

**SOCIAL PROTECTION EXPENDITURE (ESSPROS) - 2019**

**NATIONAL REFERENCE METADATA IN SINGLE INTEGRATED METADATA STRUCTURE (SIMS)**

**CONCEPT 1 - CONTACT**

**Sub-Concept 1.1: Contact organisation**

National Statistics Office (NSO)

**Sub-Concept 1.2: Contact organisation unit**

Public Finance Unit

**Sub-Concept 1.3: Contact name**

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**Sub-Concept 1.4: Contact person function**

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**Sub-Concept 1.7: Contact phone number**

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**CONCEPT 2 – METADATA UPDATE**

**Sub-Concept 2.1: Metadata last certified**

25<sup>th</sup> November 2019.

**Sub-Concept 2.2: Metadata last posted**

1<sup>st</sup> October 2020.

**Sub-Concept 2.3: Metadata last update**

1<sup>st</sup> October 2020.

## **CONCEPT 3 – STATISTICAL PRESENTATION**

### **Sub-Concept 3.1: Data description**

The European System of integrated Social Protection Statistics (ESSPROS) is an instrument of statistical observation which enables international comparison of administrative national data on social protection in the EU Member States.

ESSPROS is composed of a core system of modules. This system includes:

- Quantitative data: Annual data on social protection receipts and expenditures by scheme or groups of schemes; and for the total of schemes. These provide a means of analysing and comparing social protection financial flows.
- Qualitative database: Metadata by social protection scheme and detailed benefit.

The modules contain supplementary statistical information on certain aspects of social protection.

A module on 'Pension Beneficiaries' has been introduced in 2008 and data from 2006 to 2017 are available in [Eurobase - ESSPROS](#) domain. According to the EP and Council Regulation 458/2007 (Annex II), pension beneficiaries are defined as recipients of one or more of the periodic cash benefits of a social protection scheme falling within seven pension categories (disability pension; early retirement benefit due to reduced capacity to work; old-age pension; anticipated old-age pension; partial pension; survivors' pension; early retirement benefit due to labour market reasons).

The aim of the module on pension beneficiaries is to calculate the total number of beneficiaries within:

1. Each of the previously mentioned seven categories of pensions;
2. Each of the four functions grouping these categories (disability, old-age, survivors' and unemployment); and,
3. At total level, for the aggregation of the four functions.

The Core System consists of gross data covering social protection expenditure and receipts. The data provided are categorised by schemes, where each scheme is defined as being a 'distinct body of rules, supported by at least one institutional unit, governing the provision of social protection and their financing'. Malta's social protection data are currently split into 20 schemes, which are as follows:

1. Contributory Social Security Benefits
2. Non-Contributory Social Security Benefits
3. Family and Social Welfare
4. Care of the Elderly and the Disabled
5. Housing Subsidies
6. Other Pensions
7. Hospitals and other Health Care
8. Housing Authority Subsidies
9. Jobsplus
10. Rehabilitation Hospital Karin Grech
11. APPOĠĠ Social Welfare Development Programme
12. Sedqa Agency Against Drugs and Alcohol Abuse
13. Non-Profit Institutions Serving Households (NPISH)
14. Sickness/Injury Days – Employers' Expenditure
15. Bus Fare Subsidy
16. Subsidies on utilities

17. Malta Drydocks/Malta Shipbuilding Company Limited Voluntary Retirement Scheme
18. Third Country Nationals and Refugees
19. Ferry Subsidy for Pensioners
20. Energy Benefit

Qualitative data, describing each of the above mentioned schemes and their respective benefits, are sent along with the Core System and can be found in the [Eurostat website](#).

Besides the Core System, the following two modules are also compiled in ESSPROS:

- (1) Net social protection benefits module: The data compiled in this module consist of the core data but taking also into consideration taxes and social contributions which are paid by the recipients. The values of these taxes/contributions are deducted from the respective benefits which they cover. This provides a clearer picture of the real impact of social transfers on the income of beneficiaries. The net data are calculated according to the "restricted approach", which is limited to measuring the impact of any taxes and social contributions applied through the fiscal system on the value of gross (cash) benefits already recorded in the core system. The restricted approach does not take into full account the impact of social benefits delivered through the fiscal system provided in the form of tax or social contributions relief, known as fiscal benefits. Currently, fiscal benefits applied to non-benefit income or provided to people who receive no cash benefits are not being taken into account. Work is being done by Eurostat in order to extend the current approach to also include such benefits.

In Malta social benefits are only subject to taxes on income. Only the following four schemes contain benefits subject to taxation:

1. Contributory Social Security Benefits
2. Non-Contributory Social Security Benefits
6. Other Pensions
14. Sickness Days-Employers Expenditure

- (2) Pension Beneficiaries module: Includes the number of recipients of one or more periodic social protection benefits falling within seven pension categories and grouped into four basic functions as follows:

1. Disability
  - i. Disability pension
  - ii. Early retirement pension due to reduced capacity to work
2. Old Age
  - i. Old-age pension
  - ii. Anticipated old-age pension
  - iii. Partial pension
3. Survivors
  - i. Survivor's pension
4. Unemployment: Early retirement benefit due to labour market reasons.

Malta's currently active pensions can be classified under the following four categories: Disability pension, Old-age pension, Survivor's pension and Early retirement benefit due to labour market reasons. The following four schemes contain pensions data:

1. Contributory Social Security Benefits
2. Non-Contributory Social Security Benefits
6. Other Pensions
17. Malta Drydocks (MDD) and Malta Shipbuilding Company Limited (MSCL) Voluntary Retirement Scheme

The Core data and the other two modules listed are compiled according to the ESSPROS Manual ([2016 edition](#)).

### **Sub-Concept 3.2: Classification system**

The [Commission Regulation \(EC\) No 10/2008 of 8 January 2008](#), implementing the [Regulation \(EC\) No 458/2007 of the European Parliament and of the Council on ESSPROS](#), establishes the main definitions and classifications used in the ESSPROS domain, for the data on social protection expenditure and receipts for the total of social protection schemes. Detailed definitions and classifications are available in the ESSPROS Manual referred to in Sub-Concept 3.1.

### **Sub-Concept 3.3: Sector coverage**

Data covers Malta's social protection systems.

### **Sub-Concept 3.4: Statistical concepts and definitions**

The conventional definition used for social protection is the following:

"Social Protection encompasses all interventions from public or private bodies intended to relieve households and individuals of the burden of a defined set of risks or needs, provided that there is neither a simultaneous reciprocal nor an individual arrangement involved.

The risks or needs that may give rise to social protection is, by convention, are as follows:

1. Sickness/Health care
2. Disability
3. Old age
4. Survivors
5. Family/children
6. Unemployment
7. Housing
8. Social exclusion not elsewhere classified." (Source: "ESSPROS Manual and user guidelines - 2016 edition", page 8, paragraph 16).

ESSPROS is meant to be used as a common framework enabling a comprehensive and coherent description of social protection:

- Covering social benefits to households and their financing;
- Geared to international comparability;
- Harmonising with other statistics, particularly the national accounts, in its main concepts.

In the Core System, social benefits provided within the framework of social protection are as follows:

- Cash payments to protected people,
- Reimbursements of expenditure made by protected people, and
- Goods and services directly provided to protected people.

### **Sub-Concept 3.5: Statistical unit**

The statistical unit in the ESSPROS is the social protection scheme, defined in the manual to be "a distinct body of rules, supported by one or more institutional units, governing the provision of social protection benefits and their financing." (Source: "ESSPROS Manual and user guidelines - [2016 edition](#)", page 17, paragraph 42).

### **Sub-Concept 3.6: Statistical population**

The expenditure and receipts for all Malta's resident schemes of social protection are included in the ESSPROS data of the core system.

The ESSPROS system includes only transactions by Maltese resident schemes. Benefits paid to non-Maltese residents are included in ESSPROS data, and conversely, benefits received from abroad ("rest of world") by Maltese residents are not included in ESSPROS data. The same holds for the pension beneficiaries' module, in which beneficiaries living abroad but obtaining benefits from Malta are included whilst residents obtaining benefits from other countries are omitted.

### **Sub-Concept 3.7: Reference area**

Malta.

### **Sub-Concept 3.8: Time coverage**

- Core data from 1995 onwards has been sent to Eurostat with 2017 data being the latest to be disseminated.
- Pension beneficiaries' module data are available from 2006 onwards (2017 latest disseminated).
- Net social protection benefits data covers from 2007 onwards (2016 latest disseminated).

### **Sub-Concept 3.9: Base period**

Not applicable.

## **CONCEPT 4 – UNIT OF MEASURE**

Gross expenditure and receipts: Euro millions. Prior to year 2008 the unit of measure was the Maltese Liri (Lm) and the conversion rate to euro (€) used was the fixed rate of 0.4293.

Net social protection benefits: Gross and Net expenditure are expressed in Euro millions. Average itemised tax rates (AITRs) are expressed in %.

Pension Beneficiaries' module: Number of persons.

## **CONCEPT 5 – REFERENCE PERIOD**

The reference period is a calendar year. For the Pension Beneficiaries' module, the number of beneficiaries at the end of the year is taken.

## **CONCEPT 6 – INSTIUTIONAL MANDATE**

### **Sub-Concept 6.1: Legal acts and other agreements**

[The Malta Statistics Authority \(MSA\) Act](#) empowers the NSO to collect, compile, extract and release official statistics related to demographic, social, environment, economic and general activities and conditions of Malta.

National accounts are compiled in accordance with the European System of Accounts (ESA 2010) adopted in the form of a Council Regulation (EC) dated 21 May 2013, [No. 549/2013](#).

As a member of the European Union (EU), Malta has to observe the [Council Regulation \(EC\) No. 223/2009](#) dealing with the collection and dissemination of official statistics. Moreover, all council regulations dealing with the collection of official statistics need to be observed by the NSO.

ESSPROS data for the period 1990-2005 were made available through a gentlemen's agreement. From 2006 data collection (in 2008), the Framework Regulation (EC) No. 458/2007 of the European Parliament and of the Council on the European system of integrated social protection statistics (ESSPROS) came into force. Also, the following two implementing Commission Regulations apply:

(1) [Regulation \(EC\) No. 1322/2007](#) focusing on transmission formats, results to be transmitted and criteria for measuring quality for the ESSPROS core system and pension beneficiaries module, and (2) Regulation (EC) No. 10/2008 on definitions, detailed classifications and updating of the rules for dissemination for the ESSPROS core system and module on pension beneficiaries.

### **Sub-Concept 6.2: Data sharing**

Data are provided to Eurostat.

## **CONCEPT 7 - CONFIDENTIALITY**

### **Sub-Concept 7.1: Confidentiality – Policy**

At National level:

The NSO requests information for the compilation of official statistics according to the articles of the MSA Act – Cap. 422 and the Data Protection Act – Cap. 586 of the Laws of Malta implementing the General Data Protection Regulations (GDPR).

Article 40 of the MSA Act stipulates the restrictions on the use of information while Article 41 stipulates the prohibition of disclosure of information. Furthermore, Section IX of the Act (Offences and Penalties) lays down the measures to be taken in case of unlawful exercise of any officer of statistics regarding confidentiality of data.

Since its inception, the NSO has always assured that all data collected remains confidential and that it is used for statistical purposes only according to the articles and derogations stipulated in the laws quoted above. The Office is obliged to protect the identify of data providers and refrain from divulging any data to third parties that might lead to the identification of persons or entities.

During 2009, the NSO has set up a Statistical Disclosure Committee to ensure that statistical confidentiality is observed, especially when requests for microdata are received.

Upon employment, all NSO employees are informed of the rules and duties pertaining to confidential information and its treatment. In line with stipulations of the MSA Act, before commencing work, every employee is required to take an oath of secrecy whose text is included in the same Act.

An internal policy on anonymisation and pseudo-anonymisation is in place to ascertain that adequate methods are used for the protection of data which the office collects and shares with the public in its capacity as the National Statistics Office. The policy is meant to safeguard confidentiality of both personal and business data entrusted to the NSO. The document provides guidance for all NSO employees who process data on a daily basis as to how anonymisation and pseudo-anonymisation methods should be applied. The policy applies to all confidential, restricted and internal information, regardless of form (paper or electronic documents, applications and databases) that is received, processed, stored and disseminated by the NSO.

At European level:

[Regulation \(EC\) No 223/2009](#) on European statistics (recital 24 and Article 20(4) of 11 March 2009 (OJ L 87, p. 164), stipulates the need to establish common principles and guidelines ensuring the confidentiality of data used for the production of European statistics and the access to those confidential data with due account for technical developments and the requirements of users in a democratic society.

## **Sub-Concept 7.2: Confidentiality – Data Treatment**

Not applicable.

## **CONCEPT 8 – RELEASE POLICY**

### **Sub-Concept 8.1: Release Calendar**

An advance release calendar is maintained by the NSO and published on the NSO website. The calendar projects three months of news releases (including the current and two subsequent months).

### **Sub-Concept 8.2: Release Calendar access**

[https://nso.gov.mt/en/News\\_Releases/Release\\_Calendar/Pages/News-Release-Calendar.aspx](https://nso.gov.mt/en/News_Releases/Release_Calendar/Pages/News-Release-Calendar.aspx)

### **Sub-Concept 8.3: User access**

An internal policy on dissemination is in place to govern the dissemination of official statistics in an impartial, independent and timely manner, making them available simultaneously to all users.

The NSO's primary channel for the dissemination of official statistics is the NSO website. Tailored requests for statistical information may also be submitted through the NSO website.

Moreover, dedicated news releases are available in electronic format on the NSO website.

## **CONCEPT 9 – FREQUENCY OF DISSEMINATION**

Annual transmission to Eurostat.

## **CONCEPT 10 – ACCESSIBILITY AND CLARITY**

### **Sub-Concept 10.1: News release**

The Public Finance Unit publishes a news release related to social protection, entitled Government Expenditure on Social Security Benefits (quarterly) with data on the different types of social security benefits. This news release can be accessed on the [NSO website](#).

### **Sub-Concept 10.2: Publications**

In 2019, the NSO published the inaugural Social Protection publication and is set to continue publishing new editions on a biennial basis. This publication is the amalgamation of two previous disseminations; (i) Social Protection: Malta and the EU and (ii) Social Security Benefits: A Locality Perspective. A detailed analysis of Malta's social protection system, throughout a five-year period (first edition: 2012 – 2016), is presented. Data are composed according to the ESSPROS Manual and categorised by the 8 ESSPROS functions (each representing the theme for a different chapter in the publication) and Malta's 20 social protection schemes. A chapter has also been devoted to showcasing social benefit recipients' data according to their geographic locality (up to local council level), both numerically and visually with the inclusion of various maps throughout the publication.

Links to each of the abovementioned releases may be accessed through the Public Finance Unit's [Publications](#) section as found on the NSO website.

### **Sub-Concept 10.3: Online Database**

A time series of data presented in the Social Security Benefits news releases is available, in greater detail, at the NSO's online Statistical Database [StatDB](#).

### **Sub-Concept 10.4: Micro-data access**

Not applicable.

### **Sub-Concept 10.5: Other**

ESSPROS data are disseminated to various Government Departments, in the area of the social and labour policy. Various users request for data are also received from policy makers, researchers, students, etc. Such requests for information can be made through the NSO's [Request for Statistical Information](#) domain.



### **Sub-Concept 10.6: Documentation on methodology**

ESSPROS methodology is in accordance with the current version of the ESSPROS Manual (2016). This is the reference document in the two Commission Regulations implementing the EP and Council ESSPROS Regulation.

Eurostat has also made available an extended Manual, the "ESSPROS Manual and user guidelines", serving as a User's Guide for compiling and using ESSPROS; it contains detailed guidelines, further explanations, examples and the complete list of schemes for each country.

Both these reference documents, along with additional methodological clarifications and previous editions of the ESSPROS Manual (1996, 2008 and 2011), have been published by Eurostat and are available in the dedicated section "[Social protection](#)" on Eurostat's Website. Reference legislation can be found through: <https://ec.europa.eu/eurostat/web/social-protection/legislation>

### **Sub-Concept 10.6.1: Metadata completeness rate**

Information about all required metadata concepts (and sub-concepts thereof) are provided.

### **Sub-Concept 10.7: Quality Documentation**

Dedicated SIMS reports are available to the public on the [NSO's metadata website including concepts related to metadata and quality](#).

For each ESSPROS module (core system, pension beneficiaries and net social benefits) a quality report is compiled and sent to Eurostat along with the quantitative data on an annual basis. This quality report contains information on data sources, methodologies and assumptions used to compile estimates, revision of statistics and geographical comparability. Eurostat has recently started to publish national quality reports for each of these modules on their website and may be accessed through: <https://ec.europa.eu/eurostat/web/social-protection/quality>

Internally, the Public Finance Unit has documented all procedures in relation to the compilation of both the ESSPROS Core System and subsequent modules (Net ESSPROS and Pension Beneficiaries).

## **CONCEPT 11 – QUALITY MANAGEMENT**

### **Sub-Concept 11.1: Quality Assurance**

Quality of data is assured by adherence to the ESSPROS Manual. Furthermore, data disseminated needs to be in line with relevant budget reforms and in line with the "Social Protection" publication.

The NSO ensures the accuracy of data released to the public and prepares clear methodological notes which explain the processes involved in the collection and production of official statistics.

The NSO has developed an internal Quality Management Framework (QMF) which is built on common requirements of the ESS Code of Practice (ESS CoP). A document was prepared to include a set of general quality guidelines spanning over all statistical domains. Assuring methodological soundness is an integral part of the QMF, nonetheless, the document spans also on other areas related to institutional aspects.

Every five to seven years, the NSO participates in a Peer Review exercise through which the compliance of its operations with principles of the ESS CoP is assessed by an expert team. Peer Reviews are indeed part of the European Statistical System (ESS) strategy to implement the ESS CoP. Each NSI is expected to provide information as requested by a standard self-assessment questionnaire. Following this an expert team visits the office to meet NSI representatives and main stakeholders. Peer Reviews result in a compliance report and the listing of a set of Improvement Actions which need to be followed up by the NSI. The next round of Peer Reviews is planned to be carried out in 2022.

### **Sub-Concept 11.2: Quality Assessment**

The quality of Malta's ESSPROS data is ensured through its coherence with the ESSPROS Manual and the submission of Quality Reports for each ESSPROS module. Moreover, Malta's data are checked rigorously by Eurostat after each transmission. Validation reports are then transmitted by Eurostat in order to clarify any queries in relation to the data and quality reports sent.

## **CONCEPT 12 - RELEVANCE**

### **Sub-Concept 12.1: User needs**

Local users - Ministry of Finance, researchers, students, politicians, etc

Foreign users: Eurostat, 'Directorate General for Employment, Social Affairs and Inclusion' (DG EMPL), 'Directorate General for Health and Consumer Affairs' (DG SANCO), 'Directorate General for Economic and Financial Affairs' (DG ECFIN), 'Social Protection Committee' (SPC), 'Organisation for Economic Co-operation and Development' (OECD), 'International Labour Organisation' (ILO), 'Network for European Social Policy Analysis' (ESPAnet). In general, the data are provided solely to Eurostat which then, through our permission, provides the data to the abovementioned European institutions as requested by such institutions.

### **Sub-Concept 12.2: User satisfaction**

The last User Satisfaction Survey was held in 2014 with the aim to collect information about key users' satisfaction with statistical output.

The NSO keeps record of the number of News Releases and publications disseminated on its website; the users to whom statistical products are provided; as well as the number of requests that are processed every year.

News Releases and tailor-made statistical outputs were assessed on account of their quality, timeliness, and on their ability to meet users' needs.

Moreover, an ESSPROS user questionnaire was compiled by Eurostat and made available online between June and September 2014. The aim of the questionnaire was for Eurostat to better understand why and how users make use of ESSPROS data, whether they are satisfied with the current data available, their level of satisfaction towards the quality of data and its related products (i.e. publications, database and website) and what improvements they would like to see made to the system. Responses to the questionnaire were received from various key users, such as the European Commission, national governments, national statistical authorities and intergovernmental institutions. The main results of the questionnaire were presented in the

ESSPROS Conference held in Brussels on 19th November 2014. The following main conclusions were obtained from this questionnaire:

- **Awareness:** All respondents were aware of at least one of the available quantitative datasets (100%) while just over three quarters were aware of the qualitative products (77%). 56% of respondents were aware of all of the different ESSPROS products. Less than two thirds of users were aware of the quality reports (64%).
- **Use:** 53% of respondents reported using ESSPROS data more than once a month. More than 90% of users access ESSPROS data via Eurobase. However, only 36% of respondents reported that they use the accompanying metadata (ESMS). Most users reported using quantitative datasets (98%) while fewer use the qualitative products (64%).
- **Importance:** More than three fourths of respondents (78%) indicated that ESSPROS data are important for their work.
- **Purpose of use:** ESSPROS data are most often used for quantitative analysis (93%). In particular time-series analysis (66%), cross-sectional analysis (59%) and comparison with other sources of data (59%). ESSPROS data are also widely used for qualitative analysis (80%) often for background information (66%) or policy analysis (63%).
- **Quality:** 90% of users consider the fulfilment of each of the ESS criteria to be at least adequate. However, timeliness/punctuality and to a lesser extent comparability received lower than average ratings, suggesting that these are the areas where users feel improvement can be made.
- **Future developments:** A third of respondents (33%) indicated that there are social protection statistics that they need but which are currently not available from ESSPROS, indicating the potential of further extending the data currently disseminated.
- **Use of other sources:** 77% of respondents reported using other data sources to complement, or as an alternative to, ESSPROS data. The most frequently used are national data (67%). Users reported Mutual Information System on Social Protection (MISSOC; 41%), compiled by the European Commission's Directorate General for Employment, Social Affairs and Inclusion (DG EMPL), as the most commonly used alternative international data source to ESSPROS. This was followed by OECD's Social expenditure database (SOCX; 38%) and National accounts (34%). The main reason for using alternative/complementary sources concern the breakdowns available, the level of detail (qualitative information) and the scope of the data.

### **Sub-Concept 12.3: Data Completeness**

100 % complete as all data required by the EU Council Regulations for ESSPROS have been made available to Eurostat.

## **CONCEPT 13 – ACCURACY AND RELIABILITY**

### **Sub-Concept 13.1: Overall accuracy**

Problems of coverage are generally the main possible source of error in ESSPROS data. There are currently the following four ESSPROS schemes which contain missing data that need to be estimated:

- **Scheme (14) (Sickness/Injury Days - Employer's Expenditure):** The total amount of sick leave paid by the employer is not available and is instead estimated by using the number of medical certificates received by the social security department. The number of medical certificates for at most three days of sick is used to compute the total sick leave

expenditure, since from the fourth day of sickness, sick leave is paid by the Department of Social Security (DSS). The expenditure paid by the DSS is available and recorded under Scheme 1.

- From these medical certificates the number of days lost from work is calculated. The number of days lost is then multiplied with the average wage which is calculated from the national accounts data. This benefit may be underestimated as not all employees submit the medical certificate for the first 3 days of sick.
- After the first 3 days the Social Security department pays a fixed benefit for each day, however the employee will still receive full pay either part from the Social Security department and part from the employer or everything from the employer. In the latter case the employee will pass the payment from the Social Security department to his/her employer. Another estimate for the part which is paid by the employer is made. To calculate this expenditure, we use data from the social security department regarding the days lost from work from the fourth day of sick onwards. This figure is also multiplied by the average wage, to find the expenditure incurred by the employers.
- Scheme (15) (Bus Fare Subsidy): Persons over 60 years of age, children aged between 4 to 10 years of age (both inclusive), and disabled persons in possession of a Blue Badge or Special Identity Card issued by the National Commission for Persons with Disability (KNPD) can all use public transport at a subsidised rate. Data from Transport Malta are used to calculate the annual number of subsidised fares sold. The subsidy on each bus fare is calculated by deducting the price of the subsidised fare from the normal fare price. The subsidy per fare is then multiplied to the number of subsidised tickets sold.
- Scheme (16) (Subsidies for utilities): Old age people in possession of the Kartanzjan, who are holders of the pink form, who are on social assistance, and who have a telephone line installed at their main residence pay a discounted telephone rent. The discount is multiplied by the number of beneficiaries and included as social protection.
- Scheme (19) (Ferry Subsidy for Pensioners): Persons over 60 years of age can use the Gozo ferry at a subsidised rate. Data from Gozo Channel Ltd. are used to calculate the annual number of subsidised fares sold. The subsidy on each fare is calculated by deducting the price of the subsidised fare from the normal fare price. The subsidy per fare is then multiplied by the number of subsidised tickets sold for cars and passengers on foot.

Besides the above-mentioned schemes, there are also cases in ESSPROS where only a single total value is available whilst the necessary breakdown is missing. In order to obtain such a breakdown, the total is apportioned through the use of pre-established ratios used in previous years. This type of estimating technique is used to estimate certain figures in the following schemes:

a) Scheme 1 (Contributory Social Security Benefits):

- i. Social Contributions: According to the Social Security Act 1987, social security contributions are paid by employers, employees and self-employed in respect of scheme 1, Care of the Elderly and Disabled (scheme 4) and Hospitals and other Health Care (scheme 7).

Social contributions data are provided by the Treasury Department and split by origin as follows:

- Employers' social contributions (Government)
- Employers' social contributions (Private)
- Employees
- Self-employed and non-employed persons

These social security contributions are then apportioned between schemes 1, 4 and 7 according to the expenditure of these schemes.

- ii. Administration Costs: Both Schemes 1 and 2 (Non-Contributory Social Security Benefits) are managed by the DSS and thus the administration costs of this department are charged to these schemes. Since the costs are not divided between scheme 1 and 2, we apportion these costs according to the expenditure of these two schemes.
- iii. Contributory Bonus: The social security department pays a weekly bonus and a six-monthly bonus to beneficiaries in receipt of social security pensions and benefits in scheme 1. Total Bonus paid out annually is provided as an aggregated figure from the DSS. This sum is apportioned among each of the social security benefits according to the annual expenditure of such benefits.

b) Scheme 2 (Non-Contributory Social Security Benefits):

- i. Administration Costs: See (a) (ii).
- ii. Non-Contributory Bonus: The same method used in (a) (iii), to apportion the Contributory Bonus among the respective benefits, is used here to allocate the Non-Contributory Bonus between the relative benefits.

c) Scheme 4 (Care of the Elderly and Disabled):

- i. Social Contributions: See (a) (i).

d) Scheme 7 (Hospitals and Other Health Care):

- i. Social Contributions: See (a) (i).
- ii. Government Pharmaceutical Products: The Government Pharmaceutical Services Department is responsible for the provision of all pharmaceutical products to out-patients that are in possession of the pink or yellow forms, issued by the DSS under the Social Security Act. Patients in possession of the pink form are means-tested; however, the data provided from the government pharmaceutical services are not split between means-tested and non means-tested. This data are apportioned based on indicators provided by the health department.

e) Scheme 10 (Rehabilitation Hospital Karin Grech):

As of 2007, expenditure for scheme 10 was not being provided split between administration and operational expenses. Hence, the aggregated data started being apportioned between the two expenses through the use of ratios calculated from the corresponding 2006 data.

f) Scheme 11 (APPOĠĠ Social Welfare Development Programme):

As of 2001, the data available for scheme 11 started being provided solely as a total expenditure. Therefore, the expenditure in scheme 11 is apportioned between functions using a pre-established ratio deduced from 2000 data.

g) Scheme 12 (Sedqa Agency Against Drug and Alcohol Abuse):

As of 2001, the data available for scheme 12 started being provided solely as a total expenditure. Therefore, the expenditure in scheme 12 is now apportioned between functions using a pre-established ratio deduced from 2000 data.

h) Scheme 13 (NPISH):

From 2007, the National Accounts data available for Scheme 13 started being provided as a total expenditure. This total is then apportioned between the abovementioned items using a pre-established ratio deduced from previous years' figures.

**Sub-Concept 13.2: Sampling errors**

Not applicable.

**Sub-Concept 13.3: Non-sampling error**

Potential non-sampling errors are coding errors and data inputting errors. Such errors may occur in the case of benefits being classified under the wrong function in ESSPROS. This may happen when a benefit is classified according to the personal situation of its recipients instead of the main purpose of such benefit. For example, a widow receiving an unemployment benefit should be classified under the Unemployment function (the main reason the benefit is being provided) and not the Survivors function.

**Sub-Concept 13.3.1: Coverage error**

Full (100%) coverage.

**Sub-Concept 13.3.1.1: Over Coverage**

Not applicable.

**Sub-Concept 13.3.1.2: Common Units Proportion**

Not applicable.

**Sub-Concept 13.3.2: Measurement error**

Potential errors are coding errors and data inputting errors. Such errors may occur in the case of benefits being classified under the wrong function in ESSPROS. This may happen when a benefit is classified according to the personal situation of its recipients instead of the main purpose of such benefit. For example, a widow receiving an unemployment benefit should be classified under the

Unemployment function (the main reason the benefit is being provided) and not the Survivors function.

#### **Sub-Concept 13.3.3: Non-response error**

Not applicable.

#### **Sub-Concept 13.3.3.1: Unit non-response**

Not applicable.

#### **Sub-Concept 13.3.3.2: Item non-response**

Not applicable.

#### **Sub-Concept 13.3.4: Processing error**

Not applicable.

#### **Sub-Concept 13.3.5: Model assumption error**

Not applicable.

### **CONCEPT 14 – TIMELINESS AND PUNCTUALITY**

#### **Sub-Concept 14.1: Timeliness**

##### At National level:

- The news release on social security benefits is released 4 times annually (beginning of April, beginning of May, end of July and end of October).
- The “Social Protection” publication is scheduled to be published biennially, by the end of February.

##### Eurostat:

- Data on social protection expenditure and receipts (both quantitative and qualitative) for the calendar year N, together with any revision of previous years, are transmitted to Eurostat by 30 June of the year N+2, therefore with a time lag of 18 months. The corresponding quality report is to be sent to Eurostat by end of September of year N+2.
- Data for the pension beneficiaries’ module for the calendar year N, together with any revision of previous years, are transmitted to Eurostat by end of May of the year N+2, therefore with a time lag of 17 months. The corresponding quality report is to be sent to Eurostat by end of August of year N+2.
- Besides the above legal deadlines, the 2010 ESSPROS Working Group agreed on a voluntary deadline of end of March N+2 for both the Core data and Pension Beneficiaries module for year N. Malta’s Core and Pension Beneficiaries datasets, together with their respective quality reports, are generally sent in line with this voluntary deadline.
- Data on net social protection benefits for the calendar year N, together with any revision of previous years, are transmitted to Eurostat by 31st December of the year N+2 therefore with a time lag of 24 months. The quality report is to be sent by end of January of year N+3.

Net data for Malta for year N is usually sent in the beginning of December for year N+2, along with the relative quality report.

#### **Sub-Concept 14.2: Punctuality**

Social Security Benefit News Releases have always been published according to their set date.

### **CONCEPT 15 – COHERENCE AND COMPARABILITY**

#### **Sub-Concept 15.1: Comparability – Geographical**

Data are comparable across Europe, as harmonised European rules (ESSPROS Manual and user guidelines) are used by all Member States for compiling ESSPROS data.

#### **Sub-Concept 15.2: Comparability – Over Time**

Malta's ESSPROS data are comparable from 1995 onwards.

No breaks in series are reported.

#### **Sub-Concept 15.3: Coherence – Cross Domain**

Since Core data are sent in March while Net social benefits data are sent in December, it could be the case that during the two transmissions revisions were made to the Gross data. To avoid these inconsistencies in gross data between the two modules, the 2014 ESSPROS Working Group agreed that revised gross data should be transmitted in December along with the Net data transmission.

#### **Sub-Concept 15.3.1: Coherence – Sub-Annual and Annual statistics**

Not applicable.

#### **Sub-Concept 15.3.2: Coherence – National Accounts**

ESSPROS data are largely in line with National Accounts though a number of differences are noted. The main discrepancies between the two systems are as follows:

- (i) National Accounts includes Education in its definition of social benefits, a function excluded from ESSPROS;
- (ii) Social benefits in ESSPROS cover both current and capital transfers, while National Accounts only takes into consideration current transfers;
- (iii) Transactions recorded under Social transfers in kind (D.63) in National Accounts data do not necessarily fall under the scope of social protection, as for example government expenditure towards sport is reported under this item.

A more detailed analysis of the differences between ESSPROS and National Accounts may be found in Appendix IV of the ESSPROS Manual.



#### **Sub-Concept 15.4: Coherence – Internal**

Malta's ESSPROS data are in line with ESA 2010 and COFOG data.

#### **CONCEPT 16 – COST AND BURDEN**

ESSPROS data are compiled by 1 Statistician with the questionnaire for the Core System taking about 1 month to complete, with a further month devoted to compiling the PB and NET ESSPROS questionnaires. The time listed also takes into consideration time needed for data collection and SDMX files compilation.

#### **CONCEPT 17 – DATA REVISION**

##### **Sub-Concept 17.1: Data revision – Policy**

At the NSO, there is currently no internal policy governing revisions that occur for all statistics produced. Nonetheless, a revisions policy is being drafted to safeguard a coordinated revisions system across statistical domains.

This policy will take account of the need and causes for revisions; time and frequency of revisions; data and other statistical products affected by such revisions; and length of periods revised.

Revisions made to the ESSPROS dataset are mainly related to revisions made by the National Accounts unit. Generally, only data for the previous year is subject to revision, but occasional benchmark revisions made to the National Accounts data could result in the ESSPROS data being revised for the whole time series. Furthermore, when compiling data for year t the respective data sources are asked to provide any updates made to data for year t-1. Any revisions made to the data are then listed in the relative quality report transmitted to Eurostat.

The net social protection benefits data collection is not run in parallel with the Core (gross): the deadline for net data transmission is end of December (N+2) whereas the deadline for gross expenditure and receipts transmission is end of June N+2. This introduces the possibility that at certain points in time the gross data available under the net expenditure might be inconsistent with the core gross data previously sent in the Core data collection. If gross data have been revised at the time for the net data collection, then these revised gross data are re-transmitted to Eurostat along with the net data transmission.

##### **Sub-Concept 17.2: Data revision – Practice and Data Revision**

The latest version of the ESSPROS methodology, as detailed in the 2016 edition of the ESSPROS Manual, has been used since the 2015 data collection. No major revisions were required or are scheduled to be made to Malta's data following the application of the present methodology.

#### **CONCEPT 18 – STATISTICAL PROCESSING**

##### **Sub-Concept 18.1: Source data**

Administrative data sources are used throughout in order to compile the three modules (Core, Pension Beneficiaries, and Net). The data sources used are as follows:

For ESSPROS Core System:

- Social Security Department;
- Treasury Department;
- Management Accounts (for Housing Authority, Rehabilitation Hospital Karin Grech, APPOĠĠ and Sedqa Agencies);
- Jobsplus
- Transport Malta;
- National Accounts NSO Unit; and
- Gozo Channel Ltd.

For Pension Beneficiaries module:

- Social Security Department;
- Treasury Department; and
- Malta Drydocks Ltd.

For Net social benefits module:

- Social Security Database (SABS); and
- Commissioner for Revenue

### **Sub-Concept 18.2: Frequency of data collection**

For all three modules, data are collected on an annual basis.

### **Sub-Concept 18.3: Data Collection**

ESSPROS data are generally obtained via e-mails with the exception of management accounts that are obtained through the Financial Data Reporting System (FDRS), to which NSO has online access.

### **Sub-Concept 18.4: Data Validation**

ESSPROS data compiled need to be in line with the corresponding budget reforms announced for the reference year in question. Also, the data sent to Eurostat need to be aligned with the data published in the "Social Protection" publication.

### **Sub-Concept 18.5: Data Compilation**

Data for all three modules are compiled in accordance with the ESSPROS Manual. Data are calculated separately for each scheme and the figures are then aggregated in order to compile the total social protection expenditure. Missing/incomplete figures are estimated through the estimation techniques as described in Section 13.1

#### **Sub-Concept 18.5.1: Imputation**

Not applicable.

#### **Sub-Concept 18.6: Adjustment**

Not applicable.

**Sub-Concept 18.6.1: Seasonal Adjustment**

Not applicable.

**CONCEPT 19 - COMMENT**

No further comments.