

# Other issues raised by the recent use of the data

*Item 06.3 of the agenda*

## ESTAT-F5

# SPC-FEE: October 2013

In October 2013 the WG ESSPROS was consulted by Eurostat on two documents of the SPC-FEE:

- One on social protection spending
- One on social protection financing

13 countries replied

The SPC-FEE took the comments into account (via Eurostat)

# 1. EXPENDITURE

ESSPROS data were used to illustrate general structure and trends in social protection expenditure: OK

2 indicators based on ESSPROS were proposed for measuring efficiency

- Administration costs (the higher the worse)
- Number of schemes = complexity of the system (the higher the worse)

# ADMINISTRATION COSTS

- 6 countries expressed concerns about the current quality of data on administrative costs, noting limitations such as widespread use of estimates and missing data: BG, CH, CZ, ES, LV and NO.
  - In term of the use of the variable to support the analysis proposed:
    - 5 thought the quality/comparability of the variable is not good enough to be used: BG, NL, LV, FR and UK
    - 2 acknowledged limitations in quality/comparability but noted that the variable should be used with caution rather than not used at all: CH and CZ
    - 3 thought the quality/comparability of the variable could be good enough to be used: LT, SK and IT
- ➔ **The indicator was not selected**
- ➔ **Is it worth investing to improve quality of adm. costs ?**

# NUMBER OF SCHEMES

- Two countries (ES, LT) noted that the division between schemes is linked to the complexity of national system while one other (BG) recognised that this could be the case but that it could also be the result of the way the social protection system has been formed over time.
- 5 expressed reservations about the robustness of the variable “number of schemes” for the analysis made in chapter 4.4: BG, LV, NL, UK and IT.
- Some questioned whether the distribution of benefits through a larger number of schemes is related to higher administration costs. IT gave an example to support this concern - in Italy scheme 2 alone accounts for about 48% of the total administration costs, while the remaining 25 active schemes account for the remaining 52% (this seems to be at odds with the "positive correlation" mentioned in chapter 4.4 of the document).

→ **The indicator was not selected**

→ **The implementation of concept of scheme was discussed under item 6.1**

# OTHER COMMENTS ON EXPENDITURE PAPER

- Suggestion to use Net benefit results
- Many other detailed comments

**→ Follow up: Net benefits results are public for 27 countries**

## 2. RECEIPTS

ESSPROS data were used to illustrate the considerable differences between countries: OK

Innovative use of data by scheme to estimate "receipts by function":

Method A: receipts of the scheme allocated to the "predominant" function

Method B: receipts allocated to functions in proportion of expenditure shares by function

# Consultation of WG ESSPROS on Receipts paper

- Could receipts by sector of origin bring relevant additional aspects to the analysis ?
- Wouldn't be appropriate to use the ESSPROS-related split "government-controlled" vs. "non-government controlled" in addition to "OECD-based public-private"?
- Receipts by function: do you prefer method A or B ?



# RECEIPTS BY SECTOR OF ORIGIN

- 7 countries thought that the receipt by sector of origin would bring additional useful elements to the paper: FR, LV, RO, SK, UK, IT and CH. Among these it was highlighted that for such analysis the quality of the data and methods used should be assured (UK, FR) and interpretation of the subsequent results should be undertaken carefully because the proposed method simplifies reality (CH).
- 2 thought it wouldn't: BG and LT
- 1 had no firm opinion: NL

**→ SPC-FEE is encouraged to explore the use of receipts by sector of origin for the analysis**

# Government-controlled in addition to public-private

- In terms of completing/replacing the results based on private-public split by an analysis based on data broken down according to the “decision-making” criterion:
  - 5 countries agreed that this could be appropriate: CH, LV, RO, SK and IT
  - 1 expressed reservations about doing so: NL thought that doing so would be difficult because the existing figure is based on OECD data, which uses different definitions to ESSPROS. Most notably, private schemes are not part of ESSPROS and therefore cannot be a part of the comparison if ESSPROS data is used.
- In terms of using data on receipts to calculate the results (in addition to the expenditure data):
  - 2 countries thought that this could be informative: SK and IT
  - 2 expressed reservations: LT and UK. LT thought that it would not be appropriate. UK noted that such analysis would not be particularly informative in case of the UK because the vast majority of schemes in the UK are government controlled.

**→ Follow up: see item 6.2: dissemination of data (expenditure and receipts) by group of schemes**

# RECEIPTS BY FUNCTION: A or B ?

- All 7 respondents favoured method B over method A: CH, LT, LV, NL, RO, UK and FR.
  - 2 noted that there would not be any significant difference in results (for their countries) from using the two different methods: LT and UK
  - FR noted that both methods will lead to rough estimates but method B leads to a more appropriate financing mix, though still some way from reality. In France, most of the receipts (in particular, social contributions and earmarked taxes) can only be used to finance one group of functions. Thus, the effective destination of the receipts should be taken into account. FR also offered to participate in discussion on the methodology for such an exercise, since they already have relevant experience
- ➔ **Follow up: publication of data by scheme (item 6.1) would permit these analyses.**
- ➔ **WG ESSPROS could further investigate the allocation of receipts by function (links with detailed implementation of "concept of scheme")**

# OTHER COMMENTS ON RECEIPTS PAPER

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**➔ Follow up: Net benefits results are public for 27 countries**

# More recent meetings: ISG February 2014

ISG 18 February 2014

- Possible use of pension beneficiaries
- Need to split survivors' pensions by (retirement) age

# More recent meetings: joint ISG+ FEE in March 2014

ISG+ FEE: 26 March 2014

- To clarify Education and Family/children
- Dimensions to add in the analysis: means vs. non-means in addition to cash-kind
- Need to split survivors' pensions by (retirement) age (+ more in general data by age)
- Need to spit residents vs. non-residents
- Future work: links with micro-data (EU-SILC, micro-simulation models Euromod ?
- Use main schemes only to describe functions

# Experience with FEE

Comments from countries ?

Comments from DG EMPL/ISG/FEE ?

DG EMPL: way forward for the report (ESSPROS contribution + next steps).

# Conclusions

Report from Eurostat to WG ESSPROS to document the experience with SPC-FEE

To continue inter-action between statisticians and users (ISG, FEE)

Possible new developments for ESSPROS



**THANK YOU FOR YOUR ATTENTION**