



MISSOC

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PREFACE

You are surely already waiting for the MISSOC-Publication "Social Protection in the Member States of the Union" which will summarize the developments of July 1, 1994. Due to technical difficulties the issue is still in the preparation phase. We do hope that this publication can be forwarded to you as soon as possible. In the meantime we would like to refer to MISSOC-Info 3/94 in which the update and comparative statistics have been published.

We would like to draw your attention to the fact that in future the print and distribution of MISSOC-publications will be coordinated by the Office for Publications in Luxembourg. Orders should be addressed to the Office for

Publications. The Secretariat will continue to coordinate the distribution of the MISSOC-Info.

We hereby present MISSOC-Info 1/95 which contains reports on recent developments in the field of Social Protection in the member states of the European Union. The developments in three new member states - Austria, Sweden and Finland - were not yet taken into account. They will be treated separately in one of our future issues.

Dr. Wilhelm Breuer
MISSOC-Secretariat

NEWS AND TRENDS

BELGIUM

Global management of social security finances

Within the framework of this global management plan, which came into force 1 January 1995 (refer to MISSOC-Info 1/94), a royal decree of 22 December 1994 was followed by the splitting-up of the sources of finance (contributions, resources from the funds to ensure the financial equilibrium of the social security system, and State subsidies) between the different social security sectors for the year 1995.

Employment

A royal decree of 27 December 1994 enforces the new employment plan for which provisions were made in Act of 21 December 1994, which deals with social and other measures.

This decree makes provisions for a substantial reduction in labour costs on the basis of a reduction in employers' social security contributions.

For the recruitment of job-seekers who have been fully unemployed and in receipt of unemployment benefit over a twelve months period, and for persons who have been receiving the benefit guaranteeing minimum resources (MINIMEX) over the same period of time, employers' social security contributions are reduced for the duration of

the three months period during which employment is entered into and the following eight terms.

In the first year, the reduction is equal to 75 %. In the second year this drops to 50 %.

If the job-seeker is fully unemployed and has been in receipt of unemployment benefit for 24 months, or has received MINIMEX for a period of 24 months, the reduction is equal to 100 % in the first year and 75 % during the second year.

Furthermore, the measure in favour of risk groups (which has risen from 0.15 % to 0.20 % of the wage bill) and the accompanying plan for the unemployed have been extended for 1995-1996.

Unemployment

The second half of 1994 was marked by the continuation with measures relating to the administrative framework and to the implementation of a reformed system of local employment centres (refer to MISSOC-Info 2/94), as well as by the promulgation of the royal decree stipulating the conditions on which workers that have taken early retirement on a part-time basis are entitled to claim unemployment benefit under the new system of the conventional part-time early retirement pension system (possibility of establishing by sector-based collective agreement, for the period 1995-1996, conventional early

retirement at the age of 55 onwards for workers who can claim a 33-year long career).

In addition, on 1 December 1994, the last amendment to the seniority bonus entered in force for elderly unemployed persons. Provisions were made for this in the inter-professional agreement of 1993-1994. The amount of these different benefits was linked to the development of the health index.

Finally, for the near future, young people in receipt of waiting allowances on the basis of their studies, who are unemployed for an abnormally long period of time, will be suspended from their entitlement for a limited period of time. It was previously planned that this period be unlimited.

Pensions

The important event that took place towards the end of 1994 was the founding of an advisory committee for the pension sector.

This advisory committee, comprising representatives of organizations for the elderly, can, on its own initiative, make recommendations to the Minister. On an annual basis, it is also able to present recommendations regarding the Minister's declaration on general policies before these go on to be discussed in Parliament.

In addition, a common information service has been set up for future pensioners. As of January 1995, on reaching the age of 55, each person is able to find out the amount of pension he/she is entitled to receive by filling in a form at the relevant local authority (pension service).

The alternative financial system was set up in order to guarantee, on the one hand, the financing of the social security system, and in particular future pensions, and, on the other, to relieve the burden of cost on employers. As far as pensions are concerned, the introduction of the social security's "global finance plan" considerably bolsters the share of the financial resources not financed by contributions. The means of finance that are not derived from contributions account for over 30 % of pension payments.

Finally, a maintenance of the system of solidarity regarding pensions was formally implemented to take effect as of January 1995. Based on the principal of solidarity among pensioners, this aims to, on the one hand, contribute to the financing of State pensions and, on the other hand, to achieve a redistribution between insubstantial and over generous pensions.

Family benefits

Within the system for salaried workers, the period of 6 months during which entitlement to family benefits was granted for the benefit of young people registering as unemployed on completion of studies has been extended to 9 months.

Within the system for non-salaried workers, it is worth noting the introduction of an adoption bonus of BEF

32,236 (from 1 January 1995) for each child adopted. Apprentices and trainees are now entitled to benefits until their 25 birthday. Previously entitlement was only till the age of 18.

Sickness-invalidity insurance

1. A royal decree issued on 12 August 1994 makes provisions for the introduction of a system to govern the financial responsibility of mutual assurance bodies from January 1995 onwards.

This system is based on the following principles:

Firstly, the resources gained from the insurance contributions will be better distributed among the mutual assurance organizations, based on the risks of their members.

Secondly, individual financial responsibility of assurance bodies is to be enforced.

In the event of profits (revenue exceeding health care expenditure) the insuring organization will receive a percentage of the profits. This will be transferred to an individual reserve fund that could be used later in the event of a deficit.

In the event of an insurance surcharge, the assurance body is obliged to contribute, by using reserve funds and/or by collecting a supplementary contribution from members.

2. The medico-mutualistic agreement 1994-95 ratifies the credit system relating to doctors.

Those doctors who can be accredited are doctors who have followed further training, do not over-prescribe technical benefits, maintain a minimal level of activity, properly manage medical files, and participate in assessment groups on medical practice.

Accredited doctors will be entitled to increased fees as of 1 July 1995 and an allowance of BEF 20,000 per year. The agreement also makes provisions for the possibility of reducing, as of the same date, patients' contributions for accredited general practitioners.

DENMARK

Reform on the labour market

The coming into operation of the Danish labour market reform on 1 January 1994 has led to a number of changes in the unemployment insurance system.

The duration of payment has been changed so that a member who satisfies the conditions for entitlement to unemployment benefits may receive daily cash benefits for a total period of 7 years. This period of 7 years is divided into a part-period of 4 years and a part-period of 3 years.

For persons who are in part-period 1 the amount of unemployment benefit is still 90 per cent of the previous

earning, subject however to a maximum rate of benefit of DKK 2,545 per week as per 1 January 1994.

For unemployed persons who are in part-period 2 an income guarantee has been introduced so that the unemployed person is - irrespective of previous earnings - guaranteed an income corresponding to the maximum rate of unemployment benefits. The income guarantee should be seen in the light of the efforts to give the unemployed an offer of employment during the whole of part period 2 at an income corresponding to the maximum rate of unemployment benefit.

The conditions for entitlement to unemployment benefit have also been changed in an important respect as it is now only unsubsidized work which counts in connection with the employment requirement (26 weeks employment within the last 3 years).

In both part-periods full-time insured persons may choose a scheme under which the member has a right to receive - for a consecutive period of 12 months - 80 per cent of the benefits and at the same time a right to earn an income of up to DKK 27,500 per year without any deduction in the amount of the benefits. Income from work exceeding DKK 27,500 will lead to deduction under the normal rules. The member is not required to be available for work during the 12 months-period.

As regards persons in part-period 1 this scheme is only open to persons who have been unemployed for at least 12 months out of the last 15 months. In part-period 2 any person who wants to, may avail himself of this scheme. In this case the benefit is paid at the fixed rate of 80 per cent of the maximum rate of daily cash benefits.

The financing of the unemployment insurance system has until now been characterized by the state covering all additional expenditure/reduction in expenditure in connection with fluctuations in the expenditure. The proceeds - in the form of employer and employee contributions - have until now been independent of the expenditure on unemployment insurance. This principle has been changed in connection with the introduction of a labour market contribution as from 1 January 1994.

In 1994 this labour market contribution amounts to 5 per cent of the wage income. The following years the labour market contribution will increase by 1 percentage point per year until it constitutes 8 per cent of the wage income.

The labour market contribution is paid to 3 different funds, the unemployment benefit fund, the activation fund and a sickness benefit fund.

The unemployment benefit fund will gradually take over the financing of the share of unemployment benefit, voluntary early retirement pay and transitional allowance which has until now been financed by the state. Out of the 5 per cent 0.9 per cent is paid to the unemployment benefit fund in 1994. The increases in the labour market contribution up to 1997 will exclusive go to the unemployment benefit fund so that the contribution to this fund will amount to 3.9 per cent of the income in 1997.

In addition to the labour market contribution to be paid by the employees, the employers are also to contribute to the unemployment benefit fund. In 1997 the employers are to pay 0.3 per cent of their wage bill. In 1998 the employers are to pay 0.6 per cent.

The amount of the contributions is regulated once a year in relation to the receipts and expenditure which the funds are expected to have the coming year.

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SPAIN

Report on trends in social security matters in Spain as of December 1994

Labour reform

Since the legislative reforms which took place during the course of 1994 in the field of employment law, as well as in the domain of social security, we have seen a considerable and widespread modification in our attitude towards markets and, in end effect, a cultural change where the various different actors involved in the production and distribution of goods and services are concerned.

Given the short length of time since the implementation of the legislative reforms relating to the labour market, it is not yet possible to assess their effects. However, it can be said that initial repercussions have been very encouraging.

Our economy functions on a seasonal basis and it is thus rare to experience a growth in employment without economic growth of at least 3 %. Nevertheless, the labour market has improved since 1994 to such an extent that, according to statistics, despite growth not having exceeded 2.5 %, this year will be marked by a sharp increase in employment. In 10 months 180,000 apprenticeship contracts have been drawn up thanks to new legislation, as well as 41,000 placement contracts and 770,000 part-time contracts. In other words, despite the low growth rate of our economy, 1994 will end with a significant increase in employment. This will enable us to deduce the favourable effect on the employment scene the reforms implemented in May have had. These reforms were dealt with in our previous report.

Social protection

As far as social protection is concerned, the clear relationship between this and employment plays a fundamental role in maintaining the level.

The European social model as described in the Commission's White Paper defines the different social protection systems with the common denominator of solidarity between the generations. The government considers that the degree of civilisation and culture of a society can be precisely measured according to this solidarity, on which the system of distribution is based. In

extending cover, this system is the expression of the solidarity between those who have an income and those who, for one reason or another for which they are not directly responsible, are unable to gain an income. This applies not only to the contributive or professional system but also to the non-contributory form.

The structure of our system is basically professional, although the progressive globalisation in matters such as pensions or health, or through a supplementary system to which article 41 of the constitution also refers, tends to define it as a system of distribution benefiting an ever increasing number of community members.

During this financial year, State contributions increased. In the future these will provide for the non-contributory benefits. The valid continuity of the system is guaranteed as much now as it will be in the future by three basic principles.

- the reinforcement and the improvement of the social protection system
- the maintenance of the purchasing power of the pensions
- the improvement of the management of benefits, although here it is worth noting that the social security system in Spain is, of all the other European systems, that which spends the least on management and running costs whilst, according to statistics, management efficiency and awarding of entitlement are excellent.

The improvement and strengthening of the system is based on these three axes. It is a case of striving to consolidate the system whilst at the same time accomplishing certain current objectives and achieving its viability as a system of social protection for the future.

Concrete measures

Concerning the concrete measures to guarantee the viability of the Spanish social security system, it is necessary to wait for the completion of the work being undertaken by the congress of deputies which was set up to this end at the beginning of this year, as was already mentioned in previous editions of MISSOC-Info.

It is, however, interesting to highlight the basic thread of the changes relating to social security that were adopted in two laws that entered into force 1 January 1995.

Firstly, the law regulating the general State budget for 1995 that introduces the following changes:

- reduction in the level of social security contributions
- increase in the level of VAT in order to compensate for the decrease in revenues on grounds of the reduction in contributions
- indexation of all pensions on the consumer price index

- increase in minimum pension rates in order to compensate for the loss in purchasing power

Secondly, the law relating to fiscal, administrative and social measures:

- modification of the system for collection of social security contributions in order to achieve maximum efficiency, clarity, and speed in the management of payments
- abolition of temporary invalidity benefits, and reform of temporary incapacity to work benefits
- regulation of maternity benefits by regarding maternity as a specific and independent eventuality and granting an allowance equal to 100 % of salary contributed
- unification of procedure for the declaration of permanent invalidity and the allocation of financial compensation by granting the national institute for social security exclusive responsibility in this matter
- creation of the register of public social benefits as a co-ordination instrument between the various bodies and organs which depend on it.

Besides the observations already made regarding the current prospects of our system of social protection, also relevant to the topic of innovations and trends as a whole are the statutory development of the amended general law on social security of June 1994 which dealt with four important domains - membership and registration; contributions and other amounts payable; benefits; heritage of the social security system. All these projects will probably be realised during the course of the next financial year.

It is also interesting to note the recent publication of the royal decree 2110/1994 of 28 December which modifies certain aspects relating to the regulation of special social security schemes for non-salaried or self-employed workers, agricultural workers, and cleaning women in accordance with article 104 of act 21/93 of 29 December on the general State budget for 1994. This made provisions for the optional membership of persons covered by a special social security scheme as a non-salaried or self-employed worker to provide insurance cover in the event of temporary incapacity to work under the terms and conditions stipulated in the said decree of 28 October 1994.

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FRANCE

Social security matters of 25 July 1994 (Act 94 637) (by Rolande Ruellan)

25 articles restructuring the administrative and financial organization of the general system form the core of the law. They are the first important reform in this field since the decrees of 1967.

In fact, they are meant to safeguard a social security system that has become of particular value to the French people. The three key words of this safeguard are: transparency, responsibility and effectiveness.

Goal of transparency

• between the four branches of the general scheme: With Act 94 637, the notion of "branch" has been established and, with the creation of an independent commission within the framework of the national sickness fund (CAM), the branch dealing with employment injuries has been accorded real autonomy. In accordance with the objectives listed in the rulings of 1967, each branch will have at their disposal their long-term treasury surpluses, without the unity of the general scheme being challenged.

• between the social security system and the State: The new measures relating to exemption from social security contributions - which fuel the debate on undue charges - will be the entire responsibility of the State. The commission for social security accounts, whose role is henceforth stipulated in the Act, is bound to oversee the budgetary compensation for these exemptions and, moreover, to present an annual review of the financial relationship between the State and the general scheme.

Furthermore, public bodies, who all too often escape the controls of the associations for the collection of social insurance and family allowance contributions (URSSAF), through lack of an incontestable legal base, will henceforth be governed by common law. The only exception - the State will be controlled by the revenue court - should not be interpreted as a privilege: in the light of the prerogatives of public authorities, the revenue court is only able to guarantee the proficiency of the control and its publicity.

New responsibilities

• for the social partners: The four national social security funds' rights to issue proposals have been extended and their recommendations are henceforth necessary for all reform projects that fall under their scope of activities - whether they be legislative or statutory. To date, only the national sickness fund were consulted to such an extent and no provisions were made in the text for the consultation of the central office of the social security organizations (ACOSS). Furthermore, the recommendations and suggestions will be communicated to Parliament, along with the bills and the annual report (mentioned later). The observations of the social partners will thus fuel parliamentary debate.

In other respects, the administrative control over policies relating to computerization, administrative management,

and the health and social action of the general scheme bodies has been lightened. An investigation will be conducted a posteriori.

• for Parliament: Each Autumn, the Government will submit to Parliament a report on the development of social security schemes. The members of parliament will thus be able to discuss the issues raised and take a stand on the direction necessary to be taken in order to achieve the financial equilibrium of the schemes in the medium term. This debate serves as a framework of reference to the legislative activity in social security matters.

Increased efficiency

• regarding management: In order to ensure the cohesion of each branch, as regards management, the authority of the national social security funds is reinforced. The budgets of the branches' base bodies are henceforth subject to their approval.

• regarding the collection of contributions: The bodies responsible for this are the most recently established and those whose legal foundations and regulation were weakest. The associations for the collection of social insurance and family allowance contributions (URSSAF) were up to now, formally, mere groupings of general scheme base organizations. Their autonomy is now formally established; the control of their contributions is exclusively their domain, and no longer the authority of the ministerial delegation.

As regards the central office of the social security organization, it did not previously have the statute of a national fund. However, now the ACOSS is all powerful and can promote collection and control policies. The collection of various revenues (13 % of current revenues from the general scheme), the task of which was gradually entrusted to the ACOSS, was inadequately laid down in the texts. The law of 25 July 1994 now gives the ACOSS an incontestable and coherent status.

The law deals with more than just questions of administration and finance. Notably, it extends the availability of sickness insurance by promoting harmonization and generalization.

• For self-employed workers: The new law ensures continuity in the acceptance of social security liability and enables people with more than one professional activity to benefit, as do agricultural workers, from the sickness and maternity benefits to which their second salaried activity entitles them.

• For the most underprivileged: Act 94 637 grants the immediate, provisional right to claim personal insurance, and reduces the administrative delay inherent to membership procedures and registration. These periods can be very long given the multitude of sickness insurance schemes.

The briefness of this account does not permit us to develop on other important aspects of Act 94 637, such as the measures concerning physiotherapy. This alone begs specific analysis.

Main measures of the Act of 25 July 1994 relating to the family (by Rolande Ruellan)

The Parliament attached importance to the fact that article no. 1 of this law once again confirms the significance of the family.

"The family is one of the essential values our society is built upon. It is the key to our Nation's future. For that reason, a global family policy is indispensable."

Act 94 629 of 25 July 1994 on family matters involves an ensemble of measures aiming to meet the daily needs of families. It will be implemented over a five-year period (1995-1999).

This law concerns a number of categories of families - those with young children where both parents work or where one of the parents would like to stop working or reduce working hours; those with dependent young adults; also those with adopted children; and those of multiple births.

By the end of the five-year programme, better assistance will have been provided for 1.5 million families. The financial involvement will be equal to F19 thousand million per year.

The main measures are as follows:

• Extension of parental education allowances (APE). The allowance which was paid to either one of the parents who had stopped work in order to devote time to the children's education on having the third child, is, since 1 July 1994, granted for families who have a second child born after this date (F2,929 per month on 1/7/94). The period of time over which the allowance is paid remains the same (until the child's 3rd birthday).

A part-time education allowance is also possible if the parent works part time (F1,937 or F1,465 per month depending on the level of activity).

As of January 1995, it will be possible to accumulate two parental education allowances at reduced rate if both parents work part time.

Finally, in the case of multiple births of at least three children, the allowance will be extended until the 6th birthday of the children.

• Development of measures for the care of infants. As of 1 January 1995, the following provisions of the Act will be in force:

- For children under 3 cared for at home, the amount of allowance for home child care (AGED) will be increased
- The allowance (AGED) will also be granted for children aged 3 to 6, at a reduced rate
- The financial assistance given to parents employing a registered child-minder will be increased (AFEAMA).

Furthermore, the resources of the family allowances fund (CAF) to support the development of measures for the care of infants will be increased - an additional F600m in 1995

and 3m to accelerate the further development of the scheme (1990). This is aimed at enabling approximately 100,000 new places at community nurseries, family nurseries, and play schemes.

• Measures relating to families having dependent young adults. The wish to better assist families with dependent youths is translated by the commitment to proceed, before 31 December 1999, with raising the age limit for entitlement to family benefit. This rise would be introduced gradually, in accordance with the resources of the national family allowance fund. Initially it will affect non-working dependent young adults aged between 18-20, for all benefits; then students, apprentices or trainees, where housing allowances are concerned, then for other benefits granted under condition on grounds of low income, and finally, also for family allowances.

• New measures in cases of multiple births or adoption. The law makes provisions for the prolongation of maternity leave:

- Prenatal leave will be extended from 6 to 12 weeks for twins, and from 6 to 24 weeks for triple births (or more).
- Postnatal leave constitutes 22 weeks, regardless of how many children are given birth to at any one time.

Finally, in the case of a multiple birth, the income-related infant allowance will be paid for each child until the age of three.

In addition, an adoption allowance is now available. It will be paid for a period of six months to families who adopt a child, or accommodate a child with a view to adoption. If a sibling is adopted, adoption leave is equal to 22 weeks.

• Entitlement to leave for family reasons: Parental leave is a right regardless of the size of the company. Entitlement to training is foreseen during parental leave, as well as for persons having stopped working during at least 5 years in order to look after at least 2 children.

In certain family situations, the right to reduce hours as to only work part time has been instituted for civil servants.

In case of illness, accident or serious disability of child, entitlement to the right reduce hours as to only work part time is open for a period of 6 months. This right can be extended once only. Three days leave can be taken per salaried-worker per year to tend to a sick child (under 16 years old). This can be extended to 5 days per year if one of the children is under a year old or if the family comprises at least 3 children.

• Measures relating to widow(er)s. The rate for reversion pensions will be between 52 % and 54 % as of 1 January 1995 and will rise to 60 % by 1999.

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ITALY

The guaranteed Basic income or Vital Minimum

Information from the Regions' Situation on July 1994

The following regional situations were grouped with respect to either existing regulations or mere regional rules or general orientations stemming from welfare and social health care plans, or to the kind of income reference criteria chosen for the allocation of the Vital Minimum (the INPS National Institute for Social Security - minimum pension; the minimum income fixed by the financial law for 1986 for ticket exemption; the untaxed income for employees; the reference basic quotas fixed by the single Regions). It should be noted that the Regions differ in their way of gathering information: some of them give monthly amounts, while others give yearly amounts. For this reason, the given data are not comparable directly.

The *Autonomous Province of Bolzano*, by provincial law n.69 of 26 October 1973, "Provisions in the field of primary assistance in the province of Bolzano", allows the inclusion in the provincial budget of earmarked funds in favour of cooperative societies established between the public welfare bodies (E.C.A.) and the Municipalities of the area, for the joint management of the primary financial assistance service.

Provincial contributions are allocated to these societies by the Provincial Council on the favourable opinion of an *ad hoc* committee with coordination, control and assessment tasks.

In order to help in meeting the individuals primary needs (food, clothing, personal hygiene, rent, heating) for limited periods, basic cash benefits are granted to people in situations of individual or familiar emergency, with the aim of favouring the final overcoming of them.

Procedures and criteria of assessment, evaluation and allocation for individual cases, as well as quantitative parameters for basic cash benefits are regulated by the *executive order of the President of the Regional Council n.7 of 4 March 1980*, for the implementation of provincial law n.69 of 26 October 1973 and following amendments concerning "Provisions in the field of primary assistance in the province of Bolzano".

For the calculation of the amounts required for the lowest meeting of basic needs (except for rent, which should be added to the basic quota) the fixed monthly quota is Lit. 485.000 and it is adjusted yearly.

The family quotas are fixed as follows:

- single person, 120 % of the b.q.: Lit. 582.000 per month
- head of the family, 100 % of the b.q.: Lit. 485.000 per month
- 2 members-household, 170 % of the b.q.: Lit. 824.000 per month
- 3 members-household, 210 % of the b.q.: Lit. 1.018.000 per month

- 4 members-household, 250 % of the b.q.: Lit. 1.212.000 per month
- non-self-sufficient disabled members, 120 % of the b.q., in addition to the fixed quota, depending on the total number of household members (see amounts indicated above).

Also the *Region Valle d'Aosta* has specific regulations concerning the Vital Minimum. Regional law n.19 of 27 May 1994. "Regulations in the field of financial assistance", provides for the allocation of cash benefits to individuals or households with no income or with a lower yearly comprehensive income than the limits indicated below, which may be adjusted yearly, by deliberation of the Regional Council, on the basis of the ISTAT (Central Statistics Office) index and in any case within the limits of earmarked funds included yearly in the regional budget. The total contribution is given by the difference between the Vital Minimum and the annual gross income of the individual or household.

In *Umbria*, regional law n.24 of 24 December 1992 concerning criteria for the assessment of income levels and reference parameters for financial assistance, acknowledges financial assistance as a basic intervention aimed at encouraging the permanence of people at risk in their own life environment. The sums paid are equal to the difference between the economic vital minimum and the family gross income. The reference parameter for the Vital Minimum is the INPS minimum pension for the employees with more than 780 weekly contributions with the addition of 50 % of the ordinary rent for a cheap popular lodging for people who benefit from rented houses. This benefit may be granted at the maximum according to the following basic quotas:

- a) single-member-household: 120 %
- b) head of the family: 100 % of the b.q.
- c) 2nd dependent member of the family: 70 % of the b.q.
- d) 3rd dependent member of the family: 40 % of the b.q.
- e) from the 4th dependent member on: 20 % of the b.q.

As regards the other Regions, in some of them the allocation of the Vital Minimum is established by the laws of reorganization of social services.

In *Basilicata*, law n.50 of 4 December 1980 "Reorganization of welfare services", provides for the allocation of supplementary cash benefits to households in need, but within the limits of the available funds of the authorities charged with the management of services (Local Health Units-US Land Municipalities). The amounts of cash benefits aimed at ensuring the lowest meeting of the individuals primary needs are fixed by regulations issued for the implementation of the above-mentioned regional law, the amounts of the Vital Minimum for the year 1990 are fixed as follows:

- Lit. 280.000 per month for a single person
- Lit. 240.000 per month for the head of the family
- Lit. 100.000 per month for each member of the family up to the 4th one

- Lit. 70.000 per month for each member of the family beyond the 4th one
- Lit. 50 % increase for non-self-sufficient disabled members of the family.

Incomes or earnings of any kind the applying individual or household actually benefits from are deducted from the above amounts. By *regional law n.26 of 1985 "Amendments and integrations to regional law n.50 of 1980*, the Vital Minimum is adjusted yearly by deliberation of the Regional Council.

In *Sardinia, the regional regulation of 18 January 1989 for the implementation of regional law n.4 of 25 January 1988 concerning "Rules for the reorganization of welfare interventions"*, provides for the allocation of cash benefits.

The quotas for households of different sizes are calculated on the basis of *the decree of the Councillor for public hygiene, health and welfare n.599/172 of 3 March 1994*.

household members	equivalence scale	annual income Vital Minimum
1	70	5.498.459
2	100	7.854.942
3	130	10.211.424
4	160	12.567.907
5	185	14.531.841
6	205	16.102.631

The amount of the benefit is adjusted yearly on the basis of ISTAT indexes and is equal to the difference between the Vital Minimum and the family income. Each Municipality, either as individual or as associate, will pay allowances within the limits of its own available funds.

In the Region *Marches*, cash benefits fixed as the Vital Minimum are included in *regional law n.43/88*, which refers to the Regional Council the determination of unitary parameters of income or need on the basis of which cash benefits paid by the Municipalities should be adjusted.

Article 35 of this law provides for a yearly adjustment of the amounts on the basis of the cost of living index.

With respect to resources taken into consideration for the amount of the Vital Minimum, the Region gave no directives on the matter since it is bound to the issuing of guidelines (which are still being studied by the Regional Council) for the determination of the income level aimed at the client's share in the cost of the service.

In *Piedmont, regional law n.20 of 22 August 1982, "Orientations and regulations for the reorganization of welfare services in the Region Piemonte"*, provides for the allocation of cash benefits to individuals or households in financial conditions which do not allow them to meet the basic needs of life, in order to foster their economic independence. Cash benefits are granted as long as the state of need lasts.

Following the orientations of the regional social health plan, each Local Social Health Unit (USSL) defines, by its own outline deliberation, the unitary parameters of income and need, in order to fix the amounts of cash benefits. The Vital Minimum is generally adjusted to the amount of the

INPS Minimum pension and to the number of household members, from which any other assessed income of the applicant should be deducted. This is done in order to foster personal independence and avoid a passive and free from responsibility role of the individual. Cash benefits which are paid directly by the Local Authorities, under the terms of article 36 of law n.20/82 as amended and integrated, are adjusted on the basis of deliberations of the Local Social Health Units, which are responsible for the planning of any sort of social welfare activities, including those activities which are carried out by the single Municipalities.

Also in the Region *Toscana, The Local Health Units by their own regulations* concerning welfare and financial interventions, or the Municipalities when financial assistance falls within their competence, fix the amount of the minimum income or Vital Minimum which entitles to integrative cash benefits.

In *Lombardia, the Social Welfare Plan for the years 1988-1990* gave the Municipalities instructions and differentiated income reference levels according to the household composition. It is difficult to estimate the expenses borne by the Municipalities for the Vital Minimum, since the items for financial assistance found in the final balance for 1988 do not concern only this sort of intervention.

In *Calabria, the regulation for the organization and management of social welfare services of the Region Calabria, which was approved following on the regional law for the "reorganization and planning of social welfare interventions"*, provides for the allocation of cash benefits from the Municipalities according to the following table, which shows the minimum income levels by size of household, as of 1991:

number of household members	Vital Minimum
1	5.060.000
2	8.400.000
3	10.800.000
4	12.900.000
5	15.000.000

The above limits, which are considered as the Vital Minimum, are adjusted yearly. The amount of the cash benefit will be calculated as the difference between the Vital Minimum referred to above and the earnings of the applying household. If the budget of the Local Authority should not allow the payment of the fixed allowances to all applicants, a per cent and generalized reduction will be made.

The model regulation in the field of the organization of Social Welfare Services in Sicily, under the terms of article 54 of regional law n.22, 9 May 1986, concerning the reorganization of social welfare services, provides for the allocation of a Vital Minimum to individuals or households in straitened conditions. The reference basic quota is equal to the amount of the INPS minimum pension for employees. Cash benefits are fixed as follows:

- 75 % of the b.q. for the head of the family
- 25 % of the b.q. for the dependent spouse
- 35 % of the b.q. for the dependent members of the family aged 0-14
- 15 % of the b.q. for any other member of the family.

Also in the Regions *Friuli Venezia Giulia and Emilia Romagna* the INPS minimum pension for employees is used as the reference basic quota, although in both Regions there are no specific regulations on the matter. In *Friuli* there are *directives containing orientations addressed to the Municipalities for the assessment of the state of need*, whereas in *Emilia Romagna* some *orientations* are contained in the *regional plan* and each Municipality or Local Health Unit (the latter if delegated by the Municipalities on the matter) follows its own regulations.

In *Liguria* the *three-year social welfare plan* gives general orientations for the determination of the minimum income threshold. The reference Vital Minima are calculated on the basis of the income level for the entitlement to the INPS minimum pension for employees, which in 1991, for a oneperson household, was equal to Lit. 240.000.

In the starting phase, however, there is a per cent drop of these amounts on the basis of the available funds of each competent authority. Consequently, the amounts for the Vital Minimum level given by the Regions are the following:

number of household members	Vital Minimum
1	6.240.000
2	10.296.000
3	13.228.800
4	15.787.200
5	18.404.000

As regards the *Autonomous Province of Trento*, there is no specific regional law concerning financial interventions for the Vital Minimum. *The Regulation for the implementation of the provincial social welfare plan for the years 1993-1995* provides for monthly cash benefits aimed at coping with the inadequacy of family income in relation to the basic "vital" needs. These benefits may be granted for 6 months at most, except for disabled or elderly people who cannot be independent because they are unable to work. In these cases the longest period may be extended to 12 months. The monthly basic quota fixed for the calculation of the amounts which are necessary to meet the individual's basic needs is equal to Lit. 329.000 for the year 1994.

The quotas which should be shared are distributed as follows:

- single person	120 % of the b.q.	Lit. 471.000
- head of the family	100 % of the b.q.	Lit. 392.000
- 2nd member	75 % of the b.q.	Lit. 294.000
- 3rd and 4th member	50 % of the b.q.	Lit. 196.000
- 5th member and on	20 % of the b.q.	Lit. 78.000

The amounts for rent, heating and documented overhead expenses should be added to the total amount of the family quota.

In any case, the basic amount of the cash benefit is equal to the difference between the amount of the Vital Minimum and the earnings of the applicant and his family. The extent and limits of financial assistance interventions are adjusted yearly by deliberation of the Provincial Council.

In *Abruzzo*, by *regional law n.15 of 14 February 1989, "Regulations concerning the organization and management of welfare interventions and services for children"*, the amount of the INPS social pension was fixed as the lowest income chreshold.

Moreover, *regional law n.75 of 16 September 1982* provides for the allocation of cash benefits to the elderly in order to avoid their admission to institutions.

Finally, there are no regional regulations concerning the Vital Minimum in the Regions *Molise and Lazio*.

In *Puglia*, the institution of the Vital Minimum is only targeted to the elderly, under the terms of *regional law n. 49/81* in favour of the elderly persons, which provides for the allocation of cash benefits, even in regular form, as an integration to the Vital Minimum fixed by an *ad hoc* municipal committee.

In *Veneto* the payment of the Vital Minimum falls within the competence of the Municipalities, which are responsible for the determination of procedures, parameters, amounts and qualifying conditions, whereas the Region *Campania* regulates cash benefits from the Municipalities only in the field of financial assistance to orphan children.

The general framework is rather heterogeneous, both with regard to the existence or lack of specific regional regulations and in relation to the income reference criteria used, which differ according to the Regions, and sometimes even in the same Region, in those cases where, owing to the lack of general orientations, the Municipalities or Local Health Units themselves, by their own regulations, fix the basic quota which should be adopted.

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LUXEMBOURG

Amendments of the laws in Luxembourg

With effect from 1st January 1995, minimum social wages will be increased by 3,3 %. The use of the term "minimum social wages for employees with dependant family members" will be ceased. Only the terms "minimum social wages for non-qualified employees" and "minimum social wages for qualified employees" will continue to be applied. The monthly amounts correspond to LFR 42.677 and LFR 51.213 respectively.

Besides, the lower minimum social reference wages, which has been served as a basis for the assessment of social security benefits, will cease to be effective. In future, the amounts applicable within social security law and those of labour legislation will be the same.

In addition, it should be mentioned that the different kinds of pensions will be increased in line with the movement of wages in 1992 and 1993, which will result in a rise of 3,3 %.

Finally, we should note that the various amounts of the "guaranteed minimum income" (revenu minimum garanti) will be increased by the same rate, as well.

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NETHERLANDS

Developments in the Netherlands - situation as per January 1995

General

The Netherlands are climbing hills. For 1995 an economic growth of around 3% is expected. Although there is reason for optimism in this respect, there is also reason for concern as to the endurability of the social security system in the future. Despite the measures which have been taken during the past years (reduction of benefit levels in 1985, reform of the system in 1986 and the introduction of a series of measures aiming at the reduction of the number of sick and disabled persons in the years 1992, 1993 and 1994), it is expected that the claims on social security will still rise in the coming years.

This is partly the result of the greying population. Until 1998 the number of old-age pensioners will rise annually with 25,000 at an average. Around 2030 the number of old-age beneficiaries will reach its climax. Then 4 million persons (at this moment 2 million of the total population of about 15 million persons) will receive an old-age pension. Also recently rising unemployment is to blame. According to expectations the total number of unemployed persons will still increase in 1995 to 560,000 persons. The claims on the Sickness Benefits Act and the Disability schemes have on the contrary decreased. At the end of 1993 the

number of disability beneficiaries amounted to 921,000. As a percentage in relation the total labour force this implied 12.6 %. During the first six months of 1994 a decrease of the number of disabled persons was noted and at the end of June 1994 the total number had decreased to 911,500.

According to the 1995 Social Memorandum, being a Social Policy Document to the National Account, the newly arrived cabinet is of the opinion that the necessary balance between the economically active people and social security beneficiaries can only be recovered by increasing labour participation of persons under 65 years. The cabinet wants to reach this target through various channels.

Major developments in social protection

Unemployment

The main feature is the creation of employment. To this effect the cabinet aims at the creation of at least 40,000 jobs for long-term unemployed in the next four years. For this purpose an amount of HFL 1.6 billion is reserved. The new cabinet aims at offering a job to in total 350,000 persons (87,500 per annum). The project will be accompanied by wage moderation and a reduction of labour costs.

Sickness and invalidity

In the 1995 Social Memorandum the cabinet concludes that the partition of responsibility between the public and private sector functions unsatisfactory. The main problem is that in the framework of the present system a centralised financing goes together with a decentralised implementation as a result of which there is question of too great a distance between decisionmaking and implementation (payment). In other words the incentive to make a selective use with conscience of costs of the social security system has become too little. In line with a re-evaluation of responsibilities the cabinet prefers coverage of employees risks, where possible, to be arranged between employers and employees.

The privatization of the Sickness Benefits Act, as announced in the Coalition agreement of the new cabinet (August 1994, setting out the main lines of the political program for the coming years), is an elaboration of these principles. In fact with the introduction on 1 January 1994 of the obligation for the employers to bear the cost of sick leave during the first six weeks, the first step in this direction had been set. It is now intended to have the Sickness Benefits Act fully privatized in the sense that the employers will become obliged on the basis of the Civil Law to continue the payment of wages of a percentage thereof during the whole period of sickness (maximum 52 weeks). The employers may choose whether they will bear the risk themselves or to have the risk re-insured with private insurers.

In respect of invalidity the cabinet thinks it the most effective possibility for selective privatization to give the individual employer the possibility of determining themselves to have the disability risk dealt with by the

(public) professional association or to have it covered with a private insurer (opting-out system). In this way the introduction of free market forces and a differentiation of contributions will be realized.

By elaborating the measures special attention will be paid to the situation of employees in the case of insolvency of their employers, chronically sick persons and small companies.

Medical care

Medical care in the Netherlands is provided through a system of public and private insurance schemes. A distinction is made between:

- General Exceptional Medical Expenses Act, covering exceptional costs associated with long-term care and high-cost treatment, providing cover of exceptional costs associated with long term care and high-cost treatment for the entire population;
- Health Insurance Act, providing cover for normal medical expenses for salaried workers up to a certain wage-level;
- civil servant schemes;
- private-sector health insurance companies.

The Exceptional Medical Expenses Act is a national insurance scheme, covering all residents. At the beginning of 1992 around 60 % of the Dutch population were covered by the Health Insurance Act; around 5 % of the total population was subject to the civil servant schemes and around 35 % of the population was affiliated with private sector health insurance companies.

Since 1989 the government is carrying out an intensifying program aiming the realization of a sober, effective health care which is - also in the future - accessible and payable for everybody. The main features of the program were:

- a) to increase the quality of the care;
- b) the adaptation of the system;
- c) the increase of an efficient organization of the care;
- d) to intensify an efficient consumer behaviour, and
- e) a limitation of the set (package) of collective benefits.

The intention was to amend the health insurance system in such a way that a balance was achieved between the aim of equitable contributions and accessibility of care and a system of financial incentives for all parties in the most efficient possible way, thereby containing health care costs as effectively as possible.

Several measures have in the meantime been launched, such as:

- a shift of benefits.

During the phased movements towards the new scheme all kinds of benefits and services were brought from the scope of the Health Insurance Act, private schemes and the health care schemes for public servants within the scope of the Exceptional Medical Expenses Act. This should have resulted in a transformation of the latter act into a general health insurance scheme.

- the abolishment of the so-called contracting obligation. Since 1 January 1992 some forms of care under the Exceptional Medical Expenses Act have been budgeted (aids, rehabilitation, audiological treatment and genetic testing). A flat-rate component in the contribution under the Exceptional Medical Expenses Act was introduced. The cost of the care provided by the implementing organizations (the health insurance funds, private insurers and health care schemes for public servants) are paid from a budget provided by the General (Health) Fund and from flat-rate contributions received.

The amount of the flat-rate contribution thus depends partly on the profits of the funds and the aim was that this would be an incentive to work more efficiently and cost-efficiently. In 1992 85 % of the difference between the budget and the costs actually incurred was covered leaving the implementing organizations to cover the remaining 15 %. The implementing organizations will have to have reserves to cover this risk.

- extension of the working area.

In connection with the budgeting of the health insurance funds the legal limitations with a view to the geographic working area of the health insurance funds have been abolished. They were allowed to expand their operating areas to cover the entire country and a large number now cover all the municipalities in the Netherlands thereby giving people a choice of insurer.

In the meantime it has been established that the introduction in the near future of one compulsory general health insurance scheme covering all residents is rather illusive. The coalition agreement of the new government (August 1994) gives the main lines how the existing schemes should be amalgamated in the near future, namely through the introduction of legislation on convergence aimed at the determination of a general (basic) standard health care set for both compulsory and private insured persons and the introduction of a compulsory general own risk amount of HFL 200.

The Exceptional Medical Expenses Act should not only protect un-insurable risks (long-term care). This means a shift from certain provisions now under the latter act to the compulsory medical insurance back again. The extra burden of the compulsory health care insurance of HFL 4.5 billion will be subsidized by the government for 60 %.

People can take out supplementary cover for care which is not included in the compulsory health care insurance.

New legislation

Family allowances

As a further result of the proposed re-evaluation of responsibilities of society, the individual citizens and families, the General Family Allowances Act has been revised as per 1 January 1995 in the sense that from this date only the amount of the family allowances for the first child will be annually gradually increased. The present progression in the amount of family allowances for second

and following children born on or after 1 January 1995 is abolished. This revision aims at a greater financial responsibility for the parents and at the same time implicates a contribution to public retrenchment.

The amount of the family allowances will remain subject to the age of the child. Yet, the percentages of the various age categories will be changed. Per 1 January 1995 the basic amount per child is fixed at HFL 406.65 per quarter instead of HFL 399.20. In 1998 this basic amount will increase to HFL 414.95. The repartition will be as follows (basic amount is 100 %):

	present situation	proposed situation
0 - 6 years	70 percent	70 percent
6 - 12 years	100 percent	85 percent
12 - 18 years	130 percent	100 percent

Apart from the special increase in the amount for the first child, the family allowances will be frozen in 1995 and thereafter indexed for only 50%.

Unemployment

The Upper Chamber has accepted a bill providing for entitlement to unemployment benefits amounting to 70% of the previous daily wage for 6 months to unemployed

workers who were engaged in paid employment in at least 26 weeks during 39 weeks (so-called 26-weeks requirement) prior to their unemployment. Moreover, in order to qualify for these benefits as well as for extended benefits the unemployed must have been paid wages for a period of 52 days in at least four out of the five calendar years prior to the year in which they became unemployed (so-called 4 out of 5 requirement). Unemployed who only fulfil the 26-week requirement will only be entitled to unemployment benefits amounting to 70 % of the statutory minimum wage during 6 months. These new qualifying conditions will enter into force on 1 March 1995.

Under present legislation the qualifying periods were fixed at paid employment in at least 26 weeks during 52 weeks (so-called 26 weeks requirement) and paid wages for a period of 52 days in at least three of the four calendar years (the so-called 3 out 5 requirement). Unemployed who only fulfilled the present 26-weeks requirement received unemployment benefits during 6 months amounting to 70 % of the previous daily wage.

It is expected that the new qualifying conditions will lead to savings of about HFL 245 million in 1995, which amount will increase to about HFL 520 million per annum (after 1999).

CHANGES IN THE COMPARATIVE TABLES

SPAIN

Table II, Financing

Contributions: rates and ceiling

Sickness and maternity: 28.3 % global contribution for social protection: 4.7 % employee, 24.4 % employer.

Ceiling: PTA 362,190 per month. PTA 4,346,280 per year.

Unemployment: Ceiling: PTA 362,190 per month. PTA 4,346,280 per year.

Note E1, Ceiling of contributions

The ceiling given is applicable to the occupational category that comprises the largest number of employees. Besides, 11 other occupational categories with two different ceilings do exist. In categories 1 to 4, the ceiling is at PTA 362,190 per month. In categories 5 to 11, the ceiling is at PTA 269,940 per month.

Table IV, Sickness - cash benefits

Legislation

Basic legislation: [Please add] Law no. 42/1994 of 31st December.

Benefits

Amount of the benefits: Calculation basis: daily earnings (contribution basis) received in the month preceding the setting in of incapacity for work.

Table V, Maternity

Legislation

Basic legislation: [Please add] Law no. 42/1994 of 31st December.

Field of application

Cash benefits: All employees entitled to maternity leave, adoption leave and leave on reception of children.

Conditions

Cash benefits:

1. registered and regularly insured, or equivalent status.
2. 180 contribution days within the five years prior to beginning of confinement leave or to administrative decision on reception of a child or to judicial decision on adoption.
3. medical certificate giving the forecast confinement date with a view to fix the beginning of voluntary or compulsory leave as well as certification of the date of confinement for the purpose of assessing maternity leave.

Benefits

Cash benefits: Amount: 100 % of the daily earnings considered as the contribution basis and received in the month prior to the date on which work was ceased.

Table VI, Invalidity

Legislation

Basic legislation: [Please add] Law no. 42/1994 of 31st December.

Risks covered

Permanent invalidity: situation of a worker who, after having undergone prescribed treatment, suffers from serious physical or functional defects, probably definitive in character, which render him/her partially or totally incapable of work.

Conditions

Period for which cover is given: 1. Permanent invalidity: from the date on which the claimant is officially declared to be permanently incapable.

Minimum period of membership giving entitlement to benefits: 1. Permanent Invalidity:

- a) insured person (regularly insured or equivalent status) under 26 years: half of the period between 16th anniversary and the event giving rise to invalidity.
- b) insured person over 26 years: a quarter of the period between 20th anniversary and the event giving rise to invalidity, subject to a minimum of 5 years.

One fifth of the contribution period must fall within the 10 years prior to the causal event.

Larger qualifying period if the claimant is not regularly insured. No qualifying period if invalidity results from an accident at work.

Benefits

Amount of pension:

2. Permanent total incapacity: 55 % of reference wage. Increased by 20 % if over 55 and out of work (pension

of 75 %). Pension may, at request of beneficiary, be commuted to a lump-sum payment equal to 84 times monthly pension (minus 12 months for every year the claimant's age exceeds 55, subject to a minimum of 12 months). Minimum pension for persons over 65: PTA 843,080 per year, 60,220 per month with dependant spouse; without dependant spouse PTA 716,520 per year, PTA 51,180 per month.

3. Permanent absolute incapacity: 100 % of reference wage. Minimum pension: PTA 843,080 per year, PTA 60,220 per month for beneficiaries with dependant spouse; without dependant spouse PTA 716,520 per year, PTA 51,180 per month.
4. Severe disablement: amount payable for permanent absolute incapacity plus 50 %. Minimum pension for beneficiaries with dependant spouse: PTA 1,264,620 per year, PTA 90,330 per month. For beneficiaries without dependant spouse: PTA 1,074,780 per year, PTA 76,770 per month. All pensioners receive 14 times monthly pension payment each year and monthly pension must in no case exceed PTA 265,322.

Annual earnings ceiling: PTA 3,714,508

Adjustment: Pensions are adjusted at the beginning of each year in line with the consumer price index for the year in question. Adoption is carried out automatically.

Table VII, Old-age

Benefits

Amount of pension: Maximum pension: PTA 265,322 per month.

Minimum pension: PTA 60,220 per month with dependant spouse; PTA 51,180 without dependant spouse.

Annual earnings ceiling: PTA 3,714,508

Adjustment: See table VI.

Table VIII, Survivors

Benefits

Surviving spouse:

1. Minimum pension: PTA 51,180 per month for widowers or widows over 65 years.
2. Widowers or widows between 60 and 65 years: PTA 44,670 per month.
3. Widowers or widows under 60 years: PTA 34,065 per month.

Orphan children having lost both parents: Minimum orphan's pension: PTA 15,135 per month plus the quotient of PTA 477,050 : 14 = PTA 34,065 divided by the number of entitled children (14 payments per year). Pension may be combined with family benefits.

Table IX, Employment injuries and occupational diseases

Benefits

Temporary incapacity: Cash benefits - Duration: total of 18 months.

Table X, Family benefits

Family allowances

Supplements which vary with family income: No benefit if the family income per year exceeds PTA 1,080,540. This amount increases by 15 % per dependant child up from the 2nd child.

Other benefits

Special allowances for handicapped children: PTA 34,070 per month for each child over 18 and with a disability of at least 65 %. PTA 51,105 per month if invalidity is at least 75 % and outside help is required.

Table XII, Guaranteeing sufficient resources

General-non-contributory minimum

Regional differentiation: Between PTA 30,000 (ECU 189) and PTA 38,000 (ECU 239).

PORTUGAL

Table II, Financing

Contributions: Rates and ceiling

34.25 % as a global contribution to the social security schemes (industrial accidents and occupational diseases excepted):

- 11 % employee
- 23.25 % employer

No ceiling.

Note P-1, Financing

The value added tax (TVA) has been raised by 1 % as from 1st January 1995. This revenue is earmarked for the social security system.

Table VI, Invalidity

Amount of pension: Monthly pension for each calendar year covered by contributions; 2 % of the average monthly earnings (= R/140) of the 10 years with the highest remunerations out of the last 15 years. Maximum 80 % and

minimum 30 % of this average monthly earnings, but at least ESC 27.600 per month.

If the pensioner is entitled to a social supplement to increase his/her pension up to this amount, the maximum amount of this supplement is ESC 17.500 which is equal to the amount of the social old-age pension.

Additional christmas pay and leave pay: each corresponding to the pension amount for the relevant month.

Supplements for dependents

Spouse: ESC 4.200 per month

Other benefits

Supplement: Supplement paid to invalids being permanently incapable of work and having constant personal care needs: ESC 9.650 per month.

Table VII, Olde-age

Benefits

Amount of pension: Monthly pension for each calendar year covered by contributions; 2 % of the average monthly earnings (= R/140) of the 10 years with the highest remunerations out of the last 15 years. Maximum 80 % and minimum 30 % of this average monthly earnings, but at least ESC 27.600 per month.

The earned income referred to as the basis on which pensions are calculated is adjusted in line with consumer price index. The rate of 2 % is not applicable to years with less than 120 registered days on remunerated employment.

If the pensioner is entitled to a social supplement to increase his/her pension up to this amount, the maximum amount of this supplement is ESC 17.500 which is equal to the amount of the social old-age pension.

Additional christmas pay and leave pay: each corresponding to the pension amount for the relevant month.

Taxation

Upper limit of annual income in excess of which tax relief or tax reduction is applicable: Annual pensions of up to ESC 1.272.000 are exempted from taxation. In case of higher pensions, the tax-free allowances is equal to above mentioned amount.

Table X, Family Benefits

Family allowances

Monthly amounts: Each child: ESC 2.580.

Supplements which vary with family income: If the family income is 1,5 times lower than the national minimum wage, the monthly amount granted for the 3rd and every subsequent child is ESC 3.880 each.

Other benefits

Birth grants: One-off payment of ESC 22.930 for each live birth. Nursing allowance: ESC 4.220 per month during the first 10 months.

Special allowances for handicapped children: Additional allowance granted for an employer's handicapped children under age 24, if certain health conditions are given.

Rates per month:

- ESC 5.750 for children up to 14 years
- ESC 8.390 for children between age 14 and age 18
- ESC 11.210 for children between age 18 and age 24

Other allowances:

1. Marriage grant: One-off payment of ESC 19.060 for either spouse, if insured.
2. Funeral grant: One-off payment of ESC 26.670 at the of death of:
 - a) a child or equivalent dependant entitled to family benefits, stillborn children included,
 - b) a child or equivalent dependant of the insured person or his/her dependant spouse (means tested),
 - c) the spouse,
 - d) the insured person (in this case, the grant is paid to the person who proves to have borne the funeral expenses).

Table XII, Guaranteeing sufficient resources: Specific non-contributory minima

Invalidity

Amount payable: Social Invalidity Pension: ESC 17.500 per month. Severe Disablement Supplement: ESC 8.150.

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