

1980-1998 20 YEARS OF SOCIAL EXPENDITURE

THE OECD DATABASE

FOREWORD

The OECD Social Expenditure Database (SOCX) has been developed to monitor trends in aggregate social expenditure as well as changes in its composition.

In its updated edition, SOCX includes historical series for the 1980-1998 period on public and mandatory private social expenditure, classified under the following 13 social policy areas:

1. Old age cash benefits
2. Disability cash benefits
3. Occupational injury and disease
4. Sickness benefits
5. Services for the elderly and disabled people
6. Survivors
7. Family cash benefits
8. Family services
9. Active labour market programmes
10. Unemployment
11. Public expenditure on health
12. Housing
13. Other contingencies.

Following a presentation of findings and trends in the field of social expenditure, Part One outlines the main notions of social expenditure used in the SOCX database, and its underlying concepts. The second part describes the leading characteristics of the database. Part Three discusses the problems involved and the precautions that need to be taken when using the SOCX database. Part Four describes how the database is organised. Finally, the annexes describe the definitions used in the database.

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Introduction

Since the 1980s, the OECD has conducted a substantial amount of work on social protection. Several meetings were held at ministerial level (in 1988, 1992 and 1998), at which numerous recommendations were made concerning the creation of a database on social expenditure.

The OECD Database on Social Expenditure (SOCX) was accordingly set up to provide a means of monitoring overall trends in social expenditure and analysing changes in their composition.

The goal of social expenditures is to improve societal well-being by collective provision of goods and services to those in particular circumstances or with certain needs. This broad goal covers many areas of social expenditure of widely different natures, covering various groups of the population. This variety is reflected in the social expenditures included in SOCX. These include income transfers to persons after their retirement from the labour force; the provision of funds to those with low incomes, and care services for the frail and the elderly.

Presentation and trends

For cross-country comparisons, the most commonly used indicator of what governments re-allocate to social effort is public social expenditure related to GDP. Public social expenditure is defined as the provision by public institutions of benefits to households and individuals in order to provide support during circumstances which adversely affect their welfare, provided that the provision of the benefits and financial contributions constitutes neither a direct payment for a particular good or service nor an individual contract or transfer. Such benefits can be cash transfers, or can be the direct (“in-kind”) provision of goods and services.

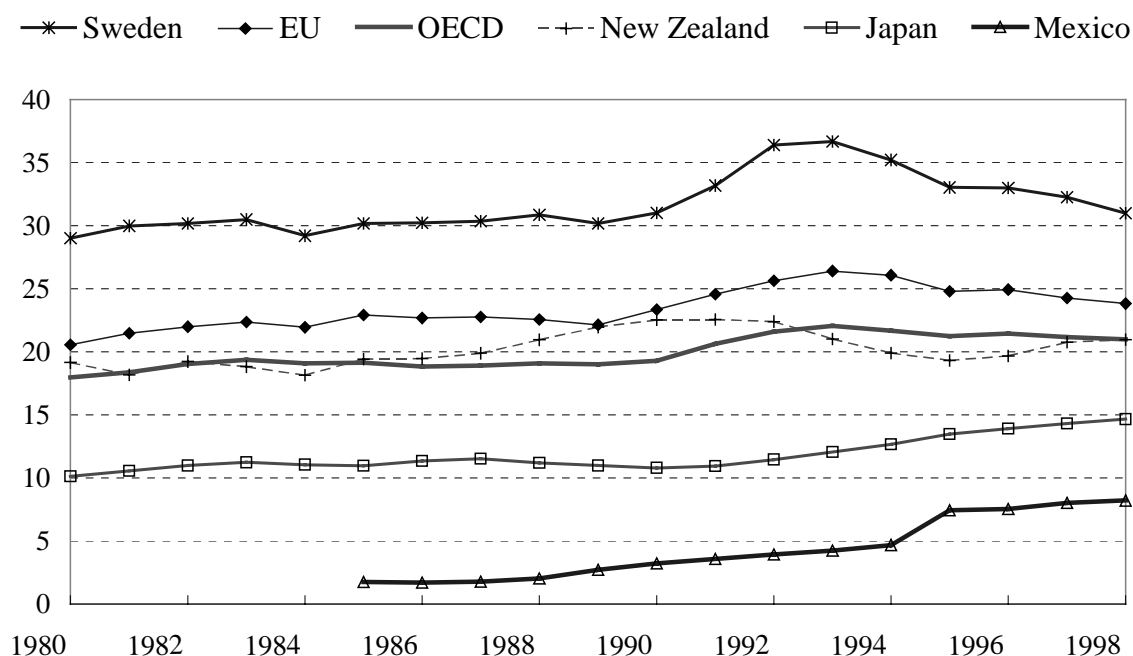
Public social expenditure has been grouped along the following broad spending categories: pensions (old-age cash benefits and survivors); income support to the working-age population at risk from illness or loss of earnings (disability cash benefits, occupational injury and disease, sickness benefits, family cash benefits, unemployment benefits, housing benefits and other contingencies); public health expenditure and other social services (services for the elderly and disabled people, family services and active labour market policies). The data concern gross (before tax) expenditure items.

Public social expenditure as a percentage of GDP, defined above, differs widely across countries. Public social expenditure **levels** are considerably higher in Europe than in most non-European OECD countries. On average it accounts for some 21% of GDP, a considerable share since there is also private expenditure, as well as spending on education and other community needs. The figure is higher than 27% in Denmark, France, Germany, Sweden and Switzerland. Conversely, it is less than 10% in Korea and Mexico, and just over 10% in Japan, the Slovak Republic, Turkey and the United States. Thus the socialisation of a number of risks is addressed very differently across OECD Member countries, even if trends show that levels are to some extent converging.

Trends in public social expenditure are also affected by a wide variety of factors, including economic and demographic trends and countries’ policy choice on how to operate their social protection system.

While differing in levels, average social expenditure **trends** for OECD countries and those affiliated to the European Union are rather similar from 1980 onwards (see Chart 1): growth in social expenditure abated during the second part of the 1980s and the 1990s. The increase in the early 1990s was generally followed by a decline. However, individual country experiences can be widely different and remarkable volatility is often related to business cycle trends, as in Sweden. Policy reform, e.g. declining benefit generosity or a greater reliance on private sector delivery, can also contribute to changing spending patterns, as for example in New Zealand.

Chart 1. Trends in public social spending for selected countries, 1980-1998
As a percentage of GDP



On average, public expenditure on social services (including health care) is about 50% of spending on public cash transfers, with Nordic countries spending considerably more, in part because of their well-developed system of publicly organised family services.

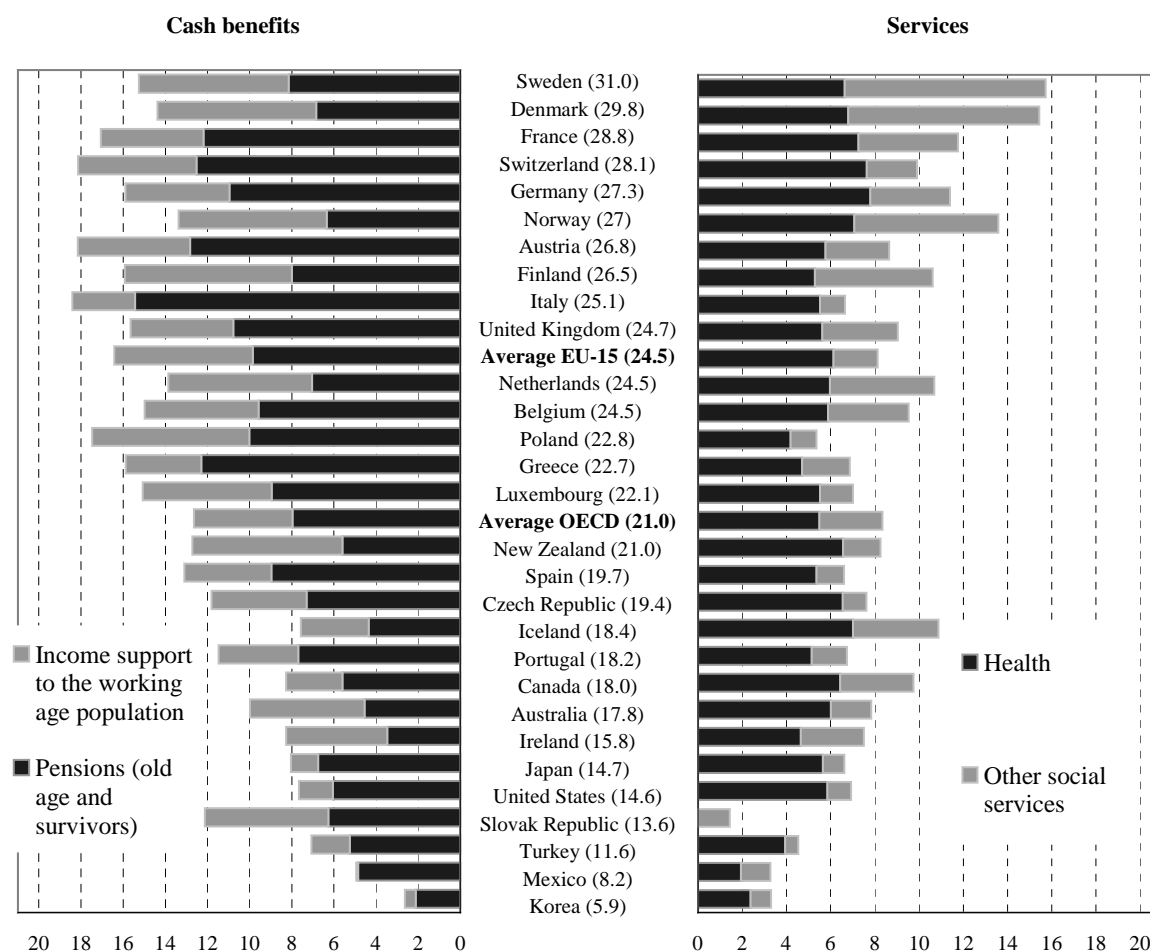
Spending on **pensions** has already started to grow in response to population ageing in some OECD countries (e.g. France and Italy), although this is sometimes difficult to discern as sustained economic growth dampens growth rates of the spending to GDP ratio, as in Japan. As capitalised pension programmes are gaining in importance in many OECD countries and as these programmes have yet to fully **mature**, the importance of private social benefits is expected to grow.

There are considerable cross-country differences in the proportion of public social spending which is devoted to income support for the **working-age population**: from almost 8% in Denmark and Finland to around 1% of GDP in Korea and Mexico, where social-safety nets are still in an early stage of development.

Households can receive social support from both the public and private sectors, where the private sector is defined as all financing mechanisms not controlled by general government. Private social expenditure concerns all benefits with a social purpose that derive from programmes that contain an element of interpersonal redistribution. The re-distributive nature of private social benefits can be due to government legislation on benefit rules (mandatory private social benefits) or stipulations in collective agreements or financial public support to otherwise voluntary individual arrangements and employment-related benefit plans. For example, employment-based health insurance plans are supported by favourable tax treatment worth around 1% of GDP, a considerable redistribution of public resources.

Chart 2. Public social expenditure by broad social policy area, 1998

As a percentage of GDP



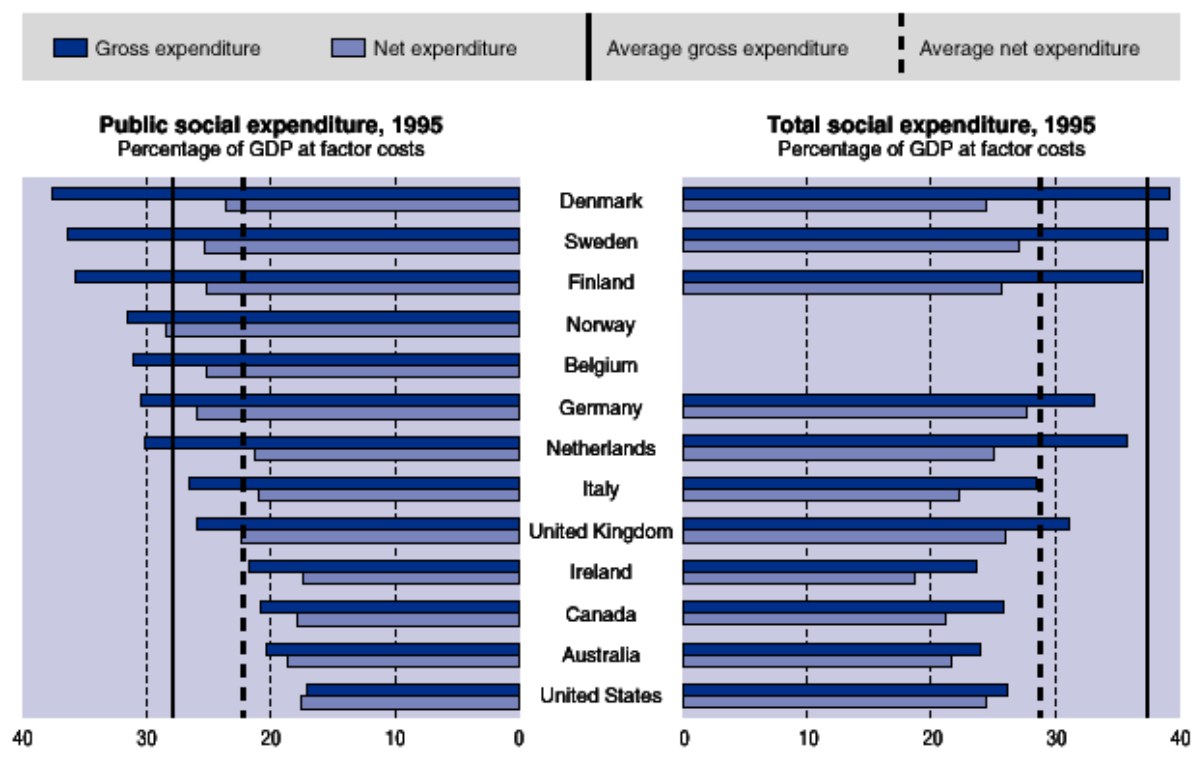
Countries are ranked by decreasing order of public social expenditure as a percentage of GDP

Measurement problems are greater for private social expenditure than for public spending. Even if governments set benefit rules, providers often do not have to report relevant expenditure to government agencies. For example, data on mandatory employer-provided sickness benefits are often based on information on wages and the number of days' work lost because of sickness. It is also not yet possible to have complete coverage of all private social health benefits, as estimates currently do not account for individual co-payments, where price-levels have been affected by government intervention.

Social effort is not just determined by the prevalence of public and private social cash benefits and services, but also by the extent to which governments pursue social policy objectives through the tax system. To measure this effect on gross (before tax) social expenditure indicators, account has to be taken of tax advantages for social purposes (e.g. child tax allowances); direct taxation of benefit income; and indirect taxation of consumption by benefit recipients. From the government perspective, "net (after tax) public social expenditure" gives an impression of budgetary efforts in the social field, after tax. From the perspective of benefit recipients, "net total social expenditure" gives an impression of the proportion of an economy's domestic production to which they lay claim. Administrative data

are most reliable when it comes to measuring the impact of the tax system, but often these are not available, so that estimates had to be used derived from microdatasets and microsimulation methods. Since adjustments on the value of benefits cover indirect taxation, it is more appropriate to relate indicators to GDP at factor cost rather than GDP at market prices.

Chart 3. **Social expenditure as a percentage of GDP for selected OECD countries, 1995**



Direct taxes and social security contributions establish a much larger burden on benefit income in the Netherlands and Nordic countries than elsewhere. Private pension benefits are taxed heavily in Canada, Denmark, Finland, the Netherlands and Sweden, while the average tax burden on these benefits is relatively light in the other countries.

The value of benefit income clawed back through **indirect taxation** is much larger in European countries than in Australia, Canada and the United States.

Countries with relatively limited direct taxation levies on benefit income – Australia, Canada, Germany, Ireland, the UK and the US – make more extensive use of **tax breaks for social purposes** (not including those for pensions) than countries with high direct tax burdens on benefit incomes.

In general, governments claw back more money through direct and indirect taxation of public transfer income than the value of the tax advantages awarded for social purposes, except for the United States where gross public spending actually **underestimates** public social effort.

Gross public social expenditure indicators lead us to believe that public social effort is about 10 percentage points higher in continental western European and Nordic countries than in non-European

OECD countries. Accounting for tax systems and private social benefits leads to **convergence** of social expenditure levels across countries: recipients of social benefits in Denmark, the Netherlands, the United Kingdom and the United States claim about one-quarter of the economy's domestic production.

Accounting for (changing) tax systems can also give a better impression of social effort **over time**. For example, Danish reforms in 1994 meant that some pensions and social assistance benefits became taxable, while gross benefit levels were raised to preserve their net value. In all, gross public spending increased by about 2% of GDP from 1993 to 1995, while net social expenditure indicators were largely unaffected.

1. MAIN NOTIONS USED IN THE SOCX DATABASE

The notion of social expenditure in SOCX

Social expenditure is defined as followed for the purposes of the SOCX database:

Social expenditure is the provision by public (and private) institutions of benefits to households and individuals in order to provide support during circumstances which adversely affect their welfare.

Such benefits can be cash transfers, or can be the direct (“in-kind”) provision of goods and services, provided that the provision of the benefits constitutes neither a direct payment for a particular good or service nor an individual contract or transfer.

The scope of the SOCX database is therefore largely delineated by the type of circumstances that may affect the welfare of households and individuals. Social protection usually covers income support or special assistance for elderly people, temporary or permanent departure from the labour market, illness or invalidity, difficult family circumstances, poor housing, or other poverty- or insecurity-related cases. These areas may be targeted by government policies via either agencies or regulations. This is the international consensus as to the scope of social protection. To conclude, social protection is the share of individual protection that society decides to shoulder collectively, through rules and institutions established for that purpose.

Sickness cover, for instance, is in some cases provided without compensation or obligation, in exchange for contributions paid to public institutions or private insurance schemes, only part of which is mandatory, without direct payment being required for any services. But health risks in general are deemed to belong to the field of social benefits (which is not the case for other contingencies, such as traffic accidents, theft or damage to housing). However, when a person buys pharmaceutical products in case of illness, only the amount of reimbursement is regarded as social expenditure. The part of total expense which is not reimbursed is not regarded as social expenditure, but as a market transaction.

Social expenditure is “unrequited”: it does not include “market transactions”, i.e. payments in return for the simultaneous provision of services of equivalent value. Contributions to a social protection scheme for a specific risk are not payments or direct compensation for that benefit. Conversely, individual contracts such as life-insurance policies are outside the sphere of what is regarded as “social spending”.

The provision of a benefit to a beneficiary can be conditional on certain actions of the beneficiary, as long as this does not involve the sale of services. For example, payment of unemployment compensation can be made conditional upon job-search effort on the part of the recipient or the participation of the beneficiary in a vocational training programme. Similarly, entitlement to benefits may be restricted by obligations to pay contributions or other regulatory obligations.

Beneficiaries are individuals or households, since some benefits are granted to the whole household according to its circumstances. A household or individual may receive several social benefits, or benefits on several grounds during a single financial year, which makes it hard to define coverage. The SOCX database gathers information on total benefit payments made in the course of a financial year for a specific social programme.

Social expenditure can therefore be put down to public or private institutions. They may be organised at various territorial levels, just as private institutions may vary in terms of legal status. However, transfers between households do not come within the sphere of SOCX.

There is other “social expenditure” which are not covered by the SOCX (central government budget, education)

The data in this publication do not cover all the forms of expenditure that could be qualified as social. The budgets of central or other tiers of government have social objectives in the sense that they cover administrative, investment or operating expenditure, even protection in the case of safety expenditure, for the community as a whole. But that expenditure does not result in individual benefits for people or households.

Furthermore, (see also gross and net expenditure, below) the SOCX database does not yet cover expenditure made via the tax system to meet social objectives, such as tax rebates and tax relief.

Neither does SOCX include social expenditure by private institutions where no regulatory or legal obligation is involved (non-mandatory private social expenditure). It does not therefore cover benefits paid by some employers under their own contractual arrangements, or payments or benefits from charitable institutions.

Finally, educational expenditure (based on similar concepts) is monitored within a special framework and covered by its own database.

National programmes are the building blocks of the SOCX database

SOCX contains data on social expenditure at the disaggregated programme level paid and controlled by general government, as the term is used in national accounting (that is central, state, and local governments including social security funds), as well as mandatory private social expenditure (see below). Social expenditures by these governments to its own employers are considered to be public, regardless of whether governments are legally required to make such payments.

For each country, SOCX includes data at the level of individual social expenditure programmes. These social expenditure programmes are the building blocks of SOCX:

A social expenditure programme is defined as a body of rules, supported by one or more institutions, governing the provision of social expenditure benefits for a particular contingency.

SOCX covers both public and private expenditure

Public social expenditure in the sense of SOCX ideally covers all levels of government on a consistent basis (netting out transfers between levels of government, and covering local expenditure). However, the quality of the data varies across countries, in particular with respect to expenditures by lower tiers of government. For example, in Switzerland the “cantons” perform many functions which elsewhere are performed by central government. Some social welfare expenditures are administered by the “cantons” and are not currently available at the national level. Therefore, for those countries in a comparable situation, where the quality of the expenditure data at lower tiers of government is inadequate, (e.g. Australia, Canada, Japan and the United States), the reported expenditures are lower than actual government spending.

This is an important difference in the use of the term “public” between SOCX and ESSPROS (EUROSTAT). SOCX considers that *expenditures* are public if they are made by agents of the institutional sector of government. ESSPROS considers that *schemes* are public if decision-making power lies with government in its governing capacity (and not just in its capacity as employer).

Social expenditures can be provided privately in the form of:

- Mandatory private social expenditures (in many cases by employers within the framework of collective agreements);
- Non-mandatory private social expenditures (by both employers and other sources such as charity organisations).

Social insurance systems which are partly, or wholly, funded by employers, employees and the government are public expenditures, carried out by public social security bodies. However, in some countries, public influence is extended further to institutions which may not immediately be regarded as being public. There is a grey area where the decision as to the classification of what is a public social expenditure programme is not clear-cut; certain characteristics of the programme may be private whereas other characteristics would point to classification as public. Some Dutch pension arrangements in the private sector have public characteristics. These expenditures are not regarded as part of general government. Initially voluntary collective agreements which cover pension stipulations are often enforced on a whole industry by administrative extension, and can therefore be classified as mandatory, i.e. required by law, private social expenditures. However, the government has no control over the terms of the agreements (level of contributions, level of benefits or any obligation to cover the deficits of any pension funds involved).

Unfortunately there are no comprehensive data on private social expenditure in every OECD Member country and across the range of countries covered (Table 1 gives an idea of the coverage of expenditure by type). Expenditure indicators do show, however, that these benefits may be an important pillar of a country’s social protection systems. Social expenditure from private sources plays a major role in Australia, Canada, France, the Netherlands, the United Kingdom and the United States. Despite uneven coverage, these data are still published when available, in order to encourage countries to envisage improved reporting when the base is next updated. This would do much to enhance the coverage and quality of the SOCX database.

SOCX gives a breakdown of benefits “in cash” and “in kind”

Social benefits can be cash benefits, reimbursements or benefits in the form of goods and services. These are all direct benefits as they are intended to raise recipients’ incomes and enhance their standard of living.

Tableau 1. Coverage of types of social expenditure

	Public spending	Mandatory private spending	Voluntary private spending
OECD countries excluding the European Union			
Australia	X	X	-
Canada	X	-	-
Korea	X	X	-
United States	X	X	-
Hungary	-	-	-
Japan	X	X	-
Mexico	X	-	-
New Zealand	X	-	-
Poland	X	-	-
Slovak Republic	X	X	X
Czech Republic	X	-	-
Turkey	X	-	-
OECD countries in the European Union			
Germany	X	X	X
Austria	X	X	X
Belgium	X	X	X
Denmark	X	X	X
Spain	X	-	X
Finland	X	X	X
France	X	-	X
Greece	X	-	-
Ireland	X	-	-
Iceland	X	X	X
Italy	X	X	-
Luxembourg	X	-	-
Norway	X	X	-
Netherlands	X	X	X
Portugal	X	X	X
United Kingdom	X	X	X
Sweden	X	X	X
Switzerland	X	X	-

Cash benefits may be allocated on a lump-sum or periodical basis; not only are they paid in cash but they do not require proof of corresponding expenditure by recipients. In most cases, they are based on wage levels and on the amount and duration of social contributions paid, meaning that thresholds and ceilings are sometimes imposed. Old age (or retirement) pensions and invalidity pensions or survivor

pensions are some of the best examples of cash benefits. Other social benefits may be given in the form of reimbursements, for instance paid sick-leave.

Others take the form of goods and services. They are provided free of charge to the recipient, and include services for the elderly (residential care, home helps, fare reductions, etc.) and services for the disabled (rehabilitation, carers, etc.).

For some countries, the database also distinguishes between means-tested and non means-tested benefits

This applies mostly to countries in the European Union. The data collected in the ESSPROS questionnaires sent by EUROSTAT are separated into means-tested and non means-tested benefits. In the case of the latter, there is an explicit requirement that the recipient's income and/or assets should not exceed a specific threshold.

Conditions may vary across countries and even from one scheme to another. This distinction is one way of identifying the role and "generosity" of governments with regard to social protection.

SOCX does not include administrative costs

The social expenditure totals included in this database generally exclude administration costs, i.e. the costs incurred with the provision of benefits, as these expenditures do not go *directly* to the beneficiary. Total social expenditure including these costs is therefore higher than the expenditure for benefits alone as included in SOCX. The difference, amounting for instance to around 1% of GDP for the 15 countries in the European Union, lies in administrative costs. They include expenditure on the general overheads of a social expenditure programme: registration of beneficiaries, administration of benefits, collection of contributions, controls, inspection, evaluation and reinsurance.

However, regarding the provision of services such as under LMP and public expenditure on health, the administration costs are included in the totals. It should be noted that these are data from the OECD/LMP database and OECD Health Data, which have their own concepts and definitions. The inclusion of these costs in the expenditures is justified as they are part of the service being provided to beneficiaries, such as job-seeker reception and counselling, or patient reception and hospital services.

SOCX is confined to gross expenditure

Only gross expenditure data are collected, processed and presented in the SOCX database. This means that neither net receipts nor net expenditure come within the scope of the database.

Social protection receipts are used to finance this expenditure. Receipt statistics are useful on two counts. First, they can be used to analyse the balance between receipts and expenditure within a set framework, such as a scheme. Second, an overview of receipts and expenditure by origin and beneficiary gives a picture of the contributions made by the various economic agents and how they are re-allocated. However, the issue is so complex that there has been no decision to collect this kind of data systematically in the SOCX database.

The expenditure data collected refer to gross expenditure, i.e. before any levies by national tax systems. This, of course, has major implications for comparability, since a given amount of benefit has

a very different net impact depending on whether it is taxable or not. Apart from the effect of direct or indirect taxation on benefits, governments may have recourse to tax measures for social purposes, in the form of tax relief, tax rebates or tax credits that serve a social purpose. A comparison of the net situation for households should therefore cover all of these factors. This has in fact been done independently of the SOCX database, given the need for budgetary and tax data requiring special investigation.

Only those tax credits which are refundable, and thus give a fixed entitlement to the recipient regardless of his taxable income, are included in SOCX. For example, the United States Earned Income Tax Credit (EITC) is only available to low and moderate income workers who have earned income and meet specified adjusted income thresholds. Other examples of refundable tax credits are the Child Tax Benefit programme in Canada and the Family Support programme in New Zealand. These refundable tax credits are included in SOCX.

Some expenditures on active labour market programmes (ALMP) comprise payments targeted at beneficiaries who are working or in training. Ideally, the value of the work undertaken would be subtracted from the relevant gross public expenditures. However, separate data are not available. So gross expenditures for such programmes are recorded in SOCX. This exception does not apply to programmes other than ALMP.

2. CHARACTERISTICS OF THE SOCX DATABASE

SOCX covers all OECD Member countries except one

All OECD Member countries including the latest, the Slovak Republic, are covered by the SOCX database, with the exception of Hungary. Hungary is still not in a position to provide data on social expenditure but hopes to be able to collect all the necessary statistics for a subsequent edition of the CD-ROM.

Data are supplied directly by national authorities in the following countries : Australia, Canada, Czech Republic, Japan, Korea, Mexico, New Zealand, Poland, Slovak Republic (data available for the first time in this edition), Turkey and the United States. The data are taken from responses to the OECD electronic questionnaire, supplemented where necessary with data from national publications and yearbooks.

To lighten the burden on national governments that report to international institutions, the OECD has joined forces with EUROSTAT to use data already collected within the framework of the ESSPROS system. The list of countries providing data on social expenditure via EUROSTAT is as follows : Germany, Austria, Belgium, Denmark, Spain, Finland, France, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, United Kingdom, Sweden. Also on the list are Iceland, Norway and Switzerland which, while not members of the European Union, nevertheless provide EUROSTAT data. Differences between the two systems make special processing necessary, without achieving full harmonisation or perfect comparability. This point will be developed below.

SOCX provides series updated over almost 20 years but breaks are inevitable

For most countries, SOCX data are available for every year since 1980 (see Table 2). This, of course, makes it possible to observe long-term trends in social expenditure. However, it should be borne in mind that the database cannot guarantee full comparability over time. Every year, changes are made to social spending programmes and procedures. As a result, the rankings change under the broad category headings. Furthermore, while better expenditure coverage thanks to data collection enhances the quality of recent data, it is to the detriment of continuity over time. Finally, conceptual changes within countries, affecting national accounting systems or the standards upon which the European reporting system is based, also give rise to breaks in series.

Table 2. Data coverage: years available in the SOCX database

	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	
AUS																					
AUT																					
BEL																			e		
CAN																					
CHE																					
CZE																					
DEU																					
DNK											e	e	e	e	e	e					
ESP																					
FIN																					
FRA	e																				
GBR																					
GRC											e	e	e	e	e	e					
IRL																					
ISL																					
ITA																					
JPN																					
KOR																					
LUX											e	e	e	e	e	e	e	e	e		
MEX																					
NLD																					
NOR																					
NZL																					
POL																					
PRT																					
SWE																					
TUR																					
USA																					

Note: shaded areas indicate data available; "e" indicates that some data are estimates, and a line indicates a break in series.

The section "Country Notes" gives details of breaks in series.

SOCX is organised at programme level, by major social protection area

A major feature of the SOCX database is the provision of annual expenditure figures for each country at programme level. As we have seen, a social expenditure programme is a body of rules, supported by one or more institutions, governing the provision of social expenditure benefits for a particular contingency. Depending on the rules prevailing in each country, these programmes apply to small or larger groups of people. Some have rules for small groups of beneficiaries, while other cover larger sections of the population (and larger amounts of funding). Countries accordingly vary a great deal in terms of what they consider a programme to be, and hence the number of programmes they have.

Programme developments (creation, alteration, replacement, merger or termination) are indicated in national authority responses to questionnaires. This information then appears in the form of notes in the database.

The programmes are grouped according to their leading objective into the 13 social policy areas used in the SOCX database.

1. Old age cash benefits
2. Disability cash benefits
3. Occupational injury and disease
4. Sickness benefits
5. Services for the elderly and disabled people
6. Survivors
7. Family cash benefits
8. Family services
9. Active labour market programmes
10. Unemployment
11. Public expenditure on health
12. Housing
13. Other contingencies.

SOCX expresses expenditure as a percentage of GDP and in several monetary units

The following monetary units can be found in the database:

- current prices in national currency,
- constant 1995 prices in national currency,
- current prices and PPPs (US dollars),
- constant 1995 prices and PPPs (US dollars),
- current prices in national “euro” currency,
- percentage of GDP (SNA93),
- percentage of public expenditure,

3. PROBLEMS AND PRECAUTIONS WHEN USING THE SOCX DATABASE

Sources

For those countries not belonging to the European Union, except Iceland, Norway and Switzerland which report data to EUROSTAT, the data on social expenditure programmes are provided directly by national governments.

Some national authorities have provided brief comments on particular data inadequacies (e.g. incomplete information regarding social expenditure made at lower tiers of government) or more general interpretative problems (the difficulties of comparing low-tax, low-benefit countries with high-tax, high-benefit countries). These qualifying statements can be found in the “Country Notes”.

The data in SOCX for the 1980s on countries of the European Union have been taken from the “Digest-series”, as published by EUROSTAT and subsequently verified by national authorities. For the 1990s, the data have been provided to EUROSTAT, which supplied the OECD with data validated by national authorities according to the new ESSPROS methodology, as developed by EUROSTAT (see EUROSTAT, 1996).

By and large, data for active labour market policies (ALMP) and unemployment are taken from the OECD/LMP database (updated in June 2001), supplemented in some cases with additional national sources.

Data on public expenditure on health have been taken from OECD Health Data, published in June 2001. The consistency of the data taken from various sources has been verified to avoid double counting of social expenditure.

Use of data through ESSPROS data collection

Even if the definition of social expenditure is quite similar between SOCX and ESSPROS, the coverage and the structure of these databases present both similarities and divergences. Table 3 shows a brief summary.

Table 3. Comparaison entre les bases de données SOCX et ESSPROS

SOCX categories	ESSPROS functions	Issues
1. Old Age Cash Benefits	Old Age	
2. Disability Cash Benefits	Disability	
3. Occupational Injury and Disease	Sickness (and Disability)	Not clearly defined in ESSPROS
4. Sickness Benefits	Sickness	No distinction between cash benefits and services in SOCX
5. Services for the Elderly and Disabled People	Old Age and Disability	No distinction between old age and disability in SOCX
6. Survivors	Survivors	
7. Family Cash Benefits	Family	
8. Family Services	Family	
9. ALMP (Active Labour Market Programmes)		Not included in ESSPROS (there is another module from EUROSTAT: module PMT)
10. Unemployment	Unemployment	Not the same coverage / definitions
11. Health	Sickness	Only public health expenditure from OECD/Health database
12. Housing Benefits	Housing	
13. Other Contingencies	Social Exclusion	Some differences in the coverage

1. *Similarities between SOCX and ESSPROS*

There is a general consensus between SOCX and ESSPROS, so that the comparability between these databases seems to be secure. Some SOCX categories seem to be the same as some ESSPROS functions (old age, disability, survivors, family, housing).

In both databases, there are distinctions between cash benefits and benefits in kind (or services) except for some SOCX categories (Sickness benefits or other contingencies).

In both databases, there is also a distinction between pensions and other cash benefits in some functions as old age, disability or survivors). In the SOCX database, benefits in kind (or services) are broken down by accommodation, home help, rehabilitation and other benefits in kind for both old age and disability as in ESSPROS database. However, they are broken down by other criteria for survivors, family and other contingencies/social exclusion.

2. *Differences between SOCX and ESSPROS*

General issues

Some programmes can be included in a **given SOCX category** but be included in a **different category for ESSPROS**. For example, in Ireland, some programmes are devoted to disability cash benefits in SOCX while they are affected to family function in ESSPROS. Other examples can be found in the SOCX category “Occupational injury and disease”: expenditure assimilated to sickness payments under SOCX would be devoted to disability or survivors function in ESSPROS.

The notion of “**scheme**” does not exist in SOCX but each country has defined a list of schemes in the ESSPROS data collection (a complete set of schemes by country is available). However, SOCX gives for each category and sub-category a list of national programmes as they exist in their respective countries.

The cross-section of programmes and schemes is not always easily converted into a “national programme” (as described in the SOCX database).

In the SOCX database (contrary to the ESSPROS database) there is no distinction between **means-tested** expenditure and **non means-tested** expenditure.

As there was a significant change in the ESSPROS methodology in 1996, there is a **break** in the series between 1980-89 and 1990-97 (and even between 1990-95 and 1996-97 for some countries who have revised the list of their schemes). In some cases, the titles of national programmes do not completely match between SOCX classification and the new classification of ESSPROS.

Function issues

In European countries, some programmes devoted to the **Disability** function in ESSPROS are not included in SOCX-Disability cash benefits. The programmes called “Economic integration of the handicapped” have not been included in SOCX database to avoid any double counting with the sub-category “Measures for the disabled” from the category 9 (Active labour market policies).

Occupational injury and disease is not clearly defined in ESSPROS for which some of these expenditures are classified under Disability function (or under other functions as Old age or survivors). In some cases, occupational injury can include some components of health care, so that some double counting can be included in data provided in public expenditure on health (11. Health).

Sickness benefits have not been defined in the same way for SOCX and ESSPROS. In SOCX there is a distinction between paid sick leave and other sickness benefits (4. Sickness benefits) and public expenditure on health (11. Health) while in ESSPROS the function Sickness includes paid sick leave, other cash periodic benefits, other cash lump sum benefits, benefits in kind (in-patient care and out-patient care). A comparison between the three sources (OECD Health Data 2000, SOCX and ESSPROS) was developed in an OECD internal document (“Issues on Sickness / Health”).

It is not possible to make a clear distinction between old age and disability for benefits in kind / services in SOCX while it is possible to do so in ESSPROS.

Data on **active labour market policies** and on **unemployment** have been extracted from the OECD/LMP database. The labour market policies have not been completely included in the core system of ESSPROS; they have been developed in another module from EUROSTAT (module LMP). A tentative to explain differences between the four sources has been made in an OECD internal document “Issues on labour market policies”. As unemployment has not been defined in the same way in SOCX and ESSPROS databases, a careful comparison between both databases would be helpful to understand the differences between both databases.

Social exclusion (ESSPROS) and **other contingencies** (SOCX) are not defined in the same way. Some programmes like income support or low support are common to both databases. Other programmes such as those devoted to indigenous people or immigrants/refugees are developed in SOCX but not in ESSPROS.

OECD Labour Market Policy database

The “links” between both the core system of ESSPROS and the OECD/LMP database are not always clear because the OECD/LMP database includes benefits provided to other people (*e.g.* labour market for people at work, youth measures, subsidised employment, employment measures for disabled, employment service and administration) while the core system of ESSPROS only contains a function called “unemployment”.

However some programmes classified under the function “Disability” such as the “Economic integration of the handicapped” have also been considered as LMP programmes (“employment measures for the disabled”).

There is another issue between the OECD/LMP and the SOCX databases about the inclusion of administrative costs for some LMP programmes in the SOCX database. It was specified in the SOCX definitions that administrative costs should be excluded from its database. In the LMP database, in principle, administrative costs should be included under the item “Public employment service and administration”. In practice, it is not clear where these costs are included but, above all, what these costs are. Some LMP programmes have not been included in the SOCX categories 9 and 10 (active labour market policies and unemployment) because they have already been included in other SOCX categories as “Other contingencies”.

OECD Health Data

Currently the SOCX database provides data on sickness benefits (paid sick leave and other cash benefits) and on aggregate public expenditure on health. More details can be found in OECD Health Data: expenditure on in-patient care, expenditure on out-patient care, expenditure on investment, government subsidies to healthcare service providers. A more detailed breakdown of public expenditure on health would increase the usefulness of the SOCX base. Data collection also needs to be extended to cover private expenditure, whether mandatory or not.

In the ESSPROS data provided by EUROSTAT, the “Sickness” function make a clear distinction between expenditure in cash (paid sick leave and other cash benefits) and in kind (in-patient and out-patient care). As the definitions are relatively different, however, the data are not always the same in both bases.

The data selected by OECD concerning public expenditure on health are taken, for most countries, from OECD Health Data. Distinctive features are mentioned in the “Country Notes”.

Breaks in series

For most countries belonging to the European Union, data were available according to both the old ESSPROS methodology (usually for the years 1980-89) and the new ESSPROS methodology (usually for the years 1990-98). In general, a consistent historical series could be obtained by mapping information at the individual programme level for which data was available according to both methodologies. For certain programmes and aggregate categories, breaks in series were inevitable. Three factors contribute to the generation of such breaks:

- Some countries have undertaken efforts to improve coverage of their social expenditure statistics, *e.g.* improved recording methods on spending by lower tiers of government.

Such “breaks” can be considered as “desirable”, since they reflect an improvement in the quality of the statistics.

- For some countries, the available detail on the nature of social protection schemes (EUROSTAT, 1996) and expenditure data on the 1990s was limited. Therefore, it was not always possible to separately identify expenditure at programme level and match relevant information with data available for the 1980s.
- The new ESSPROS methodology also led to a re-categorisation of certain expenditure items. For example, spending on disability and survivor pensions for persons aged 65 and above is currently grouped under the “Old age” function, and spending previously grouped under “Occupational injury and disease” is currently grouped by EUROSTAT under the “Disability” and the “Sickness” functions.

For the other OECD countries, breaks in series may also be found at programme level or in sub-categories for some reason. They are mentioned in “Country Notes”.

Processing and estimates by the Secretariat

Depending on the data provided by countries and the sources used, the Secretariat has had to carry out a number of operations and estimates to enhance the overall consistency of the database and its comparability. It assumes full responsibility for this work, and gives details in the “Country Notes”. Caution is required when comparing national sources or more generally when using the SOCX database, since estimates are by their very nature provisional.

In most cases, estimates were required when:

- Extrapolating trend data to provide missing figures;
- Reconstituting an expenditure pattern when there was no programme continuity;
- Using data from other national publications;
- Interpreting the data provided by Eurostat when there was no immediate match with SOCX;
- Ensuring consistency between sources, in particular for country data provided for the LMP database and OECD Health Data and data provided in response to SOCX questionnaires.

Reference, fiscal and tax years

The recording period with respect to the social expenditure data is not the same for each country. Most countries report data by calendar year (1 January to 31 December), except for Australia, Canada, Japan, New Zealand, the United Kingdom and the United States where the data reported pertain to a financial year which differs from the calendar year. Adopting the same convention as for national accounts, year “n” is taken to mean the year in which a financial year begins, whether it starts on 1 January, 1 April, 1 July or 1 October. As a result, in some cases expenditure comparisons in respect of one and the same year do not in fact cover strictly comparable periods. For instance, expenditure for a fiscal year beginning 1 October is classed under the same year as expenditure for one beginning on 1 January, although it covers more of the following year in those countries. For more details see “Country Notes”.

In cases where the financial year for social expenditure does not coincide with the calendar year, the relevant periods have been taken on a *prorata temporis* basis when using GDP (available for calendar years) and the GDP deflator. For all other countries, GDP data refer to the calendar year.

In Canada, Japan and the United Kingdom, the financial year (n) runs from 1 April (n) to 31 March (n+1) for social expenditure, requiring an adjustment for GDP ("n")= $0.75 * GDP(n) + 0.25 * GDP(n+1)$. In the United States, the financial year (n) runs from 1 October (n-1) to 30 September (n) for social expenditure, requiring an adjustment for GDP ("n")= $0.25 * GDP(n-1) + 0.75 * GDP(n)$.

In Australia and New Zealand, the reference years for social expenditure, although defined as July to June and not by calendar year, correspond to the calculation period for GDP. Consequently no special adjustments are required.

4. STRUCTURE OF THE SOCX DATABASE ON CD-ROM

The database consists of six chapters:

- Public expenditure;
- Mandatory private expenditure;
- Voluntary private expenditure;
- Obligatory and mandatory private expenditure;
- Public and mandatory private expenditure;
- Public, mandatory and voluntary private expenditure;

Within each chapter, the database contains the following elements:

Cross-country file, which contains data for all 29 countries, but only at an aggregate and semi-aggregate level of detail. In particular it contains only the categories and sub-categories breakdown of social expenditure, but does not cover each country's individual programmes. The file is intended to serve for cross-country comparisons of social expenditure at an appropriate level of detail. Note that for certain comparisons already the sub-category level of detail might be inappropriate: sometimes a country's programme actually belongs to more than one two-digit category; but if the break down is not available, it will be attributed to the most general one. The description of missing values (see dimension "Units", below), as well as the country notes are helpful in such cases.

Individual country files (29 files). These files contain all the programme details available for each country, as well as the large categories and sub-categories (as in the cross-country file). The files facilitate the analysis of the detailed composition of each country's social expenditure system. They also provide insight in the factors underlying fluctuations in aggregate public social spending, revealing spending fluctuations regarding individual programmes or the start of new programmes.

An additional file containing certain economic variables – adjusted for fiscal/calendar years as in SOCX – which have been used in this database in order to calculate social expenditures in units other than "national currency at current prices" (see dimension "Units of measurement", below): GDP and public expenditure (at current prices in national currency), GDP deflator (base year 1995), US\$ Purchasing Power Parities (PPP) and official exchange rates.

The database has three dimensions in the individual country files:

- Programme,
- Time period;
- Measure.

In the cross-country file, the dimension “Countries” has been added. The dimension “Programmes” has different items, depending on the country. The other dimensions are identical in all files. Subsequently the meaning of each dimension and its elements will be discussed:

“Programme” dimension

This dimension is on the y-axis (vertical) by default. The items are:

For the *cross-country file* all the SOCX categories and sub-categories are available. Please note, that for this purpose groups are functional although the files indicate that they contain missing data (dashes).

For the *individual country files* the items of this dimension are:

1. the elements already mentioned above;
2. each country’s individual programmes, classified by category and sub-category.

The names of individual programmes are preceded by numbers indicating the category to which the programme belongs. Thus, “13.3.2. Crisis housing” indicates that this programme is the second of the third sub-category “13.3. Miscellaneous” of the 13th category “13. Other Contingencies”.

“Time period” dimension

This dimension is on the x-axis (horizontal) by default. It contains as items the years from 1980 to 1999 (or 1998 for some countries). Table X located in Part “Characteristics of the SOCX database” gives an overall picture of the data availability.

“Measure” dimension

Specifies the currency units in which data are shown. The description of missing values by type is also available via this dimension. The dimension has eight items:

- At current prices in national currency,
- At constant 1995 prices in national currency,
- At current prices and PPPs (US dollars),
- At constant 1995 prices and PPPs (US dollars),
- At current prices in national “euro” currency,
- As a percentage of GDP (SNA93),
- As a percentage of public expenditure,
- Description of missing values.

The first four items are all in millions of the respective currency (in billions for Italy and Turkey). The deflation to 1990 prices for the second and third items was done with the national GDP deflator. Conversion to US\$ was done on the basis of GDP wide Purchasing Power Parities (not on the basis of official exchange rates). Expenditure is also given as a percentage of GDP – adjusted if necessary to refer to the financial year of the social expenditure – and as a percentage of public expenditure.

“Countries” dimension

This only concerns the cross-country file, and contains as elements all OECD countries except Hungary.

Missing values

For any of the eight items chosen, missing values are shown as dashes in the files. If the last item (“Description of missing values”) is selected, a description of these missing values becomes available. Under this item available data are marked as missing (as dashes) and missing data are marked with one of the codes: “-1”, “-2”, “-3” and “-4”. The meaning of these codes is as follows:

- 1: “Data is not available because they were not yet collected or because of non-response”.
- 2: “Data are included in another category of the social programmes”; a note often specifies into which other programme or category relevant data are included.
- 3: “Data are not applicable because this programme does not apply or does not enact after some years” ; a category (1- or 2- digit) obtains this code if it does not contain any individual programmes. Note that this does not necessarily mean that there is no relevant expenditure.
- 4: “The magnitude is either negligible or zero”.

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Annex 1

CATEGORISATION OF SOCIAL EXPENDITURE IN SOCX

1	OLD AGE CASH BENEFITS	8	FAMILY SERVICES
1.1	Old age pension	8.1	Formal day care
1.2	Old age civil servant pension	8.2	Personal services
1.3	Veteran's old age pension	8.3	Household services
1.4	Other old age cash benefits	8.4	Other benefits in kind
1.5	Early retirement pension		
2	DISABILITY CASH BENEFITS	9	ACTIVE LABOUR MARKET PROGRAMMES
2.1	Disability pension	9.1	Labour market training
2.2	Disabled civil servants pension	9.2	Youth measures
2.3	Disabled child pension	9.3	Subsidised employment
2.4	Disabled veteran's pension	9.4	Employment measures for disabled
2.5	Disability other cash benefits	9.5	Employment service and administration
3	OCCUPATIONAL INJURY AND DISEASE	10	UNEMPLOYMENT
		10.1	Unemployment compensation
		10.2	Early retirement for labour market reasons
		10.3	Severance pay
4	SICKNESS BENEFITS	11	HEALTH
5	SERVICES FOR THE ELDERLY AND DISABLED PEOPLE	12	HOUSING BENEFITS
5.1	Residential care		
5.2	Home-help services		
5.3	Day care and rehabilitation services		
5.4	Other benefits in kind		
6	SURVIVORS	13	OTHER CONTINGENCIES
6.1	Survivors pension	13.1	Low income
6.2	Survivors civil servants pension	13.2	Indigenous persons
6.3	Survivors benefits in kind	13.3	Miscellaneous
6.4	Survivors other cash benefits	13.4	Immigrants/Refugees
7	FAMILY CASH BENEFITS		
7.1	Family allowances for children		
7.2	Family support benefit		
7.3	Benefits for other dependants		
7.4	Lone parent cash benefits		
7.5	Family other cash benefits		
7.6	Maternity and parental leave		

Annex 2

DEFINITIONS USED IN THE SOCIAL EXPENDITURE DATABASE (SOCX)

1. Old age cash benefits

Old-age cash benefits (1) comprise all cash expenditures (including lump-sum payments) on old-age pensions within the public sphere as defined above. Old-age cash benefits provide an income for persons retired from the labour market or guarantee incomes when a person has reached a “standard” pensionable age or fulfilled the necessary contributory requirements. This category also includes early retirement pensions: pensions paid before the beneficiary has reached the “standard” pensionable age relevant to the programme. Excluded are programmes concerning early retirement for labour market reasons which are classified under Unemployment (10). SOCX includes supplements for dependants paid to old-age pensioners with dependants under Old-age cash benefits (1).

Sub-categories:

- 1.1 Old age pension
- 1.2 Old age civil servant pension
- 1.3 Veteran’s old age pension
- 1.4 Old age other cash benefits
- 1.5 Early retirement pension

2. Disability cash benefits

Disability cash benefits (2) comprise cash payments on account of complete or partial inability to participate gainfully in the labour market due to disability. The disability may be congenital, or be the result of an accident or illness during the victim’s lifetime. Disability benefits due to prescribed industrial accidents or diseases are not included. These are grouped under Occupational injury and disease (3).

Sub-categories:

- 2.1 Disability pension
- 2.2 Disability civil servant pension
- 2.3 Disabled child pension
- 2.4 Disabled veteran’s pension
- 2.5 Disability other cash benefits

3. Occupational injury and disease

Spending on Occupational injury and disease (3) records all cash payments such as paid sick leave, special allowances and disability related payments such as pensions, if they are related to prescribed occupational injuries and diseases.

4. Sickness benefits

Cash transfers, except those under Occupational injuries and disease (3), related to loss of earning because of the temporary inability to work due to illness are recorded under Sickness benefits (4). This excludes paid leave related to sickness or injury of a dependent child, which is recorded under Family cash benefits (7). All expenditures regarding the public provision of medical care are recorded under Health (11).

5. Services for the elderly and disabled people

The provision of goods and services in kind is grouped under Services for the elderly and disabled people (5).

Social expenditure on services for the elderly and disabled people (5) encompasses services such as day-care and rehabilitation services, home help services and other benefits in kind. It also includes expenditure on the provision of residential care in an institution (*e.g.*, the cost of operating homes for the elderly).

Sub-categories:

- 5.1 Residential care
- 5.2 Home help
- 5.3 Day care and rehabilitation services
- 5.4 Other benefits in kind

6. Survivors

Many countries have social expenditure programmes in the public sphere, which provide the spouse or dependent of a deceased person with a benefit (either in cash or in kind). Expenditure in this policy area has been grouped under Survivors (6). Allowances and supplements for dependent children of the recipient of a survivor benefit are also recorded here.

Sub-categories:

- 6.1 Survivors pension
- 6.2 Survivors civil servant pension
- 6.3 Survivors benefits in kind
- 6.4 Survivors other cash benefits

7. Family cash benefits

The categories Family cash benefits (7) and Family services (8) include expenditures, which support families (*i.e.* excluding one-person households). These expenditures are often related to the costs associated with raising children or with the support of other dependants. Expenditure related to maternity and parental leave is grouped under Family cash benefits sub-category (7.6).

Sub-categories:

- 7.1 Family allowances for children
- 7.2 Family support benefits
- 7.3 Benefits for other dependants
- 7.4 Lone parent cash benefits
- 7.5 Family other cash benefits

7.6 Maternity and parental leave

8. Family services

Sub-categories:

- 8.1 Formal day care
- 8.2 Personal services
- 8.3 Household services
- 8.4 Family other benefits in kind

9. Active labour market programmes

The category Active labour market programmes (9) contains all social expenditure (other than education) which is aimed at the improvement of the beneficiaries' prospect of finding gainful employment or to otherwise increase their earnings capacity. This category includes spending on public employment services and administration, labour market training, special programmes for youth when in transition from school to work, labour market programmes to provide or promote employment for unemployed and other persons (excluding young and disabled persons) and special programmes for the disabled.

Sub-categories:

- 9.1 Labour market training
- 9.2 Youth measures
- 9.3 Subsidised employment
- 9.4 Employment measures for disabled
- 9.5 Employment service and administration

10. Unemployment

The category Unemployment (10) includes all cash expenditures to persons to compensate for unemployment. This includes redundancy payments out of public resources as well as pensions to beneficiaries before they reach the "standard" pensionable age if these payments are made because they are out of work or otherwise for reasons of labour market policy.

Sub-categories:

- 10.1 Unemployment compensation
- 10.2 Early retirement for labour market reasons
- 10.3 Severance pay

11. Health

Social expenditure data in the Health (11) policy area are taken from the OECD Health database (OECD, 2000a). All public expenditure on health is included (not total health expenditure). Expenditure in this category encompasses, among other things, expenditure on in-patient care, ambulatory medical services and pharmaceutical goods. Individual health expenditure, insofar as it is not reimbursed by a public institution, is not included. As already noted, cash benefits related to sickness are recorded under Sickness benefits (4).

12. Housing benefits

Rent subsidies and other cash benefits to the individual to help with housing costs are grouped under Housing benefits (12).

13. Other contingencies

The category Other contingencies (13) includes social expenditures (both in cash and in kind) for those persons who for various reasons fall outside the scope of the relevant programme covering a particular contingency, or if this other benefit is insufficient to meet their needs. Social expenditure related to immigrant/refugees and indigenous persons are separately recorded in this category. Finally, any social expenditure, which is not attributable to other categories, is included in the sub-category miscellaneous.

Sub-categories:

13.1 Low income

13.2 Indigenous persons

13.3 Miscellaneous

13.4 Immigrants/Refugees

Annex 3

DEFINITIONS USED BY THE OECD LABOUR MARKET POLICY DATABASE

Active programmes

Labour market training

Training measures undertaken for reasons of labour market policy, other than special programmes for youth and the disabled. Expenditures include both course costs and subsistence allowances to trainees, when such are paid. Subsidies to employers for enterprise training are also included, but not employers' own expenses.

- Training for unemployed adults and those at risk: Programmes aimed mainly, though not always exclusively, at the unemployed and those at risk of losing their jobs, or other disadvantaged groups such as the poor (especially in the United States). Mostly in training centres, but often also in enterprises.
- Training for employed adults: training supported for reasons of labour market policy other than the need to help the unemployed and those at risk. Most frequently, grants to enterprises for staff training in general.

Youth measures

They only include special programmes for youth in transition from school to work. Thus they do not cover young people's participation in programmes that are open to adults as well.

- Measures for unemployed and disadvantaged youth: Remedial education, training or work practice for disadvantaged youth to facilitate transition from school to work. The principal target group usually consists of those who do not follow regular upper-secondary or vocational education and are unsuccessful in finding jobs.
- Support of apprenticeship and related forms of general youth training: it covers many forms of training and work practice in enterprises for young people. Access is not restricted to persons with employment problems.

Subsidised employment

Targeted measures to promote or provide employment for unemployed persons and other groups specified as labour market policy priorities (other than youth or the disabled).

- Subsidies to regular employment in the private sector: wage subsidies for the recruitment of targeted workers or, in some cases, for continued employment of persons whose jobs are at risk. Grants aiming primarily to cover enterprises' capital costs are not included, nor are general employment subsidies or subsidies paid for all workers in certain regions.
- Support of unemployed persons starting enterprises: the support can consist of unemployment benefits or special grants.
- Direct job creation (public or non-profit): temporary work and, in some cases, regular jobs in the public sector or in non-profit organisations, offered to unemployed persons.

Measures for the disabled

Only special programmes for the disabled are included. The category does not cover the total policy effort in support of the disabled.

- Vocational rehabilitation: ability testing, work adjustment measures and training other than ordinary labour market training.
- Work for the disabled: sheltered work and subsidies to regular employment.

Public employment services and administration

The following services are included: placement, counselling and vocational guidance; job-search courses and related forms of intensified counselling for persons with difficulties in finding employment; support of geographic mobility and similar costs in connection with job search and placement. In addition, all administration costs of labour market agencies (at central and decentralised levels), including unemployment benefit agencies (even if these are separate institutions) as well as administrative costs of other labour market programmes are included.

"Passive" or income maintenance programmes

Unemployment compensation

All forms of cash benefit to compensate for unemployment, except early retirement. In addition to unemployment insurance and assistance, this covers publicly funded redundancy payments, compensation to workers whose employers go bankrupt, and special support of various groups such as construction workers laid off during bad weather.

Early retirement for labour market reasons

Only special schemes in which workers receive retirement pensions because they are out of work or otherwise for reasons of labour market policy. Disability pensions are not included. These programme expenditures depend largely on the extent to which early pensions are subsidised rather than funded within regular pension plans, e.g. by actuarially calculated reductions of the amounts paid.

Annex 4

DEFINITIONS USED IN OECD HEALTH DATA

Total expenditure on health

Total (or national) expenditure on health is based on the following identity and functional boundaries of medical care:

ICHA Code	Description
HC.1-4	Personal health care services
HC.5	Medical goods dispensed to out-patients
TPHE	Total personal expenditure on health (= HC.1 +...+ HC.5)
HC.6	Services of prevention and public health
HC.7	Health administration and health insurance
HC.6 + HC.7	Collective health care services
TCHE	Total current expenditure on health (= HC.1 +...+ HC.7)
Invest	Investment into medical facilities
THE	Total expenditure on health (= TCHE + Invest)

Note: For more detailed information, see OECD (2000), *Systems of Health Accounts*, Chapters 3 &9.
Source: International Classification for Health Accounts (ICHA).

Public expenditure on health

Publicly funded health care by both publicly and privately owned providers. Public funds are state, regional and local government bodies and social security schemes. Public capital formation on health includes publicly financed investment in health facilities plus capital transfers to the private sector for hospital construction and equipment and subsidies from government to health care service providers. It includes funds for state employees.

Expenditure on in-patient care

An in-patient is a person who is formally admitted (or "hospitalised") to an institution for treatment and/or care and who stays for a minimum of one night in the hospital or other institution providing in-patient care.

In-patient care is delivered in hospitals, nursing and residential care facilities or in establishments which are classified according to their focus of care under the ambulatory-care industry but perform in-patient care as a secondary activity.

Note: The term “hospitalisation” used in the OECD System of Health Accounts (SHA) manual has a wider meaning compared to some national reporting systems where this term is limited to in-patient care in hospitals. Included are services delivered to in-patients in prisons and army hospitals, tuberculosis hospitals and sanatoriums. In-patient care includes accommodation provided in combination with medical treatment when the latter is the predominant activity provided during the stay as an in-patient. Providing patients and patients’ relatives with accommodation is considered an integral part of in-patient care.

Expenditure on out-patient care

This item comprises medical and paramedical services delivered to out-patients. An out-patient is a person who goes to a health care facility for a consultation/treatment and who leaves the facility within several hours of the start of the consultation without being “admitted” to the facility as a patient.

Note: the term “out-patient care” used in the SHA has a wider meaning compared to some national reporting systems, where this term is limited to care in out-patient wards of hospitals. In the SHA, all visitors to ambulatory care facilities that are not day cases or over-night cases are considered out-patients.

Please note that in 1998 the name of this series was changed from ‘expenditure on ambulatory care’ to “expenditure on out-patient care” without changing the contents of this series.

Annex 5

NATIONAL ACCOUNTS DATA AND MONETARY UNITS

Gross Domestic Product

Gross Domestic Product (GDP) refers to the producers' value of the gross outputs of resident producers, including distributive trades and transport, less the value of purchasers' intermediate consumption plus import duties. GDP is expressed in local money (in millions). For countries which provide this information for a reference year other than the calendar year, adjustments are made by linearly weighting their GDP between two adjacent national reference years to match the calendar year.

The new system of national accounts (SNA93, which has become the new European system SNA95) has been phased in gradually. The new methods adopted for SNA93 (see « System of National Accounts 1993 », Annex 1) have generally led to an increase of around 2 to 3 % in the level of GDP compared to GDP in the previous SCN68. Consequently the ratio of social expenditure to GDP is slightly lower and close comparisons are possible only between countries that have used the new system to calculate GDP.

Purchasing Power Parities

Purchasing Power Parities (PPP) are the currency exchange rates that equalise the purchasing power of different currencies. This means that a given sum of money, when converted into different currencies at the PPP rates, will buy the same basket of good and services in all countries. In other words, PPPs are the rates of currency conversion which eliminate the differences in price levels among countries. Thus, when expenditure on GDP for different countries is converted into a common currency by means of PPPs, it is, in effect, expressed at the same set of international prices so that comparisons between countries reflect only differences in the volume and goods and services purchased.

Public expenditure

As defined by OECD National Accounts Division, this mainly consists of current disbursements plus gross capital formation. In more detail, total public expenditure corresponds to the sum of the following items (see OECD National Accounts, "Accounts for General Government", Table 6, Vol. II):

Total public expenditure =

- Total current disbursements and net saving
- + (Capital: gross accumulation) increase in stocks
- + (Capital: gross accumulation) gross fixed formation capital
- + (Capital: gross accumulation) purchases of land, net
- + (Capital: gross accumulation) purchases of intangible assets, net
- + (Capital: gross accumulation) capital transfers
- (Capital: finance of gross accumulation) net saving
- (Capital: finance of gross accumulation) capital transfers

The total public expenditure has been estimated for 1998 for the two following countries: New Zealand and the United States. The data have been extrapolated from the average annual growth rate recorded during the past five years.

Monetary unit “euro”

On 1 January 1999, 11 European countries adopted the same monetary unit, the euro. A twelfth country did the same on 1 January 2001. From 2002, national denominations of monetary units will be replaced by the euro on the basis of fixed parities set in 1999. This raises the issue of time series presented in monetary units. National and international bodies have set a number of benchmarks in this regard.

There are several options:

- Strictly maintain national denominations over time. This means expressing expenditure in current national units up to and including 1998 and in euros from 1999 onwards. The drawback is that this introduces a break in the time series.
- Convert using the previous value of the ECU, on the understanding that conversion rates were not fixed over time. This seriously complicates the operation and use of the series.
- The preferred solution is to express aggregates for past series in “national euros” by applying the set rate for converting the national currency into euros. This is precisely what is done in a country that adopts a new monetary unit (100 or 1000 previous units, for instance). It is therefore not an international currency but a change in the denomination of national currencies. This preserves the trend profile of a country’s time series (such as the growth rate) but it would be pointless to add together the figures for different countries. Once the euro is introduced as a common currency, continuity is automatically ensured.

To distinguish this euro-denomination of national currencies from the real shift to an international currency, the following notation will be used:

« [year of accession][ISO currency code]euro », for instance: 1999 FRF euro

Annex 6

SOME USEFUL TIPS FOR USE OF THE CD-ROM

While a short “Beyond 20/20” user’s guide is attached to this publication, supplementary tips – more adapted to this particular database – on how to use the presentation software are given below.

Scroll through items of a dimension: Some dimensions (at least two) serve to specify the x- and the y- axis of your table. All other dimensions appear in the “Dimension Bar”. For each of them the item which is currently presented is also displayed. In order to change the currently displayed item of a dimension, first click on the dimension name. The dimension name is now highlighted and the name of the dimension appears in the “Active Dimension Box”, just under the menu bar. The user may click on the arrows to the right and left of this “Active Dimension Box”, to change the item of the active dimension.

Display a dimension on the x- or y- axis: If the user wishes to see all the items of a dimension simultaneously, they must display this dimension on one of the axes. In order to do so, click on the name of this dimension in the “Dimension Bar”. Keep your mouse-button pressed and drag the dimension towards an axis: a small box with an arrow indicates your position. If the user drops it (release the mouse button) on an axis (the items in the axis are highlighted), then the axis will be specified by the dimension dropped – the old dimension will appear in the “Dimension Bar”. If, instead, the user drops the dimension on the line which separates the x-axis from the data (the line is highlighted), then both the old dimension as well as the one dragged and dropped) will specify the axis. The user can add many dimensions to an axis, and also remove them, dragging and dropping them back into the “Dimension Bar”.

Change the column width of the x-axis, by dragging the line which separates the axis item names from the data.

Hide/show items: This allows the user to display one subset at a time, which is sometimes very useful, especially for dimensions which have many items. The user might be only interested, for example, in “Old age cash benefits”. To show or to hide only certain items, select them with the mouse, click on the right mouse-button and select either “Show” or “Hide”. The user can also chose “Show all” to show items which had previously been hidden.

Zoom in/Select Group: is a more elaborate way of showing only parts of the data. The user selects a group – by clicking on its name – and choosing “Zoom in” from the menu “Dimension”. The user may also click on group name and select “Select Group” from the Menu “Item”. The group elements will be automatically selected. Then the user clicks on one of them with the right mouse button and selects “Show” or “Hide”. The groups currently listed are “Social expenditure”, all 1- and 2-digit categories, as well as some items in the end of the programme list (all 1-digits, all 2-digits, all individual programmes, etc.). If the user selects zoom in for “Social expenditure”, they will obtain all 1-digit categories; a zoom in on a 1-digit category will result in all 2-digit categories stemming from that one digit category; a zoom in on a 2-digit category produces all individual programmes stemming from

that two digit category. At each stage the user may go back by choosing “Zoom out” from the menu “Dimension”. If, for example, they wish to see only the 1-digit and 2-digit categories (*i.e.* hide the individual programmes) they may proceed as follows: Click on the group “All individual programmes”; then select “Select Group” from the Menu “Item”. All individual programmes will then be highlighted. The user may then click on one of the highlighted items with the right mouse button and select “Hide”.

Change the language, from English to French or back, in which dimensions and items are displayed, by choosing “Change language” from the menu “View”.

Change the number of decimals, in which figures are displayed, by choosing “Decimals” from the menu “View”.

Extract data: If the user wants to manipulate the data with another software package, they need to use the “Save as” command in the menu “File”. They chose an appropriate format in the dialogue which appears. The command will extract, in a flat file, the data as currently seen in the Beyond 20/20 table. For dimensions which are represented in the “Dimension bar” only the currently active item will be extracted. Remember that dimensions may be dragged and dropped on the axis; dimensions reented in the axis will also be fully extracted in the flat file.