total number of job-seekers increased from 15.9% towards the end of 2006 to 18.4% towards the end of 2007.

Absolute decrease of unemployment of persons aged 50+ continued (year-on-year decline by 12.9 thous.; however, their portion on total unemployment increased from 27.1% towards the end of 2006 to 30.6 % with significant influence of 55+ persons, mainly over 60 years of their age).

Average share of women within job seekers slightly increased (from 53.2% in December 2006 to 53.9% in December 2007). Absolute number of women (job seekers) declined in the same period from 238.7 thous. to 191.2 thous.

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

Number of the long-term unemployed (more than 12 months) decreased by 48.0 thous. Their portion on total number of the unemployed significantly dropped from 41.2% in December 2006 to 38.6% in December 2007.

With regard to adjusted education numbers of all job-seeker groups decreased. The most numerous is the group of skilled graduates – 39.4% of all job-seekers (the largest fall of number and portion of job-seekers with this education) and group of applicants without completed education or having primary education – 31.6%.

Positive aspect was remarked in decrease of number (54.8 thous., annual drop by 23.7 thous.) and portion of job-seekers under 25 years of their age (fall from 17.5% to 15.4%). The reasons are demographic development, increasing need of employers for young persons, care of labour offices (individual action plans). Number of the graduates and the youth after school termination annually dropped from 32.0 thous. towards end of 2006 to 22.7 thous. towards December 31, 2007.

Another positive fact is decrease of unemployment rate in all Czech regions. The most evident decline was recorded in regions: *Moravskoslezský* (by 3.0 percentage point), *Ústecký* (by 2.8 p.p.) and *Olomoucký* (by 2.3 p.p.). These regions (together with *Karlovarský* and *Jihomoravský*) represent five the worst affected areas by unemployment. These regions count among the four worst affected areas by unemployment. As significant regional differences still remain, the divergence between unemployment rate in districts with the highest and the lowest rate was decreased by 3.6 p.p. The highest unemployment rate as of December 31, 2007 was in *Most* district (15.5%, annual decline by 4.0 p.p.), the lowest in *Praha-západ* district (1.6%).

In 2007 the supply side of labour market increased (growth of employment, higher number of job vacancies); decline of demand side accelerated (unemployment). However, structural aspect of unemployment still continues. Employers offer job vacancies, but labour force do not often dispose of appropriate experience and education. Employment policy tries to reduce this disparity partly. Another assumption is improvement of profession and territorial mobility.

Table No. 9.1

## Basic Indicators of Labour Market

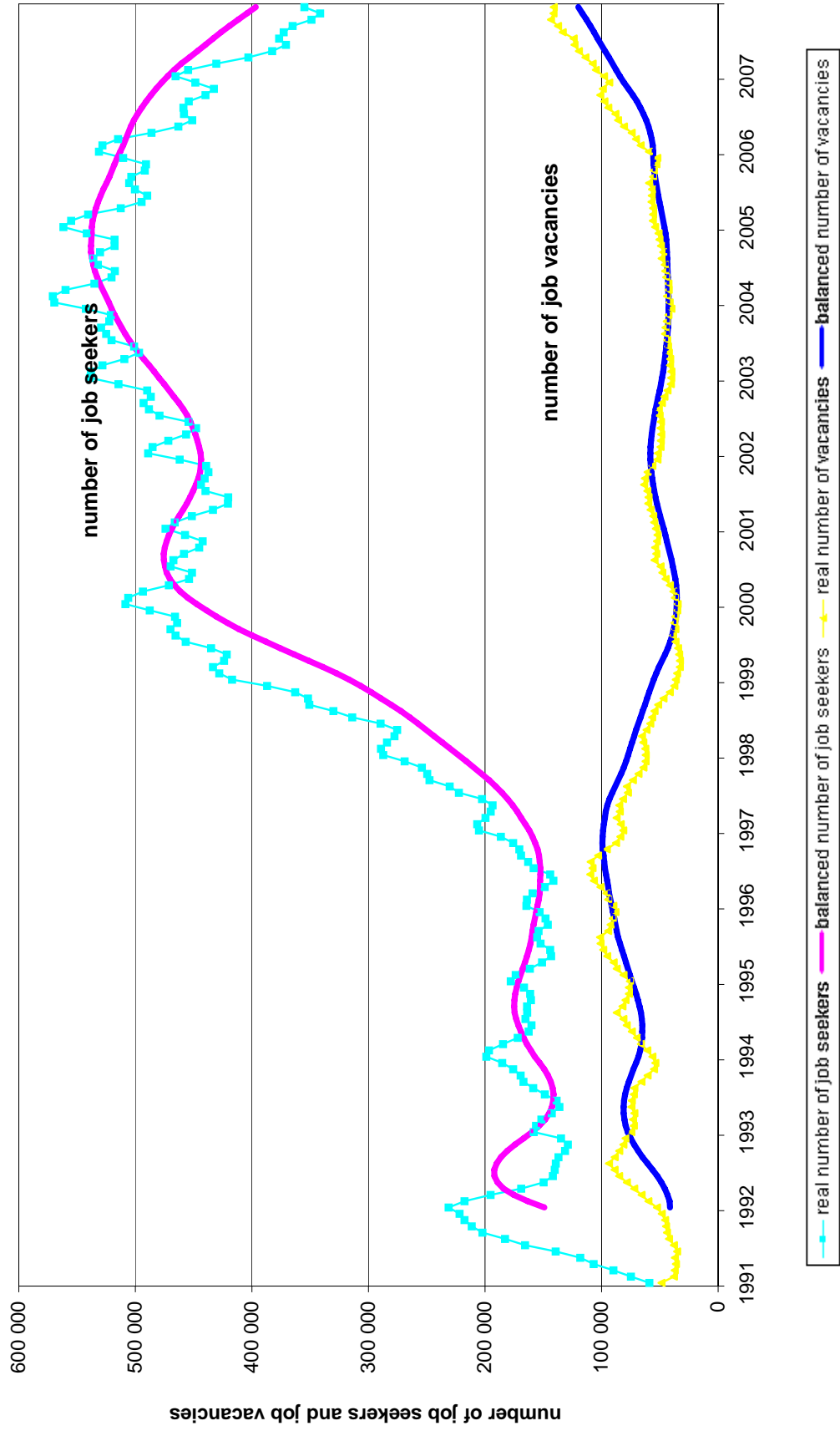
As of	Employment	Job Seekers										Job vacancies	Number of job-seekers per 1 job vacancy	Unemployment rate (%)
		Total	with unemployment benefit			of which			women	graduates	the handicapped			
			the unemployed more than		12 months	6 months	6 months							
			6 months	12 months										
31.12.1991	5 368 825	221 749	159 766	8 694	65 448	8 694	127 196	24 568	17 032	48 402	4.6	4.13		
31.12.1992	5 213 552	134 788	62 289	23 037	43 071	23 037	77 684	17 435	15 502	79 422	1.7	2.57		
31.12.1993	5 044 906	185 216	93 380	27 315	56 753	27 315	103 592	23 859	20 016	53 938	3.4	3.52		
31.12.1994	5 050 849	166 480	78 331	34 678	62 226	34 678	96 632	19 997	22 015	76 581	2.2	3.19		
31.12.1995	5 067 054	153 041	67 623	36 218	60 468	36 218	88 113	20 085	22 687	88 047	1.7	2.93		
31.12.1996	5 110 253	186 339	93 430	37 562	66 066	37 562	105 100	27 178	31 455	83 976	2.2	3.52		
31.12.1997	4 945 112	268 902	138 108	52 588	100 911	52 588	151 772	44 174	40 460	62 284	4.3	5.23		
31.12.1998	4 888 672	386 918	190 396	86 772	154 521	86 772	205 401	68 220	48 951	37 641	10.3	7.48		
31.12.1999	4 787 358	487 623	206 836	144 726	253 406	144 726	248 120	70 751	57 615	35 117	13.9	9.37		
31.12.2000	4 735 704	457 369	164 139	175 563	257 070	175 563	229 804	57 938	59 025	52 060	8.8	8.78		
31.12.2001	4 746 718	461 923	169 046	171 203	253 447	171 203	231 870	57 393	61 518	52 084	8.9	8.90		
31.12.2002	4 780 903	514 435	192 615	191 327	290 052	191 327	257 438	59 895	66 907	40 651	12.7	9.81		
31.12.2003	4 749 819	542 420	189 479	218 336	318 435	218 336	272 498	54 217	71 806	40 188	13.5	10.31		
31.12.2004	4 704 699	541 675	143 236	219 730	307 919	219 730	276 254	47 260	74 672	51 203	10.6	10.33		
31.12.2005	4 746 299	510 416	141 753	212 804	292 860	212 804	265 631	38 545	75 316	52 164	9.8	8.88 *		
31.12.2006	4 813 534	448 545	129 882	184 909	254 764	184 909	238 713	31 955	71 318	93 425	4.8	7.67 *		
31.12.2007	4 895 690	354 878	112 675	136 913	190 653	136 913	191 150	22 680	65 216	141 066	2.5	5.98 *		

Source: MoLSA

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

\* according to new MoLSA methodology

**Graph No. 9.1.1.1 - Number of Job Seekers and Job Vacancies**



State Budget Expenditure on State Employment Policy, Number of Jobs Created and Placed Job Seekers

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Expenditure on Employment Policy (thous.CZK)</b>	<b>2 166 077</b>	<b>2 562 588</b>	<b>2 416 637</b>	<b>2 664 493</b>	<b>3 972 035</b>	<b>5 096 712</b>	<b>7 631 216</b>	<b>9 086 623</b>	<b>9 522 338</b>	<b>9 879 089</b>	<b>10 960 415</b>	<b>11 750 430</b>	<b>11 908 975</b>	<b>14 202 321</b>	<b>15 072 541</b>
- passive policy (thous.CZK)	1 416 669	1 844 265	1 781 846	2 106 406	3 420 038	4 193 698	5 709 466	5 680 469	5 228 947	6 209 746	6 949 250	7 030 047	7 046 845	7 307 521	7 015 755
- active policy (thous.CZK)	749 408	718 323	634 791	558 087	551 995	903 014	1 921 750	3 406 154	4 063 277	3 483 250	3 274 160	3 939 856	3 977 708	5 300 675	5 673 321
<b>Active employment policy:</b>															
<i>Graduated positions *)</i>															
created jobs	8 178	7 025	5 502	5 094	3 757	9 464	11 131	11 478	9 872	8 131	8 365	7 308	37	2	-
placed job seekers	7 380	6 853	5 292	4 971	3 515	9 232	10 945	11 316	9 645	7 945	8 654	7 170	28	2	-
expenditure (thous.CZK)	245 190	127 053	117 754	100 334	101 759	117 777	304 790	358 012	388 336	347 996	331 220	418 018	144 687	143	-
<i>Socially beneficial jobs</i>															
created jobs	9 547	9 436	5 963	3 612	2 626	8 805	15 445	27 240	21 938	13 454	17 488	25 584	24 140	25 131	16 094
placed job seekers	12 250	9 874	6 603	4 025	2 931	8 178	15 804	26 721	21 767	14 123	17 618	25 010	25 129	25 417	16 706
expenditure (thous.CZK)	217 855	241 482	163 636	102 427	66 193	201 514	525 563	989 720	1 042 504	616 819	691 559	1 030 597	1 184 356	1 071 803	867 971
<i>Publicly beneficial works</i>															
created jobs	12 095	13 432	11 446	9 838	11 760	11 024	14 800	19 714	18 962	16 448	14 703	17 727	15 645	17 142	11 747
placed job seekers	11 760	12 927	10 821	10 259	11 888	11 905	16 069	20 034	19 977	16 573	15 378	18 246	16 846	18 011	12 374
expenditure (thous.CZK)	159 605	183 741	189 470	199 069	224 926	280 828	481 915	759 308	924 451	713 953	685 001	833 189	838 951	899 298	684 989
<i>Retraining</i>															
newly registered	12 095	14 814	13 454	12 107	11 448	16 381	22 938	33 331	35 145	36 015	42 753	44 089	38 438	51 262	53 846
out of register	12 821	15 167	14 034	12 133	11 918	15 488	22 136	32 260	34 771	34 898	42 420	45 094	38 333	50 413	55 459
expenditure (thous.CZK)	73 359	103 248	100 091	91 727	90 418	147 325	236 232	345 920	382 652	370 431	405 870	480 635	408 250	357 299	269 288
<i>The handicapped</i>															
created jobs	1 005	851	824	622	533	920	1 059	1 434	1 017	976	1 185	1 241	1 137	1 179	624
placed job seekers	947	748	724	562	493	853	951	1 368	1 028	1 063	1 221	1 636	1 592	1 606	1 284
expenditure (thous.CZK)	48 667 **)	61 630 **)	26 510	17 683	15 881	50 505	53 000	54 892	46 380	42 135	61 819	83 800	96 390	90 382	43 907
operation (thous.CZK)	x	x	33 351	39 749	44 005	76 533	109 003	132 995	158 446	131 632	155 036	162 244	208 799	219 772	185 201
allowance to job seekers on self-employment (§7 par. 3 Decree 115/1992 Coll.; thous.CZK)	x	x	x	x	x	x	x	x	x	3 769	6 729	5 048	4 798	7 065	4 638
occupational rehabilitation (thous.CZK)	x	x	x	x	x	40	3 833	7 307	6 388	39	0	262	53	1 654	1 943
goal-directed programmes (§120 of the Act No. 435/2004 Coll.; thous.CZK)	x	x	x	x	x	x	x	x	x	x	x	x	50 093	217 265	235 924
ESF programmes (thous.CZK)	x	x	x	x	x	x	x	x	x	x	x	x	x	1 277 664	2 100 517
investment incentives (thous.CZK)							179 855	590 730	674 495	685 131	803 871	858 853	976 732	1 048 236	1 190 421
other expenditure (thous.CZK) ***)	4 732	1 169	3 979	7 099	8 814	28 492	23 726	31 646	64 197	47 237	133 055	67 473	114 744	110 094	88 522
grants to employers with at least 50% of handicapped employees (thous.CZK)	x	x	x	x	x	x	x	x	375 428	527 709	524 446	649 012	736 913	1 410 552	2 187 432
insolvency (thous.CZK)	x	x	x	x	x	x	x	135 623	230 114	186 093	212 651	133 489	147 506	183 573	196 032
employment services and administration (thous.CZK) ***)	938 100	1 105 000	1 292 300	1 382 000	1 386 900	1 453 400	1 736 350	1 621 746	1 619 479	1 651 335	1 896 263	3 428 217	3 846 861	4 175 901	4 711 639

Source: MoLSA

\*) the Act No. 435/2004 Coll., Employment Act, as amended, do not regulated graduated positions (occupational experience of the graduates and retraining of the youth) anymore, i.e. new jobs are not created; expenditure of labour offices result from agreements concluded before force of the Employment Act.

\*\*\*) incl. costs on operation of sheltered workshops for the handicapped.

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





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

European System of integrated Social Protection Statistics (ESSPROS) was developed by the EC Statistical Office (Eurostat) in cooperation with MS experts in the 70's of the last century. ESSPROS represents a significant instrument for mutual comparison of social protection level in MS. Since its introduction ESSPROS methodology has been amended in a little scope. On the basis of the agreement between CZSO and MoLSA the inter-departmental Working group (led by the MoLSA) for implementation of this system in the Czech Republic was established in 2000. For the Czech Republic time series of ESSPROS Core system (1995-2006), module on number of pension beneficiaries (2000-2006), qualitative data (1995-206) and module on net benefits on social protection for 2002 and 2005 are available so far.

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

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

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

Core system includes social protection in a form of cash payments, reimbursements and goods and services provided to protected households and individuals. Specific information for more qualitative monitoring of social functions is given in relevant module. The ESSPROS Core system defines and describes classification of social protection schemes. A social protection scheme is a distinct body of rules, supported by one or more institutional units, governing the provision of social protection benefits and their financing. Social protection schemes should at all times meet the condition that it must be possible to draw up a separate account of receipts and expenditures. Schemes are classified according following categories:

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

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

The ESSPROS system identifies exact reasons for which benefit under given scheme and function is provided. It also defines social protection schemes with regard to national (MS) practices to cover all benefits with social protection dimension under above-mentioned

classification. This is the only way how to ensure comparable statistics among countries reflecting their institutional differences in the system of social protection.

With regard to comprehension and complexity of this issue we present the most elaborate part of Czech system with suppose of minimal further corrections in data time series: expenditure on social protection according to functions in 1995-2006. We plan to extend number of tables in the near future under this Chapter. More detailed data and international comparison of social protection level in MS and other European countries according to the ESSPROS methodology are available on web sites of Eurostat.

**ESSPROS Core System\*) - Expenditure on Social Protection by Functions**

Social protection function	Year											mil. CZK
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	
1. Sickness/health care	91 866	105 696	112 736	120 068	128 129	139 075	151 884	168 804	178 920	185 298	195 067	199 876
2. Disability	18 755	22 382	25 817	28 634	30 661	32 039	35 302	37 479	40 690	41 438	43 017	49 752
3. Old-age	86 406	101 726	123 576	140 002	150 247	160 644	169 625	182 541	185 229	193 614	211 897	225 544
4. Survivors	12 016	14 193	16 308	17 484	18 204	18 663	20 632	22 120	22 589	22 764	23 697	24 901
5. Family/children	29 498	31 392	32 535	32 574	33 827	34 906	36 357	38 685	38 387	44 036	41 612	43 910
6. Unemployment	5 618	7 341	9 395	10 908	14 444	14 271	14 355	16 469	20 254	20 596	19 735	18 559
7. Housing	43	688	938	1 818	2 458	2 710	2 720	3 038	2 904	2 623	2 547	2 389
8. Social exclusion	3 277	2 965	4 287	6 563	9 117	11 178	11 818	12 803	14 742	14 781	14 581	15 593
<b>Total expenditure</b>	<b>247 478</b>	<b>286 383</b>	<b>325 592</b>	<b>358 050</b>	<b>387 086</b>	<b>413 486</b>	<b>442 694</b>	<b>481 939</b>	<b>503 714</b>	<b>525 149</b>	<b>552 153</b>	<b>580 523</b>

Source: MoLSA

\*) ESSPROS = The European System of integrated Social PROtection Statistics

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

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

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