

20. Social benefits

Social benefits reflect current transfers to households in cash or in kind to provide for the needs that arise from certain events or circumstances, for example sickness, unemployment, retirement, housing, education or family circumstances that may adversely affect the well-being of the households concerned either by imposing additional demands on their resources or by reducing their incomes. Transfers are typically made by governments and NPISH, and they form a significant share of total general government expenditure and households disposable income; particularly for the lower income groups of society. They are an important factor in analyses of households' welfare and income inequality and the redistributive role of government.

Definition

The National Accounts have two distinct categories of Social benefits: the first is *Social benefits other than social transfers in kind*. The second is *Social transfers in kind* (see also Sections 6, 10 and 11). The distinction between the two is important. Transfers relating to the former are typically in cash and so allow households to use the cash indistinguishably from income coming from other sources, whereas transfers under the latter are always related to the provision of a certain good or service, and so households have no discretion over their use.

Social benefits other than social transfers in kind is further broken down into two key components: *Social insurance benefits and social assistance benefits in cash*.

The latter consist of cash transfers made by government units or NPISHs to households to meet the same kinds of needs as social insurance benefits but where the households or needs are outside of any social insurance scheme or where the social insurance benefits are not considered sufficient to cover the needs. It does not include payments to government/NPISH employees in their capacity as current or former employees.

The SNA breaks down *Social insurance benefits* into three further categories: *Social Security benefits in cash*; *Unfunded employee social insurance benefits*; and *Private funded social insurance benefits*. The first two are most relevant for government and the first, in particular, reflects a significant proportion of government expenditure. It includes cash payments for: sickness and invalidity benefits; children, family, dependants' and maternity allowances; unemployment benefits; pensions; and death benefits. *Unfunded employee social insurance benefits* include cash or in kind payments to employees for similar circumstances including payments on general medical services not related to the

employee's work. Government as an employer incurs expenditures here, typically reflecting employee pensions.

Social transfers in kind reflect payments for individual goods and services such as education, health and housing, provided by government and NPISHs, to households either free or at prices that are not economically significant.

Comparability

Whilst there are significant differences between *Social transfers in kind* and *Social benefits other than social transfers in kind vis-à-vis* households' choice, they are not entirely mutually exclusive in a policy context. Governments for example can provide pensions that include a free housing component (and this component would be recorded as a social transfer in kind), rather than a pension in cash that allows the recipient to pay a market rent. Similarly some governments provide food coupons, which would be recorded as a social transfer in kind, instead of cash benefits.

This suggests that international comparisons of social benefits should focus on the totality, those in kind and in cash. Indeed comparisons of the components of *social benefits other than social transfers in kind* should be attempted with some caution as the coverage of people and consequences/needs in social insurance schemes varies across countries. A further caveat concerns social benefits paid to government employees as these can be delivered through private funded rather than unfunded schemes.

Moreover, in practice not all countries record all *social transfers in kind* in the same way. Some countries treat the reimbursements on some individual goods and services as transfers in cash; with the reimbursed component forming part of household final consumption and not general government final consumption. Total general government expenditure, households' actual final consumption, adjusted disposable income and saving are unaffected by these differences however.

Source

- OECD (2012), *National Accounts of OECD Countries*, OECD Publishing, <http://dx.doi.org/10.1787/2221433x>.

Online database

- OECD (2012), "General Government Accounts: Main aggregates", *OECD National Accounts Statistics* (database), <http://dx.doi.org/10.1787/data-00020-en>.

Further reading

- Lequiller, F. and D. Blades (2007), *Understanding National Accounts*, OECD Publishing, <http://dx.doi.org/10.1787/9789264027657-en>.
- OECD (2000), *System of National Accounts, 1993 – Glossary*, OECD Publishing, <http://dx.doi.org/10.1787/9789264180871-en>.
- UN, OECD, IMF, World Bank and Eurostat (eds.) (1993 and 2008), *System of National Accounts*, United Nations, Geneva, <http://unstats.un.org/unsd/nationalaccount/sna.asp>.

Table 20.1. **Social benefits to households**
Percentage of GDP

	Social benefits other than social transfers in kind							Social transfers in kind						
	2005	2006	2007	2008	2009	2010	2011	2005	2006	2007	2008	2009	2010	2011
Australia	7.8	7.6	7.4	9.0	7.8	..	..	10.6	10.6	10.5	10.9	11.2	..	..
Austria	18.8	18.4	17.8	18.1	19.7	19.7	19.0	10.6	10.6	10.6	10.9	11.5	11.3	11.1
Belgium	15.7	15.5	15.4	15.8	17.3	17.0	17.2	14.1	14.0	13.9	14.6	15.6	15.4	15.6
Canada	9.9	10.0	10.1	10.3	11.6	11.4	..	11.5	11.7	11.8	12.0	13.4	13.3	..
Chile	..	..	..	4.2	4.6	4.4	..	..	..	..	..	..	..	..
Czech Republic	12.0	12.2	12.5	12.4	13.5	13.6	13.7	10.6	10.3	9.9	9.9	10.9	10.8	10.7
Denmark	16.3	15.4	14.9	14.7	16.7	16.9	17.1	18.2	18.1	18.2	18.8	21.2	20.7	20.3
Estonia	8.9	8.7	8.5	10.5	14.1	13.0	11.7	9.4	8.9	9.0	10.6	12.3	11.6	10.9
Finland	16.5	16.0	15.1	15.3	18.2	18.3	18.0	14.7	14.7	14.2	14.8	16.6	16.5	16.3
France	17.8	17.8	17.7	17.8	19.4	19.5	19.5	15.3	15.1	15.0	15.1	16.1	16.1	16.1
Germany	18.5	17.7	16.5	16.3	17.9	17.2	16.4	11.8	11.6	11.4	11.6	12.8	12.5	12.3
Greece	16.5	17.1	17.9	19.6	21.2	21.3	22.6	7.0	6.8	7.2	7.2	7.7	7.5	7.0
Hungary	14.5	15.0	15.5	15.9	16.5	15.9	15.5	12.7	12.5	11.6	11.7	12.1	11.3	10.7
Iceland	6.2	5.7	5.8	6.1	8.1	7.9	8.5	16.5	16.4	16.4	16.8	17.9	17.5	16.6
Ireland	8.8	8.9	9.6	11.6	14.5	14.8	15.0	10.4	10.5	10.9	12.0	13.7	13.1	12.5
Israel ¹	6.2	6.1	5.8	5.9	6.1	6.2	6.1	12.9	12.6	12.5	12.7	12.6	12.7	12.7
Italy	16.9	16.9	17.0	17.6	19.2	19.2	19.3	11.8	11.8	11.6	11.8	12.5	12.4	12.0
Japan	11.2	11.5	11.6	12.1	13.7	13.9	..	10.1	10.0	10.1	10.5	11.4	11.4	..
Korea	2.5	2.8	3.1	3.4	3.8	3.7	..	5.8	6.2	6.3	6.5	6.9	6.8	..
Luxembourg	14.4	13.5	12.9	14.4	16.6	15.6	15.1	10.0	9.4	9.0	9.5	10.8	10.4	10.2
Mexico	1.5	1.5	1.6	1.7	1.9	1.9	..	5.4	5.2	5.2	5.3	5.9	5.7	..
Netherlands	10.9	10.8	10.3	10.3	11.4	11.7	11.8	13.4	14.8	15.0	15.2	17.0	17.1	17.1
New Zealand	9.2	9.8	10.0	10.7	11.4	..	..	10.9	11.1	11.1	11.8	12.2	..	..
Norway	13.2	12.2	12.1	11.6	13.9	13.7	13.5	13.3	12.8	13.1	13.0	15.2	15.0	14.6
Poland	15.7	15.2	14.2	14.0	14.7	14.8	14.1	10.1	10.2	10.0	10.5	10.7	10.8	10.4
Portugal	14.4	14.5	14.6	15.1	17.0	17.0	17.3	12.2	11.7	11.1	11.1	12.1	12.1	11.1
Slovak Republic	12.4	11.9	11.6	11.4	13.8	14.1	13.5	7.4	7.6	8.0	8.4	9.4	9.3	8.7
Slovenia	15.7	15.3	14.4	14.7	16.4	17.2	17.6	11.3	11.1	10.4	10.7	12.0	12.3	12.3
Spain	11.6	11.4	11.6	12.5	14.7	15.4	15.4	10.5	10.5	10.7	11.4	12.7	12.5	12.1
Sweden	15.7	15.2	14.4	14.4	15.7	14.7	14.0	19.0	18.9	18.6	19.0	20.1	19.2	19.1
Switzerland	11.5	10.9	10.5	10.1	11.2	11.1	10.9	6.6	6.3	6.1	5.7	6.3	6.2	6.3
Turkey	..	6.6	7.0	7.4	8.8	8.0	..	..	5.5	5.8	6.2	7.9	7.8	..
United Kingdom	12.8	12.5	12.6	13.2	15.0	15.1	15.1	12.7	13.0	12.9	13.5	14.8	14.5	14.0
United States	11.9	12.0	12.2	13.1	15.2	15.6	15.3	6.3	6.3	6.4	6.6	6.9	6.8	6.5
Euro area	16.3	16.0	15.6	16.0	17.6	17.6	17.4	12.4	12.4	12.3	12.6	13.6	13.5	13.3
OECD-Total	..	..	..	..	..	..	..	..	..	..	..	..	..	..

1. Information on data for Israel: <http://dx.doi.org/10.1787/888932315602>.


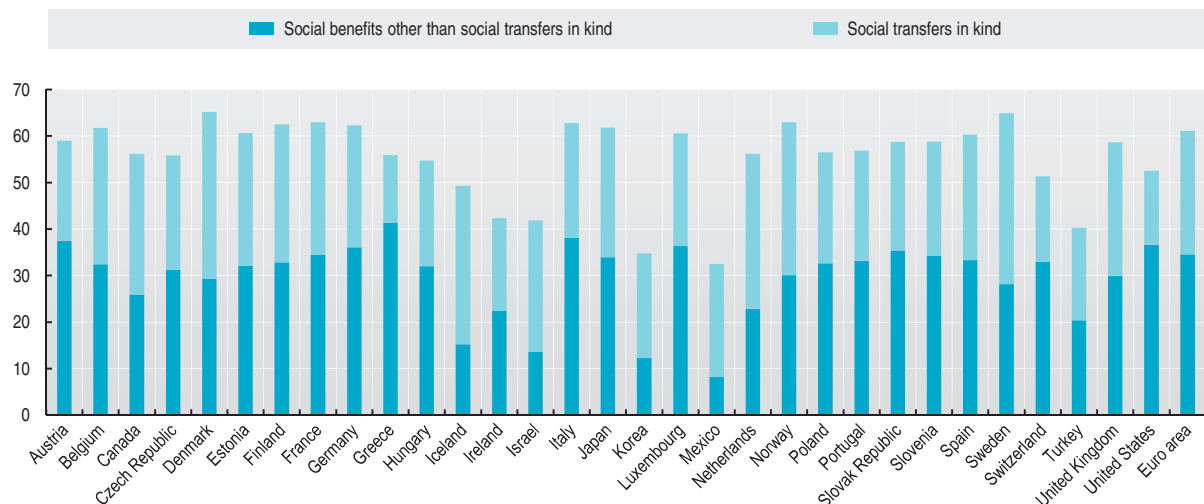

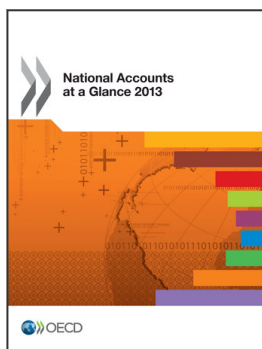
StatLink  <http://dx.doi.org/10.1787/888932762824>

Figure 20.1. **Social benefits to households**
Percentage of total general government expenditure, 2010



Note: Information on data for Israel: <http://dx.doi.org/10.1787/888932315602>.

StatLink  <http://dx.doi.org/10.1787/888932762121>



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