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POPULATION AND SOCIAL CONDITIONS

THEME 3 – 19/2003

POPULATION AND LIVING CONDITIONS

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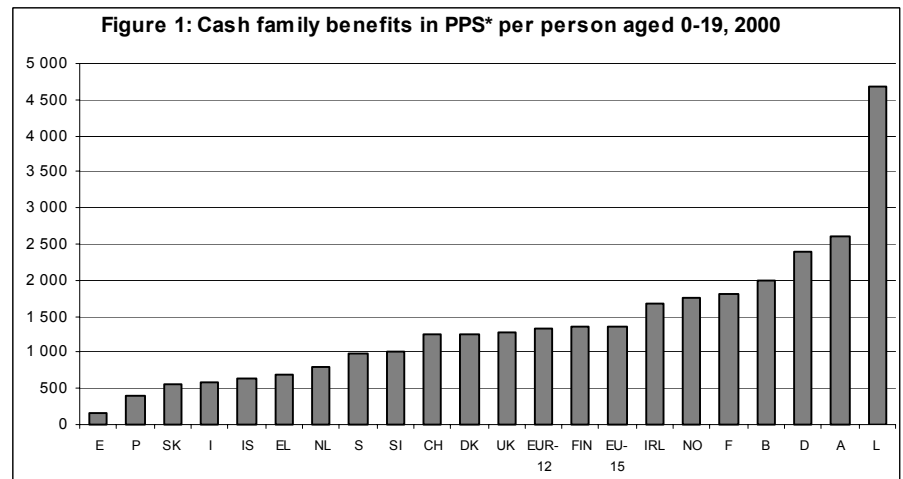
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Family benefits in cash increased by almost 36% in Europe, in spite of the decline in the birth rate2

Social Protection: cash family benefits¹ in Europe

Gérard Abramovici

Accounting for roughly 5% of social protection benefits in 2000, cash family benefits vary widely between the countries of the EU. On average, and at constant prices, these benefits increased by nearly 36% during the 1990s. The impact on benefits of the falling birth rate in this period was more than offset by the implementation of more generous legislation in the area of national family policies.



Source: Eurostat-ESSPROS.

*Purchasing Power Standards (PPS): independent unit of any national currency that removes the distortions due to price level differences. The PPS value are derived by using Purchasing Power Parities (PPPs) that are obtained as a weighted average of relative price ratios for a homogeneous basket of goods and services, comparable and representative for each Member State.

Per capita cash benefits vary widely between the countries

In 2000, cash family benefits per person aged 0 to 19, expressed in PPS, showed marked differences between the Member States (*Figure 1*). Compared with the EU-average of 1 361 PPS, Luxembourg had the highest expenditure (4 687 PPS), whereas the southern European countries spent less than 700 PPS. Luxembourg constitutes a special case insofar as a quarter of its family benefits are paid to persons living abroad; correcting for this anomaly, the figure falls to approximately 3 400 PPS.

The variation between countries primarily reflects the different organisation of family benefits in the Member States and the relative weight of cash benefits and benefits in kind² (*Table 1*) and maternity benefits. Thus, countries above the European average in *per capita (age 0-19)* cash benefits provide more than 70% of family/child benefits in the form of cash payments as defined in this study. By contrast, payments in kind combined with income replacement



¹ See definition in Box on page 3.

² Benefits in kind include day centres (crèches, nursery facilities), accommodation (nursing homes, foster families), home help and other benefits in kind (goods and services provided for holidays or cultural and recreational activities).

Table 1: Cash family benefits⁽¹⁾ in 2000

	As % of GDP	As % of total benefits	As % of Family/children benefits	At constant prices (2): index 1991=100
EU 15	1,4	5,5	67,2	135,8
EUR 12	1,5	5,7	68,8	136,6
B	2,0	7,7	84,6	116,2
DK	1,1	4,0	30,3	146,6
D	2,1	7,5	70,9	181,1
EL	1,0	3,8	51,8	167,0
E	0,2	0,9	34,6	147,3
F	2,0	7,0	73,0	115,4
IRL	1,5	11,2	85,9	166,4
I	0,5	2,0	52,2	128,6
L	2,6	12,9	77,6	255,8
NL	0,8	2,9	64,4	86,3
A	2,3	8,2	77,5	133,6
P	0,5	2,7	48,9	115,4
FIN	1,4	5,8	45,8	119,1
S	1,0	3,2	30,0	:
UK	1,4	5,5	78,4	120,2
IS	0,8	4,0	34,7	65,5
NO	1,4	5,7	44,4	127,0
CH	1,1	4,2	81,3	120,1
SK	1,5	7,9	84,2	:
SI	1,5	5,9	63,9	:

(¹) see definitions in the "Methods and concepts" box.

(²) See calculation method on page 3.

Source: Eurostat-ESSPROS.

during maternity leave account for more than 65% of all family benefits in countries such as Denmark, Spain and Sweden.

Additionally, in some countries family/child tax allowances are an important component of family benefits; with very few exceptions (see Box p. 3) these tax benefits are not regarded as social benefits.

National legislation on cash family benefits is not uniform

The level of *per capita* cash benefits also depends on national legislation (*Table 3*).

Thus, there are wide variations in family allowances, which are the main component of cash benefits. The age limit for receipt of this benefit ranges from 16 in Ireland, Portugal, Sweden, the UK and Iceland to 20 in France, although some countries continue to make payments to young people still in training or education.

National variations also derive from the adjustment of benefits as a function of age and, less systematically, income.

Finally, the monthly amount of family benefit varies widely depending on whether the amount paid is per child or per selected age-group; birth order may also be taken into account.

Table 2: Demographic data

	Change of the population aged 0-19 between 1991 and 2000 (index 1991=100)	Proportion of the population aged 0-19 in 2000	Total fertility rate in 1991	Total fertility rate in 2000
EU 15	94,2	22,9	1,53	1,48
EUR 12	92,4	22,4	1,46	1,43
B	98,4	23,6	1,66	1,66
DK	102,4	23,7	1,68	1,77
D	100,9	21,3	1,33	1,36
EL	84,7	21,8	1,38	1,29
E	78,5	21,4	1,33	1,23
F	96,6	25,6	1,77	1,88
IRL	90,9	30,8	2,08	1,89
IT	85,1	19,8	1,31	1,24
L	119,4	24,4	1,60	1,78
NL	103,1	24,4	1,61	1,72
A	98,9	22,8	1,49	1,34
P	83,7	23,0	1,57	1,52
FIN	100,0	24,7	1,79	1,73
S	101,1	24,2	2,11	1,54
UK	101,7	25,3	1,81	1,64
IS	101,8	31,1	2,18	2,10
NO	104,3	25,9	1,92	1,85
CH	105,1	23,2	1,60	1,50
SK	82,4	28,1	2,05	1,30
SI	85,3	23,2	1,42	1,26

Source: Eurostat - Demography.

Even in the absence of complex calculations of average family allowance per child, however, it is clear that a less favourable situation prevails in Southern European countries.

Family benefits in cash increased by almost 36% in Europe, in spite of the decline in the birth rate

Between 1991 and 2000, the total fertility rate in Europe, and most of the constituent countries, declined (*Table 2*).

Over the same period, the population aged less than 20 years in the EU-15 fell from 9.1 to 8.6 million (which represents a decrease of 6%). The proportion of the population aged 0-19 years changed from 25.1% of the total EU-15 population in 1991 to 22.9% in 2000.

However, at the same time, family benefits at constant prices increased by almost 36% in the EU-15 (*Table 1*). Part of this change is attributable to the increase in family allowances. This was particularly important in Spain and in Luxembourg. Other contributing factors include large-scale reforms (for example the abolition of the income-related component of allowances in Germany in 1996), and the implementation or the extension of new benefits (such as child care allowances in France).

Table 3 : Principal general statutory provisions ⁽¹⁾ concerning family benefits in Europe in 2000

Country	Family benefits			parental leave, education allowance	Other legal family benefits
	Age limit	variation according to income	variation with age		
Belgium	18 years (vocational training, further education: 25 years)	no	yes	no	birth grants, adoption allowance
Denmark	18 years	yes (only for the supplementary allowance)	yes	yes	birth grants, adoption allowance, child care allowance, allowance for single parent
Germany	18 years (unemployed people: 21 years; vocational training, further education: 27 years)	no	no	yes	advance payment of maintenance
Greece	18 years (further education: 22 years)	no	no	no	allowance for single parent
Spain	18 years	yes	no	yes	birth grants (for the third child and multiple births)
France	20 years (from the second child)	no	yes	yes	birth grants, adoption allowance, child care allowance, allowance for single parent, allowance at beginning of the school year, advance payment of maintenance, family supplement
Ireland	16 years (further education: 19 years)	no	no	no	birth grants, allowance for single parent, family supplement
Italy	18 years	yes	no	no	birth grants (from the third child), adoption allowance
Luxembourg	18 years (vocational training, further education: 27 years)	non	yes	yes	birth grants, allowance at beginning of the school year, advance payment of maintenance
Austria	19 years (unemployed people: 21 years; vocational training: 26 years)	no	yes	yes	birth grants, allowance for single parent, advance payment of maintenance, special unemployment assistance
The Netherlands	17 years (vocational training, further education: 24 years)	no	yes	no	
Portugal	16 years (vocational training, further education: 24 years)	yes	yes	no	funeral grant
Finland	17 years	no	no	yes	birth grants, adoption allowance, child care allowance, allowance for single parent, advance payment of maintenance
Sweden	16 years (further education: 20 years, children in secondary school)	no	no	yes	adoption allowance, advance payment of maintenance
United-Kingdom	16 years (further education: 19 years)	no	no	no	birth grants and adoption allowance, child care allowance, "working families' tax credit", advance payment of maintenance
Iceland	16 years	yes	yes	no	child care allowance, allowance for single parent, educational pension, advance payment of maintenance
Norway	18 years	no	yes	yes	birth grants and adoption allowance, child care allowance, allowance for single parent, advance payment of maintenance

⁽¹⁾ There are additional specific benefits (legal and voluntary), mostly paid by the employers.
 Source : MISSOC (European Commission)

Methods and concepts

The expenditure on cash family benefits presented in this publication is calculated in accordance with the methodology of the European System of Integrated Social PROtection Statistics, the "1996 ESSPROS Manual".

The Manual defines social protection as follows: "Social protection encompasses all interventions from public or private bodies intended to relieve households and individuals of the burden of a defined set of risk or needs, provided that there is neither a simultaneous reciprocal nor an individual arrangement involved. The list of risks or needs that may give rise to social protection is fixed by convention as follows: sickness/healthcare, disability, old age, survivors, family/children, unemployment, housing and social exclusion not elsewhere classified."

In this publication, the "cash family benefits" aggregate is defined as the sum of the following social benefits in the family/children function:

- 1) Birth grant: benefit normally paid as a lump sum or by instalments in case of childbirth or adoption.
- 2) Parental leave benefit: benefits paid to either mother or father in case of interruption of work or reduction of working time in order to bring up a child, normally of young age.
- 3) Family or child allowance: periodical payments to a member of a household with dependent children to help with the costs of raising children.
- 4) Other cash benefits: benefits paid independently of family allowances to support households and help them meet specific costs, such as costs arising from specific needs of lone parent families or families with handicapped children.

This aggregate does not include cash benefits paid as income maintenance in the event of childbirth.

In accordance with ESSPROS, expenditure is registered without any deduction of taxes or other compulsory levies payable on them by beneficiaries. "Tax benefits" (tax reductions granted to households in the context of social protection) are excluded unless they satisfy the following three conditions: they are in conformity with the definition of social protection; they are all-inclusive; they are paid in cash if taxable household income is too low for them to be applied directly (as with German family allowances).

Remarks concerning the data

The Eurozone (EUR-12) is made up of Belgium (B), Germany (D), Greece (EL), Spain (E), France (F), Ireland (IRL), Italy (I), Luxembourg (L), Netherlands (NL), Austria (A), Portugal (P) and Finland (FIN).

The European Union (EU-15) includes the Eurozone countries together with Denmark (DK), Sweden (S) and the United Kingdom (UK).

Eurostat estimated EU-15 values where necessary (no data available for Sweden in 1990 - 1992 period).

The data selected are taken from "European Social Statistics - Social Protection - Expenditure and receipts 1991-2000".

The 2000 data are provisional for B, D, EL, E, F, I, NL, P, FIN, S, UK and SK.

Belgium: Other cash benefits: data in respect of certain schemes are not available for the 1990-1996 period. Greece: Other cash benefits: data in respect of certain schemes are not available for the 1990-1999 period. Spain: Other cash benefits: data are not available for the 1993-2000 period.

Calculation of constant price indices in Table 1

Owing to the great annual variation in conversion rates between the ECU/euro and national currencies, an ECU/euro index was not adopted in this table.

- 1) The indices are quoted in national currency for each country and EUR-12 (EUR-12 = euro).
- 2) Indices for EU-15 are obtained by applying the respective 1995 national expenditure weightings in ECU/euro in EU-15 to the national currency indices of each country.

Further information:

➤ Reference publications

Title European Social Statistics : Social protection - Expenditure and receipts - Data 1991 - 2000
 Catalogue No KS-DC-03-001-EN-C Price EUR 45

➤ Databases

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