

מרכז אדפה מרכז אדוה  
**Adva Center**  
Information on Equality and Social Justice in Israel

**ISRAEL:  
A SOCIAL  
REPORT  
2013**

מרכז אדפה מרכז אדוה  
**Adva Center**

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## INTRODUCTION

In 1991, at the time of the founding of the Adva Center, “equality” was a marginal issue among researchers and policymakers, while “social justice” was of interest mainly to philosophers.

Things have changed: “Social justice” was shouted from the rooftops by hundreds of thousands of Israelis two years ago, while “equality” – or more accurately “inequality” – has been recognized as one of the paramount macroeconomic and macrosocial concerns. Among the movers and shakers who meet annually in Davos, Switzerland, inequality was recently characterized as the greatest threat to humanity in the coming decade; prior to 2011, the issue of inequality had never even been on the agenda.

Israel nearly tops the rankings of inequality and poverty among developed nations. And yet inequality is still not perceived in Israel as a serious threat. To the extent that the government shows any sensitivity to the issue of inequality, it is relegated to committees: the Trajtenberg Committee, which pledged not to recommend measures that would increase state spending; the Committee on Increasing Competitiveness in the Economy, whose purpose was to lower the cost of living; and the War Against Poverty Committee, tasked with reducing the incidence of poverty within ten years from 20% to 10% – with limited budgetary tools at its disposal.

Inequality, however, is a macroeconomic and macrosocial issue that needs to be addressed at the highest level of government. It is not enough to increase welfare payments by a few dozen shekels or lower prices by a few percentage points, but requires consistent policies that create jobs at a living wage and raise the level of education of the population at large.

For a generation, governments in Israel have nurtured the business sector, primarily by increasing its credit options and lowering the interest rate it pays. Governments have enacted budget cuts to “release resources for use by the business sector”, shifted retirement savings from government bonds to corporate bonds, and lowered corporate taxes, particularly on large companies. Although these measures strengthened a small number of capital groups – enriching the owners, the CEOs, and those who service them – most Israelis benefited very little from this economic growth and remained in their own circle of low wages, unemployment, and poverty. Thus, the business sector has not provided answers to Israel’s economic needs: Its investment in fixed assets within Israel is generally below the average of western countries, as much of the credit at its disposal is used for real estate and finance rather than investment in the real economy; in addition, Israeli investments abroad exceed those of foreign investment in Israel.

While all this was happening, the state was weakening the institutions that should be providing services to the entire population – schools, colleges and universities, health, housing, welfare, and the social safety net. This is the product of both the belt-tightening policies of the government, which prevent social budgets from growing, and the injection of private money into public systems – private money made as a result of privatization policies. This money buys its owners enhanced, private health services, enriched elementary and secondary schooling, and a guaranteed ticket to higher education for their children. Those without means – most of the Israeli population – make do with diluted state services. The result is that the state systems not only do not correct inequality in the workplace and capital market, but rather entrench it.

The marketplace and the state now work hand-in-hand to create a society of Israelis among which some are more equal than others, in the words of novelist Sami Michael. Naturally more harm is rendered to those who are less equal – almost three-quarters of Israelis earn *less* than the average wage. The social and economic fabric of Israel is also damaged, as it now relies on the success of a small number of people working in high-tech and the financial markets.

**Until this year**, the figures appearing in *Israel: A Social Report* were based on the most recent income data collected by Israel's Central Bureau of Statistics (CBS), which enabled comparisons over time.

Updating these comparisons became problematic this year because of changes made by the CBS in its data collection. The Household Income Survey of the CBS, which had served as the primary source of information about wages, was cancelled and replaced by the Household Expenditure Survey. This change does not allow for a comparison of 2012 data with those of previous years. For more information, see CBS, "Findings from the Household Expenditure Survey 2012: Data on the Israeli Households Income, Expenditure, and Durable Goods Ownership", Media Release, 29 October 2013 [Hebrew].

Furthermore, the CBS adopted a new operational

definition of the Gross Domestic Product (GDP) in keeping with new guidelines of the United Nations. In 2013, the CBS changed its definition of the GDP as of 2006 to include components that had not been included in the past, primarily investment in R&D and income from financial brokerage services. Calculations according to this new definition boost the size of the GDP. Currently, the CBS is revising historical data from the years prior to 2006 to align with the new definition, but until the work has been completed, growth in 2012 cannot be compared with growth in previous years. For more details, see CBS, *The System of National Accounts (SNA) 2008 and its Implications for Measuring Product in Israel*, July 2009 (Hebrew).

Also note that most of the figures that appear in *Israel: A Social Report* are published by the CBS at a delay of one year; hence, the picture presented here relates primarily to 2012.

## GROWTH IN ISRAEL AND EUROPE, AND THE ISRAELI-PALESTINIAN CONFLICT

The Israeli economy coped better than most European countries<sup>1</sup> with the global economic crisis. Between 2006 and 2012, Israel's GDP grew 4.4% annually, on average, while the GDP in the euro area grew by only 0.3%, i.e., no growth.<sup>2</sup>

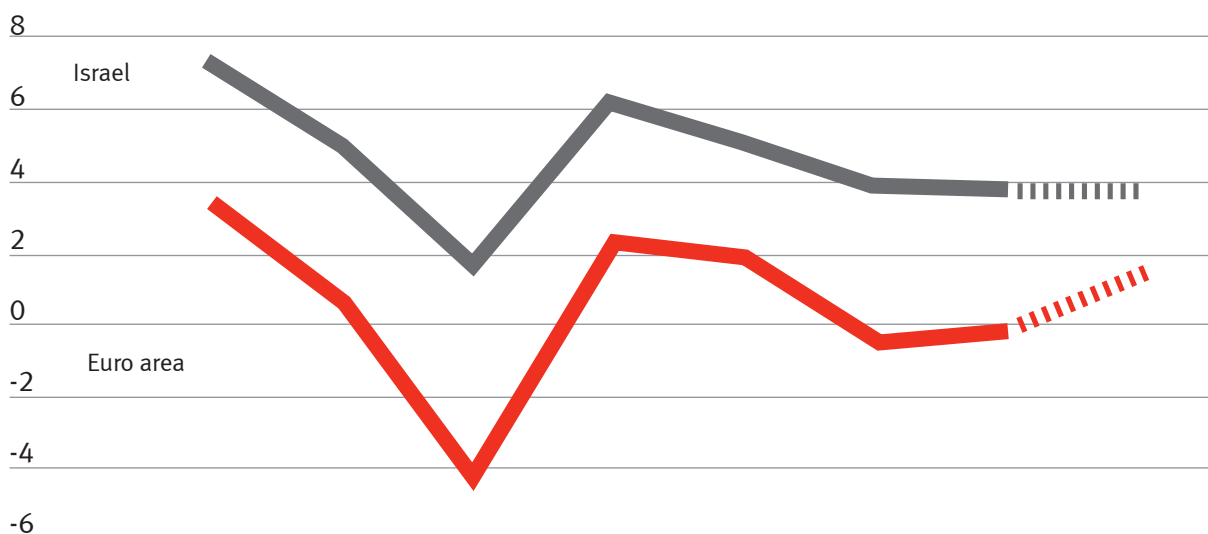
In the coming years, too, the Israeli economy is expected to show more growth than Europe. According to forecasts of the OECD, of which Israel is a member, the Israeli

economy is expected to grow by 3.7% in 2013, 3.4% in 2014, and 3.5% in 2015,<sup>3</sup> while the euro area is forecast to increase by less: -0.4%, 1.0%, and 1.6%, respectively.<sup>4</sup>

Growth in Israel is contingent upon its geo-political situation not worsening. In light of the turbulence in most neighboring countries, and assuming that the Iranian issue will continue to be dealt with by the superpowers, the greatest potential

threat to economic growth in Israel is failure to reach a political agreement with the Palestinians. Over the past two decades, two Palestinian uprisings were waged against Israeli control of the territories – the first and second Intifadas. During the second Intifada, Israel's GDP contracted two years in a row, while the GDP per capita contracted three years in a row.

### Growth in Israel and the Euro Area 2007-2012, and Forecast for 2013-2014 • In percentages



	2007	2008	2009	2010	2011	2012	2013	2014 Forecast
Israel	6.9	4.5	1.2	5.7	4.6	3.4	3.3	3.3
Euro area	3.0	0.4	4.4-	2.0	1.6	0.7-	0.4-	1.0

#### Notes:

1. The figure for Israel in 2014 is a Bank of Israel forecast.

2. The euro area figures cover 17 countries; the 2013-2015 forecast covers 15 countries.

Sources: Adva Center analysis of CBS, *Statistical Abstract of Israel*, various years; CBS, Media release, "Preliminary National Accounts Estimates for 2013", 31 December 2013; Bank of Israel, "Research Department Staff Forecast 2013," 23 December 2013. Euro area data from <http://stats.oecd.org/index.aspx?queryid=9185>.

## ISRAEL STILL LAGS BEHIND EUROPE IN PER CAPITA GDP

Although Israel experienced a higher rate of growth than European countries, if it aspires to a European standard of living, it needs to grow even more rapidly. This can be measured by GDP per capita, which is a common indicator of standard of living.

The graph below shows the change in the average annual GDP per capita for selected countries between 2006 – the earliest year for which the CBS prepared data according to the new GDP calculation – and 2012, the last year for which we have

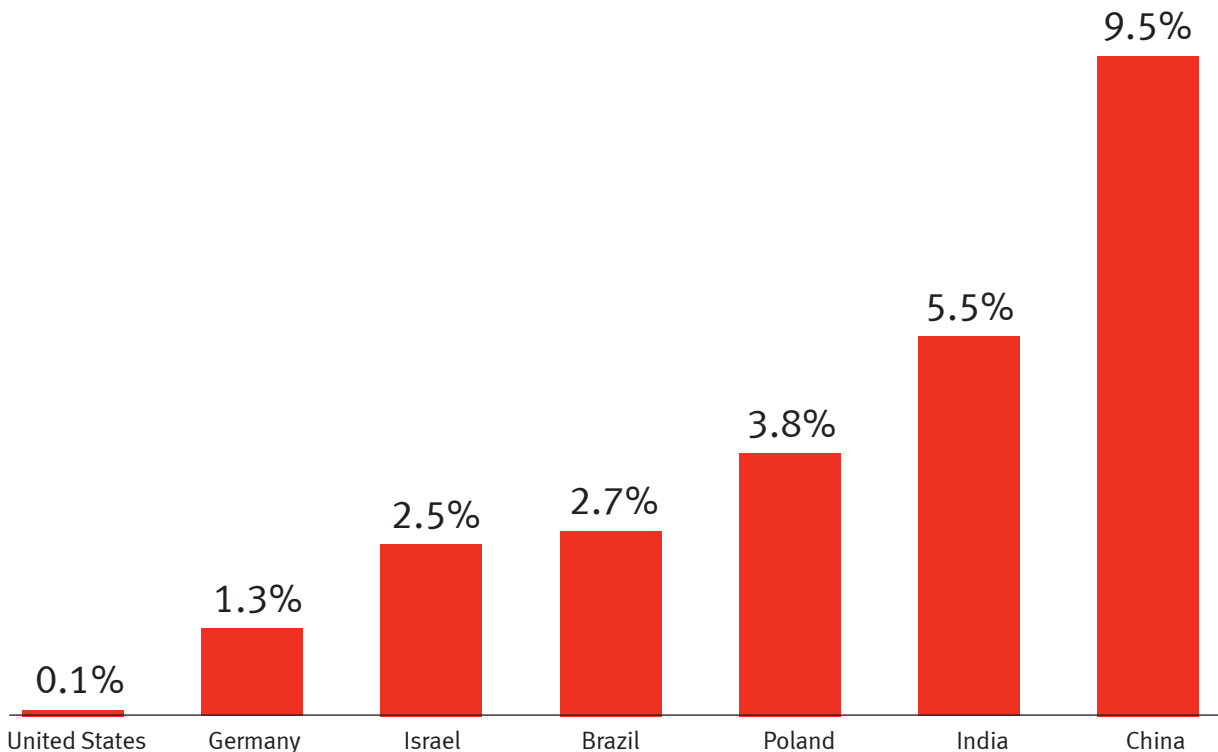
complete data.

China experienced the greatest economic growth: Its GDP per capita increased by an annual average rate of 9.5%. India, too, grew by leaps and bounds – 5.5% annually, on average. The economies of India and China are the most prominent in Southeast Asia, many of which experienced high growth rates. Another region showing high growth was Eastern Europe, represented in this graph by Poland, with an average annual per capita GDP of 3.8%.

By contrast, Israel's average annual GDP per capita in the years 2006-2012 amounted to 2.5%. Although this is higher than some of the world's richest countries – the United States with 0.1% and Germany with 1.3%, the per capita GDP in those countries was already much higher than that of Israel: approximately \$42,000 in Germany and \$52,000 in the United States, compared with \$33,000 in Israel (in 2012, at current prices).

### GDP Per Capita in Selected Countries, 2006-2012

Average change rates based on per capita GDP at constant prices in local currency



Source: Adva Center analysis of IMF, *World Economic Outlook*, October 2013.

## WEALTH GREW SUBSTANTILLY, BUT THE REAL ECONOMY GREW LESS

Between 2002 and 2011, the total financial assets held by the public (bank deposits, securities, pension plans, and life insurance) grew by about 80% – from NIS 1,483 billion to NIS 2,641 billion (at 2012 prices). During the same period, total financial assets, which include those held by the banks and the government, increased by 60% – from NIS 3,486 billion to NIS 5,553 billion. Financial assets recovered quickly from the global financial crisis of 2008.

Non-financial assets, on the other hand, which include construction of homes and plants, and the acquisition of machinery, equipment, vehicles, software, and inventories – i.e., investment in the real economy – grew by 50%, which was a much slower pace.<sup>5</sup>

In other words, financial wealth grew substantially; the real economy, less so.

Where did this money go? Answer: to other money. In other words, rather than being invested in growing the real economy – the one in which almost all of us make a living – profits were plowed into

creating more money. The Israeli economy, like many economies in the world, has undergone a process of financialization. This benefits a small segment of the population, but not most people. Furthermore, some of the capital accumulated in Israel is invested abroad: Over the past decade, foreign investments by Israelis exceeded the investments of foreigners in Israel.<sup>6</sup>

Growth begins with investment in fixed assets: construction of a plant, acquisition of machinery and equipment, training of employees. Such investments create jobs and set the job conditions of the employees.

Yet the data reveal that investment in fixed assets in Israel is relatively lower than in wealthy countries, even though there is no shortage of financial resources locally. Indeed, investments are unevenly distributed in Israel, and are concentrated in a relatively small number of economic sectors.

Between 2006 and 2012, investment in fixed assets in Israel amounted to 19.5% of the GDP, on average, while comparable

investments in the European Union totaled 20.4%.<sup>7</sup> The difference may not be big, but Israel, which aspires to a level of GDP per capita similar to that of European countries, should be investing more than these countries. Investments in China and India are double or more that of Israel, but even countries that had begun developing earlier, such as Taiwan or Korea – one of the twenty wealthiest nations in the world (a G20 member) – invest more than Israel.<sup>8</sup>

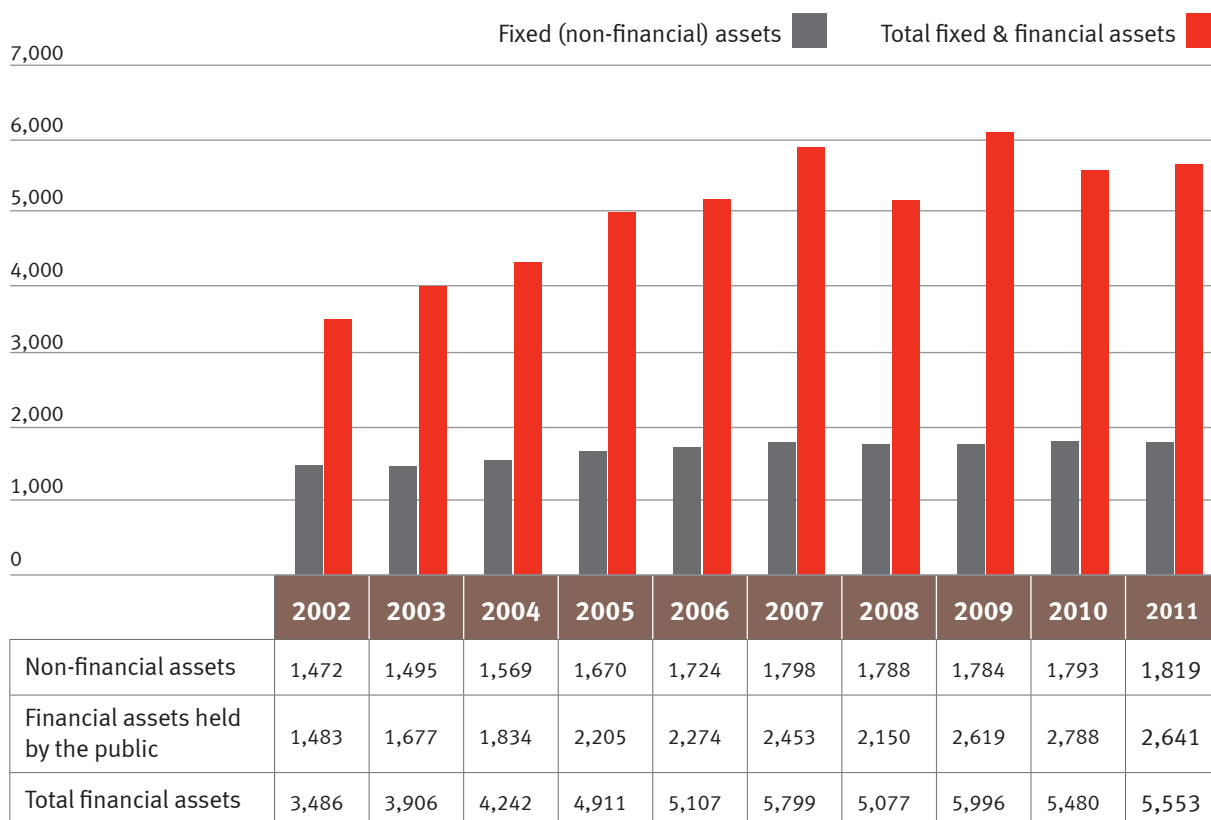
There are many reasons for the low level of investment in Israel, but the economic instability entailed by the ongoing conflict with the Palestinians figures prominently among them.

These figures also raise questions about government policy that focuses on fostering growth of the business sector, on the assumption that such growth would be sufficient to respond to all the needs of Israeli society. It now appears that these policies may have served to buttress the large capital groups and encourage financialization, rather than stimulate economic growth that would benefit all Israelis.



## Fixed and Financial Assets in Israel, 2001-2009

In NIS billions, at 2012 prices



### Notes:

1. Non-financial assets – fixed assets (residential and non-residential buildings, machinery, equipment, vehicles, and software) and inventories.
2. Financial assets held by the public – financial assets owned by households, corporations, and national institutions (excluding the government and national banks).
3. Total financial assets – financial assets owned by the public, the government, and commercial banks.

**Sources:** Adva Center analysis of CBS, *National Balance Sheet Accounts 2009*, Publication No. 1453, June 2012; CBS, *National Balance Sheet Accounts 2010*, Media release, February 2012; CBS, *National Balance Sheet Accounts 2011*, Media release, February 2013; CBS, *Statistical Abstract of Israel*, various years, Table 17.1.

## INCOME INEQUALITY

**From 2012, income data cannot be compared to previous years.**

Due to changes made in 2013 by the CBS in its household income and expenditure surveys, the data from 2012 cannot be compared with data from previous years.<sup>9</sup>

The table below shows the gross monthly income of households according to both the previous method (Household Income Survey 2011) and the new method (Household Expenditure Survey 2012). The new method yields substantially higher income data, although there were no significant salary hikes in the Israeli economy.

Thus, we are unable to present income data by deciles or to compare the income of the middle stratum with that of the upper and lower strata. These comparisons

will be performed next year, when the 2012 data can serve as the base for a new series of statistics.

The table does reveal similar income distribution by deciles in the old and new methods. The most striking difference is the top decile's larger share of the income pie.

**What follows are findings on the inequality of wages. We begin with figures received from the CBS using the new method, and then present figures from the National Insurance Institute. Wherever statistics appear for the previous decade, we show separately the CBS 2012 data that was collected according to the new method.**

### Gross Average Monthly Income of Households Headed by Wage-Earners:

Income Survey Data from 2011 Compared with Expenditure Survey Data from 2012 • NIS at 2012 prices

Decile	Average monthly income in 2011 by the old method (NIS)		Average monthly income in 2012 by the new method (NIS)	
	Share of each decile in the income pie in 2011 by the old method	Share of each decile in the income pie in 2012 by the new method	Share of each decile in the income pie in 2011 by the old method	Share of each decile in the income pie in 2012 by the new method
1	4,167	4,230	2.4%	2.3%
2	6,455	6,988	3.8%	3.7%
3	8,299	9,092	4.8%	4.9%
4	10,286	11,113	6.0%	5.9%
5	12,522	13,352	7.3%	7.1%
6	15,051	15,973	8.8%	8.5%
7	18,014	19,168	10.5%	10.2%
8	22,156	23,616	12.9%	12.6%
9	28,156	30,743	16.4%	16.4%
10	46,301	53,004	27.0%	28.3%

Sources: Adva Center analysis of CBS, *Income Survey 2011*; statistics provided courtesy of the Consumption Department of the CBS, November 2013.

## 72.7% OF WAGE-EARNERS RECEIVE AVERAGE WAGE OR LESS; 30.5% RECEIVE MINIMUM WAGE OR LESS

The National Insurance Institute publishes data about wages at three levels: under the minimum wage, between the minimum and the average wage, and above the average wage. Unfortunately, these figures are published at a delay of two years.

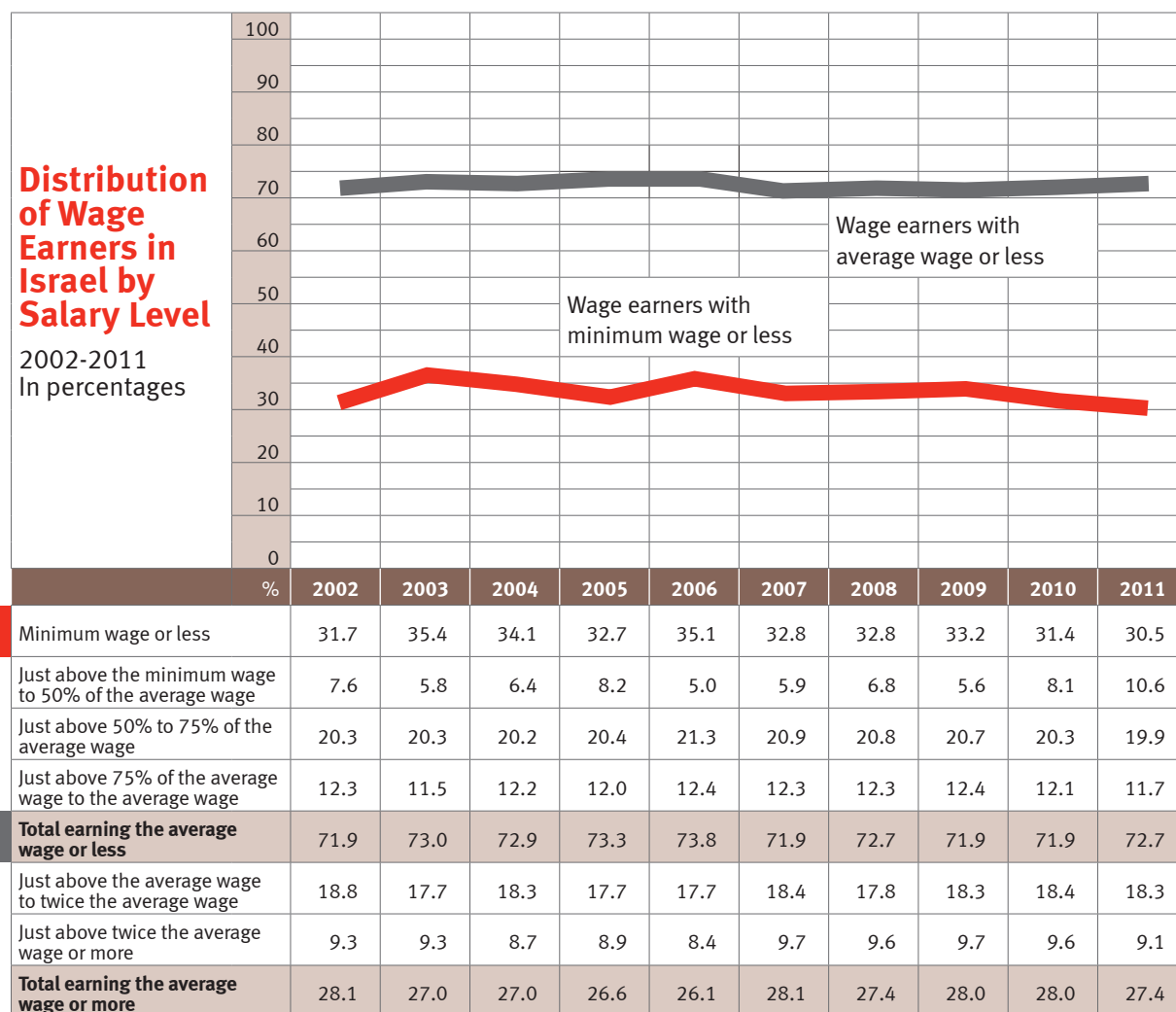
During the economic crisis of the second Intifada, the proportion of those earning under the minimum wage increased: In 2002, they

constituted 31.7% of wage earners; in 2003, they rose to 35.4%; and in 2006, the rate remained similar. Since then, this rate has been declining and dropped to 30.5% in 2011.

The improvement has not been dramatic, as most of those who left the ranks of the minimum wage (or less) entered the ranks of those earning between the minimum wage and half the average wage.

All told, 72.7% of Israelis earned the average wage or less in 2011.

The data show considerable stability. And despite widespread agreement that in Israel today it is hard to make a decent living from the minimum wage, the proportion of those earning the minimum has not significantly shrunk in the past decade – to 15% or 20%, for example. This stability has probably continued in 2012-2013 as well.



**Note:** The average monthly salary of a wage earner was NIS 9,461 in 2011 (at current prices). The minimum wage that year was NIS 3,985. National Insurance Institute data from 2012 have yet to be published.

**Source:** Adva Center analysis of Jacques Bendelac, *Average Wage and Income by Locality and by Various Economic Variables*, National Insurance Institute, various years.

## WAGE GAPS BETWEEN WOMEN AND MEN REMAIN STABLE

Wage gaps between women and men are highly stable, even though some narrowing took place in recent years.

We present here statistics for both monthly and hourly wages. Note that the figures for 2012, which were provided by the CBS, adhere to the new format of the Household Expenditure Survey, hence we present these numbers separately, not as an extension of the series from 2002 to 2011. We include these figures because the focus here is on the gaps between women and

men, not necessarily the level of income.

The gender gap is particularly salient in the data for monthly salaries.

This is because many women work part-time or hold temporary jobs. In 2012, the average monthly wage for women was 66% the average monthly wage for men.

The gender gap is smaller for hourly wages. The average hourly wage of women was 84.9% that of men. In other words, the hourly wage of women more greatly resembles the wages earned by men than the

monthly wage.

Following an increase in the middle of the previous decade, the hourly wage is now stable and the monthly wage shows an increase, which reflects a trend of women increasing the scope of their work.

In international comparisons of hourly wages, the gap of 17% between the wages of men and women places Israel in the middle of the rankings, between countries with a gap of 20% and those with a gap under 10%.

### Hourly Wage Gaps between Men and Women

Selected countries, 2011, in percentages

Country	Gap between hourly wage of women and men
Estonia	27.3
Iceland (2008)	24.5
Austria	23.7
Germany	22.2
Greece (2008)	22.0
Czech Republic	21.0
Slovakia	20.5
United Kingdom	20.1
Finland	18.2
Hungary	18.0
Netherlands	17.9
Switzerland	17.9
<b>Israel</b>	<b>17.0</b>
Cyprus	16.4
Denmark	16.4
Spain	16.2
Norway	15.9

Country	Gap between hourly wage of women and men
Sweden	15.8
France	14.7
Ireland (2010)	13.9
Canada	13.7
Latvia	13.6
Bulgaria	13.0
Portugal	12.5
Malta	12.9
Romania	12.1
Lithuania	11.9
United States	10.6
Belgium	10.2
Luxembourg	8.7
Italy	5.8
Poland	4.5
Turkey (2010)	3.8
Slovenia	2.3

**Note:** Data for Israel calculated based on the CBS statistics.

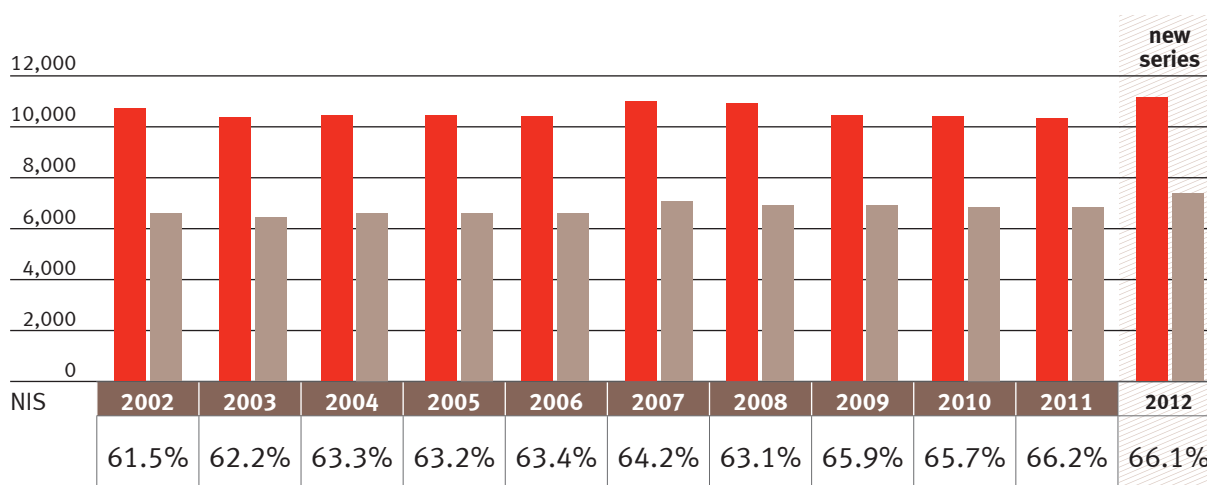
**Source:** UNECE, Statistical Database, December 2013, [http://w3.unece.org/pxweb/dialog/varval.asp?ma=017\\_GE.GPG2\\_r&path=../database/STAT/30-GE/03-WorkAndeconomy/&lang=1&ti=Gender+pay+gap](http://w3.unece.org/pxweb/dialog/varval.asp?ma=017_GE.GPG2_r&path=../database/STAT/30-GE/03-WorkAndeconomy/&lang=1&ti=Gender+pay+gap)

## Women's Salaries as a Percentage of Men's Salaries 2002-2012

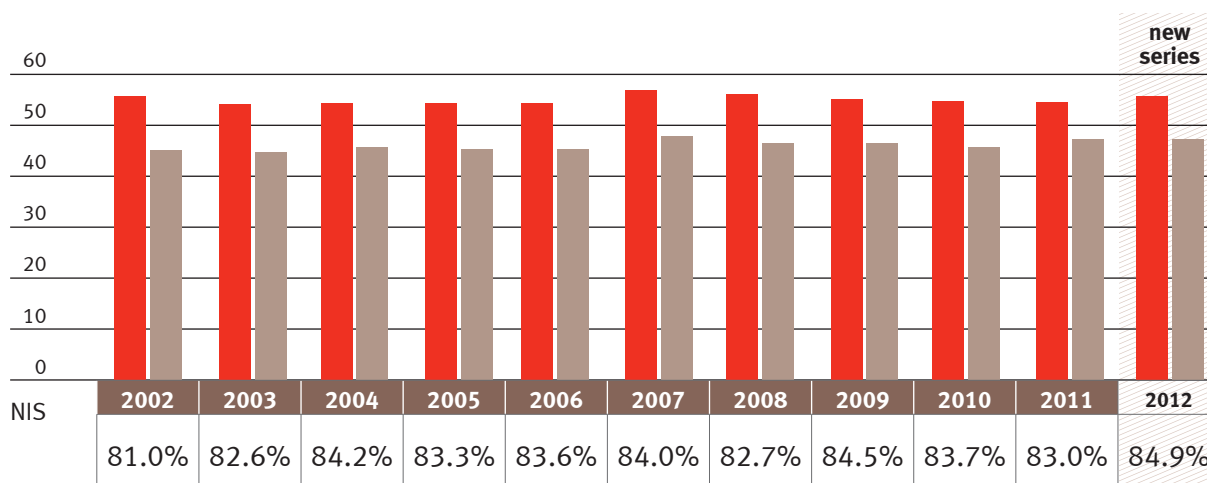
Per month and per hour, in percentages

Hourly wage  
Monthly wage

Monthly wage of women as % of men's monthly wage



Hourly wage of women as % of men's hourly wage



## ASHKENAZIM, MIZRAHIM, AND ARABS

Salary gaps between Jews and Arabs and between Mizrahi Jews (Israeli-born Jews whose fathers were born in Asia or Africa) and Ashkenazi Jews (Israeli-born Jews whose fathers were born in Europe or America) are substantial.

The figures below reveal the wage gaps among these three groups. Note that the 2012 statistics about wage gaps, provided by the CBS, adhere to the new format

of the Household Expenditure Survey; hence we present these numbers separately, not as an extension of the series from 2002 to 2011.

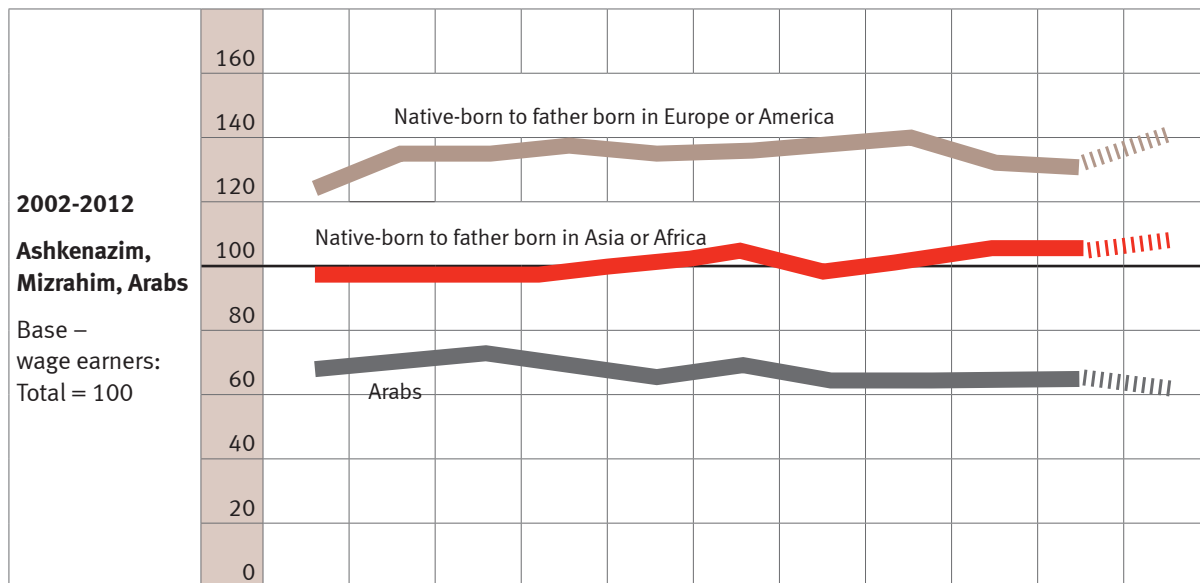
In 2012, the average monthly salary of urban Ashkenazi Jews was 42% higher than the average monthly wage of all urban wage earners.

The average monthly salary of their Mizrahi counterparts also increased,

but at a lower rate, reaching 9% above the average wage; this continues the trend of improvement in recent years.

The average monthly salary of Arab urban employees is the lowest: 34% below the average. What's more, this group of wage earners has been in continuous decline since reaching 25% below the average in 2004.

### Monthly Income from Wages or Salaries of Urban Employees



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	<b>new series</b> 2012
Total wage-earners	100	100	100	100	100	100	100	100	100	100	100
Native-born to father born in Europe or America	126	137	136	139	136	137	138	141	133	133	142
Native-born to father born in Asia or Africa	100	100	100	100	102	106	100	103	107	107	109
Arabs	71	73	75	72	68	71	67	67	68	67	66

**Notes:**

1. Wage earners – all persons having income from wages or a salary in the three months prior to the survey.
2. Wage – remuneration for work carried out during the defined period; salary – a set wage received for work, usually monthly.
3. Income from wages or salaries – income from remuneration of employed individuals.

**Sources:** Adva Center analysis of CBS, *Income Survey*, various years; the figure for 2012 courtesy of the Consumption Department of the CBS.

## THE TOP SALARIES ARE VERY HIGH INDEED

The top wage-earners in Israel are a small group of executives of the largest corporations. We know of their salaries because Israeli law requires that companies traded on the Tel-Aviv Stock Exchange publish the salaries of their top five wage-earners. We know nothing of the executive salaries in companies not traded on the Tel-Aviv Stock Exchange. The wages presented here are the most recently published and relate to 2012.

In 2012, the cost of salaries paid to the senior executives in the largest companies decreased in comparison with 2011. Among the reasons for this: public criticism of executive wages, problems that beset several

large companies, and changes in the regulations.

Nevertheless, executive salaries in the largest companies were extremely high: A CEO at one of the “Tel-Aviv 100” companies (the 100 largest companies traded on the Tel-Aviv Stock Exchange) had a salary bill, on average, of NIS 4.519 million per annum, or NIS 376,600 a month.

The annual salary cost of all five senior executives in these companies – not just the CEOs – was, on average, NIS 3.421 million per annum, or NIS 285,100 a month.

The table below clarifies where most of the cuts were made – not in salaries, but benefits, e.g.,

grants (bonuses), stock equity, and “other”. This is true in the case of the CEOs, whose salary bills slightly decreased, although for executives as a group, the salary bill itself actually increased.

Notwithstanding the salary dip in 2012, gaps between executives and other employees remain substantial. According to the CBS analysis, the average CEO salary bill was 42 times greater than the average wage in Israel in 2012 (NIS 9,018 – Israeli workers only) and 87 times greater than the minimum wage that year (NIS 4,300).

### Executive Salary Bills in Tel Aviv 100 Companies, 2011-2012

In thousands of NIS at 2012 prices

	CEO		Senior executives in Tel-Aviv 100	
	2011	2012	2011	2012
<b>Average monthly salary bill</b>	549.1	376.6	344.2	285.1
Wage and/or management fee	224.8	215.0	162.5	167.5
Grants (bonuses)	186.5	121.1	106.7	88.6
Stock equity	253.7	127.5	125.6	81.1
Other	29.4	9.4	36.9	21.0

#### Notes:

1. Data are from the financial reports of the companies in the Tel-Aviv 100 Index. This information is published under Amendment 21 of the Securities and Exchange Commission: “Remuneration of Interested Parties and Senior Executives”.
2. Analysis of the financial reports reveals that, in some cases, those holding the most senior position in a company are not among the five highest paid executives of that company or of the company under its control.
3. Data are for full-time employees in calendar years 2011 and 2012. Salaries of part-time employees were pro-rated to reflect a full-time position.
4. Data do not include the dual-listed companies Teva, Elbit Systems, and NICE Systems, which publish financial reports in the United States and are not obligated to publish the salary costs of their senior executives by name either in Israel or the U.S.
5. For the following dual-listed companies, only partial data exist: Perrigo Company, Partner, and Cellcom.
6. Delek Drilling, Avner Oil Exploration, and Isramco are in partnership searching for gas and oil and have no employees. They were not included in this analysis.
7. Salary components: salary including social benefits, grants (bonuses), stock equities, and other.
8. For some executives, remuneration is given as management fees.

**Source:** Adva Center analysis based on the website of the Securities and Exchange Commission from April 2011 and April 2012.

**Data on this page were calculated and analyzed by the economist and accountant Safa Agbaria.**

## CAPITAL EARNINGS

Most Israelis are wage-earners, not self-employed, and their main source of income is a salary. The top 1%, however, include a large proportion of self-employed persons whose capital earnings constitute some two-thirds of their total income (65.1% in 2008).<sup>10</sup>

The extent of capital earnings can be found in the annual report of the State Revenues Administration of the Finance Ministry. Unfortunately,

the most recent figures published by the Administration – in its 2011-2012 report – are for 2008.

These statistics reveal that self-employed persons in Israel enjoyed capital revenues of NIS 18.3 billion in 2008, which includes income from capital gains, dividends, interest, and other holdings. Almost three-quarters of this amount – NIS 13.5 billion – was earned by 1% of the self-employed – the top percentile of

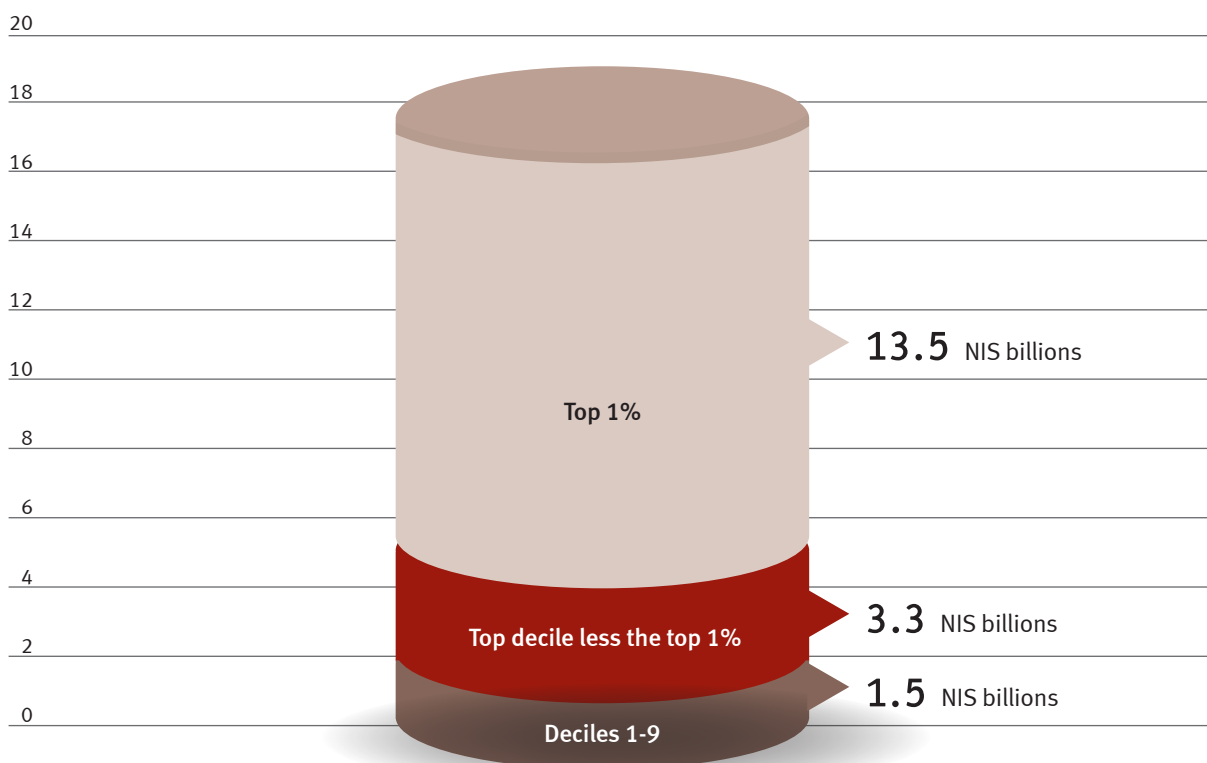
this group. On the other hand, 90% of all the self-employed together earned NIS 1.5 billion – less than 10% of the total income from capital revenues.

Note that, in general, the income of most self-employed Israelis is not high.

Inequality in capital gains far exceeds inequality in salaried income.

### Distribution of Income of Self-Employed Persons from Capital, Dividends, Interest, and other Holdings

By income deciles of self-employed persons in 2008 • In billions of NIS, at 2008 prices



**Note:** "Other holdings" includes income from real estate rentals and other items, which the State Revenues Administration does not calculate separately from dividends or interest income.

**Source:** Adva Center analysis of Ministry of Finance, *State Revenues Administration 2011-2012*, No. 59, 2013.



## RETIREMENT INCOME:

### THE NEXT GENERATION OF SENIOR CITIZENS WILL EXPERIENCE LARGE INCOME GAPS

In 2012, households in the top quintile set aside an average of NIS 1,168 a month for their retirement years – eighteen times more than set aside by households in the bottom quintile – an average of NIS 64 a month.

The standard of living of people in these two groups will clearly be different after retirement.

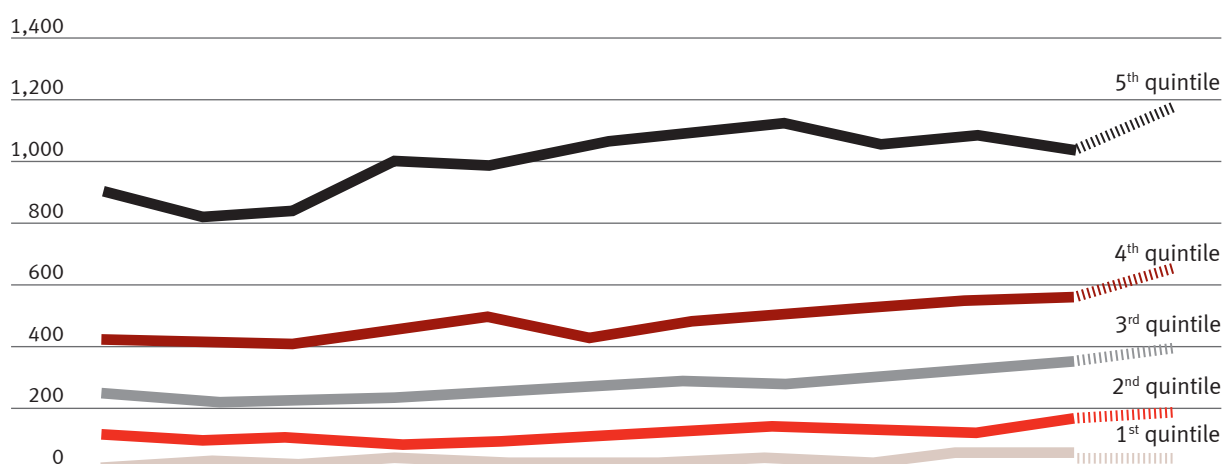
Note that these averages include households in which no one saves for retirement along with households in which some do. Furthermore, pension savings are more common among wage earners in the middle and upper income strata than among those who earn less, even though the law now makes retirement savings obligatory for

wage earners.

Statistics for 2012 about the amount set aside for retirement per household are based on the new format of the Household Expenditure Survey; therefore we present the figures separately, not as an extension of the series from 2002 to 2011.

### Average Monthly Retirement Savings

By income quintile, 2002-2012 • By net income per person in NIS, at 2012 prices



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1 <sup>st</sup> quintile	31	27	44	31	29	30	37	38	55	61	64
2 <sup>nd</sup> quintile	104	110	91	114	122	139	152	148	134	183	199
3 <sup>rd</sup> quintile	227	238	232	265	269	288	279	298	321	347	406
4 <sup>th</sup> quintile	429	428	483	509	443	493	508	529	563	560	652
5 <sup>th</sup> quintile	824	843	997	993	1,055	1,087	1,106	1,050	1,071	1,035	1,168

Note: A quintile is two deciles.

Sources: Adva Center analysis of CBS, *Household Expenditure Survey*, various years; the figure for 2012 courtesy of the Consumption Department of the CBS.

## ONE OUT OF FIVE FAMILIES – BELOW THE POVERTY LINE

The income of almost one-fifth of all families in Israel is so low that they are below the poverty line (defined as equal to 50% or less of the median income of households in Israel).

The poverty data for 2012 are calculated according to the new format of the Household Expenditures Survey; therefore we present these numbers separately, not as an extension of the series from 2002 to 2011.

In 2012, the poverty rate in Israel was 19.4%.

The most significant change in the poverty rate in recent years occurred between 2000 and 2004, when it grew from 17.7% to 20.3%<sup>11</sup> in the wake of the large budget cuts

to social security payments made during the crisis period of the second Intifada. Ever since, the rate has not returned to its level at the beginning of the decade, which was itself quite high. The wave of economic growth between the end of the second Intifada and the outbreak of the global economic crisis managed to halt the spread of poverty, but not to reduce it.

OECD data for 2010 place Israel in the upper reaches of the table: The incidence of poverty in Israel was almost twice as high as the OECD average – 11.1% - and three to four times higher than the rate in western European nations.

There are many reasons for the high poverty rate in Israel, including insufficient investment in the

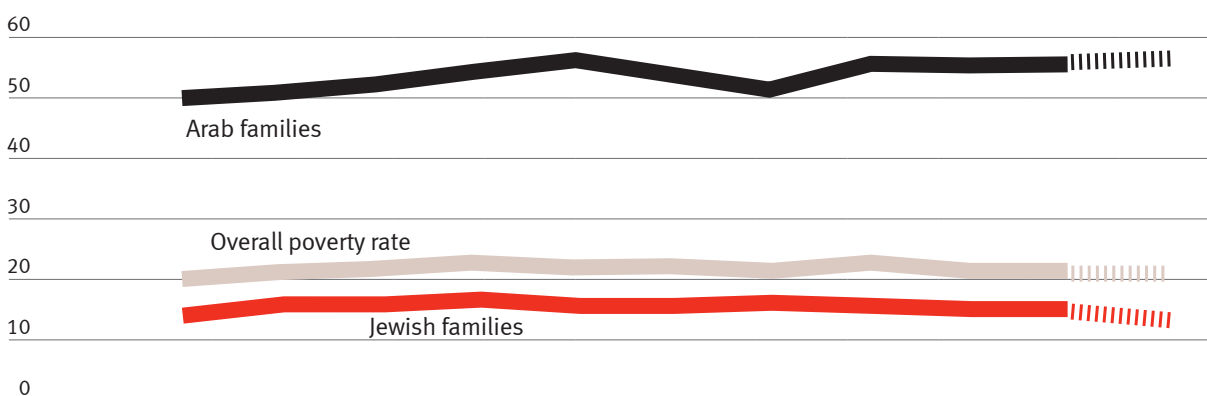
periphery, particularly the Arab sector; a large number of new jobs that are part-time or low pay; and an increasing number of service jobs that have been outsourced to employment contractors.

An especially large increase occurred in the poverty rate of Arab families: from 41.2% in 2001<sup>12</sup> to 54.0% in 2006. This high rate has not significantly dropped since then, and even increased slightly in 2012 to 54.3%. It should be borne in mind that the poverty rate among Arabs was nearly 2.9 times that of Jews even at the beginning of the preceding decade.

Among Jews, the ultra-Orthodox have the highest poverty rate, one that resembles the poverty rate of the Arab population of Israel.

### Poverty Rate among Families in Israel, 2001-2011

After direct taxes and transfer payments, in percentages



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	<b>new series</b> 2012
Overall poverty rate	18.1	19.3	20.3	20.6	20.0	19.9	19.9	20.5	19.8	19.9	19.4
Arab families	47.6	48.3	49.9	52.1	54.0	51.4	49.4	53.5	53.2	53.5	54.3
Jewish families	13.9	14.9	15.9	15.9	14.7	15.0	15.3	15.2	14.3	14.2	14.1

**Notes:**

1. Statistics for Jewish families include non-Jews who are not Arab.

2. The poverty figures for 2012 do not include the Bedouin population in the south of Israel, who were not surveyed by the CBS that year.

**Sources:** National Insurance Institute, *Annual Survey*, various years; National Insurance Institute, *Poverty and Social Gaps – Annual Report*, various years.

## UNEMPLOYMENT: THE POVERTY TRAP

Israel's economic leaders take pride in the low level of unemployment nationally – 5.8% in October 2013<sup>13</sup> – at a time when unemployment was twice that in the euro area – 12.2%.<sup>14</sup>

But the national figure for unemployment conceals wide discrepancies between localities and population groups. Unemployment primarily affects the weaker groups of the population: It is much higher in Arab localities and Jewish development towns, among women compared to men, and among Arab women compared to Jewish women. Unemployment harms most those for whom the school system failed to provide a decent education. It also hurts young people who have not had time to establish themselves in the labor market, and adults who were laid off or have a hard time finding a job because of their age.

The following table presents figures from October 2013 on job seekers by locality, as published on the website of the Government Employment Service of the Ministry of the Economy. Job-seekers are persons registered with the Government Employment Service. However, many of the unemployed do not register,

either because there is no employment office in their community, or registering gained them nothing in the past, or they believe it unlikely they will find a job there, or for other reasons. Thus, the number of registered job seekers is lower than the actual number of unemployed persons. A more complete picture of the scope of unemployment can be obtained from unemployment figures published by the CBS, but these are not presented by locality. We therefore chose to present the figures on job seekers, since they allow us to see differences among localities.

Heading the list of localities with the highest rates of unemployment are Arab towns, and heading the Arab towns are the Bedouin localities in the south of Israel. In Rahat, the largest Bedouin town, the unemployment rate was 32.5% in October 2013. A similar rate appears for several of the large Arab towns in the north – Umm al-Fahm (30.7%), Arrabe (26.1%), Tamra (24.0%), Sakhnin (23.2%), and Mghar (21.7%).

In most Jewish localities, the unemployment rate was under 5%. However, much higher rates were recorded in development towns such as Yeruham (17.4%) and Dimona (16.6%).

## Poverty Rate in OECD Countries

Proportion of Households below the Poverty Line, 2010

Country	Poverty rate 2010
Mexico	20.4
<b>Israel</b>	<b>19.8</b>
Turkey (2009)	19.3
Chile (2009)	18.5
United States	17.4
Japan (2009)	16.0
Spain	15.4
Korea	14.9
Australia	14.4
Greece	14.3
Italy	13.0
Canada	11.9
Estonia	11.7
Portugal	11.4
<b>OECD</b>	<b>11.1</b>
Poland	11.0
New Zealand (2009)	10.3
United Kingdom	10.0
Belgium	9.7
Slovenia	9.2
Sweden	9.1
Ireland (2009)	9.0
Germany	8.8
Austria	8.1
France	7.9
Slovakia	7.8
Netherlands	7.5
Norway	7.5
Finland	7.3
Luxembourg	7.2
Hungary (2009)	6.8
Iceland	6.4
Denmark	6.0
Czech Republic	5.8

Source: <http://www.oecd.org/els/soc/income-distribution-database.htm>

## Proportion of Job-Seekers

By locality, October 2013, in percentage of estimated workforce in that locality • In descending order

Locality	Proportion unemployed of workforce in that locality	Locality	Proportion unemployed of workforce in that locality	Locality	Proportion unemployed of workforce in that locality
Lakiya	42.7	Basma	17.0	Jisr az-Zarqa	10.2
Ar'ara BaNegev	35.1	Ilut	17.0	Basmat Tab'un	10.1
Tel Sheva	34.0	Dimona	16.6	Fureidis	10.0
Rahat	32.5	Tur'an	16.6	Ma'alot-Tarshiha	9.8
Umm al-Fahm	30.7	Yavne'el	16.4	Nazareth Illit	9.4
Uzeir	29.5	Mitzpe Ramon	16.2	Tiberias	9.3
Sha'ab	28.8	Muqeible	15.8	Tirat Carmel	9.0
Segev-Shalom	27.8	Akko	15.7	Kisra-Sumei	8.9
Arrabe	26.1	Sheikh Danun	15.5	Abu Ghosh	8.9
Kaukab abu al-Hija	25.8	Safed	14.7	Migdal HaEmek	8.5
Jadeidi-Makr	25.6	Nazareth	14.5	Ar'ara	8.4
Tamra	24.0	Yafi'a	14.4	Hazor HaGelilit	8.3
Kuseife	23.5	Mashhad	14.3	Qiryat Yam	8.2
Sakhnin	23.2	Ofakim	14.2	Nahariyya	8.1
Kafr Kanna	22.8	Reineh	13.9	Sajur	8.1
Deir Hanna	22.7	Mazra'a	13.9	Yanuh-Jat	8.0
Mghar	21.7	Majd al-Kurum	13.8	Afula	8.0
Ma'ale 'Iron	21.5	Majdal Shams	13.4	Or Akiva	8.0
Sulam	20.9	Qiryat Malakhi	13.2	Beer Sheva	7.9
Kafr Manda	20.8	Shibli-Umm al-Ghanam	13.1	Isfiya	7.8
Hura	20.5	Nahf	13.1	Daliyat al-Karmel	7.7
Kafr Misr	20.4	Eilabun	13.0	Ashdod	7.7
Tayibe	20.4	Zarzir	12.9	Ashkelon	7.6
Bi'ina	20.3	Rameh	12.9	Qatzrin	7.3
Bu'eine Nujeidat	19.5	Daburiyya	12.8	al-Sayyid	7.3
Buq'ata	19.4	Iksal	12.8	Betar Illit	7.2
Ein Mahil	19.1	Beit She'an	12.5	Zemer	7.2
Kabul	18.9	Deir al-Asad	12.3	Yokneam Illit	7.1
Salama	18.7	Shlomi	12.2	Qiryat Shmona	7.0
Bir al-Maksur	18.3	Netivot	11.8	Baqa-Jat	7.0
Abu Snan	18.3	Sderot	11.8	Karmiel	6.9
Ibtin	17.8	Qalansawe	11.6	Kafr Qara	6.8
Shefar'am	17.8	Yarka	11.5	Kfar Kama	6.8
Mas'ade	17.7	Qiryat Gat	11.2	Emmanuel	6.8
Ka'abiyye-Tabbash-Hajajre	17.6	Julis	11.2	Peki'in	6.7
I'billin	17.6	Fassuta	11.2	Qiryat Ata	6.7
Tuba Zangariyye	17.5	Ghajar	11.0	Hurfeish	6.7
Yeruham	17.4	Beit Jann	10.8	Lod	6.6
Kafr Yasif	17.3	Bir Hadaj	10.4	Arad	6.4

Locality	Proportion unemployed of workforce in that locality	Locality	Proportion unemployed of workforce in that locality	Locality	Proportion unemployed of workforce in that locality
Hadera	5.9	Petah Tikva	3.8	Tzur Moshe	2.7
Qiryat Bialik	5.9	Qiryat Ye'arim	3.8	Ramat Gan	2.7
Bet Shemesh	5.8	Ariel	3.7	Givat Shmuel	2.7
Mi'ilya	5.6	Rosh HaAyin	3.6	Kfar Vradim	2.7
Qiryat Ekron	5.5	Ma'ale Adumim	3.6	Modi'in-Makkabim-Re'ut	2.7
Kfar Tavor	5.4	Nesher	3.6	Qiryat Tiv'on	2.6
Yavne	5.4	Yehud	3.6	Hod HaSharon	2.6
Kokhav Ya'akov	5.4	Qiryat Arba	3.5	Kafr Bara	2.5
Giv'at Avni	5.3	Zikhron Ya'akov	3.5	Azor	2.5
Ramla	5.3	Rishon LeZion	3.5	Qiryat Ono	2.5
Qiryat Motzkin	5.3	Tel Aviv-Jaffa	3.5	Giv'atayim	2.5
Jish (Gush Halav)	5.2	Holon	3.4	Shoham	2.4
Atlit	5.2	Meitar	3.4	Kfar Adumim	2.4
Rosh Pinna	5.1	Sha'arei Tikva	3.3	Ra'anana	2.3
Pardes Hanna-Karkur	5.1	Kadima-Tzoran	3.3	Jaljulia	2.3
Eilat	5.1	Beit Dagan	3.3	Elkana	2.3
Bnei Brak	5.0	Even Yehuda	3.3	Caesarea	2.3
Gan Ner	5.0	Gedera	3.3	Yad Binyamin	2.3
Haifa	5.0	Oranit	3.3	Beit El	2.3
Bat Yam	4.9	Mazkeret Batya	3.2	Herzliyya	2.2
Tira	4.9	Hashmonaim	3.2	Omer	2.2
Modi'in Illit	4.9	Eli	3.2	Kedumim	2.2
Bnei Ayish	4.9	Ness Ziona	3.2	Kfar Chabad	2.2
Netanya	4.8	Alfei Menashe	3.2	Kokhav Ya'ir	2.1
Rekhasim	4.7	Ganei Tikva	3.2	Shimshit	2.1
Binyamina-Giv'at Ada	4.7	Kafr Qasim	3.1	Nofit	2.0
Jerusalem	4.6	Tel Mond	3.1	Alon Shvut	2.0
Elyakhin	4.5	Beit Aryeh	3.0	Tzur Hadassah	1.9
Rehovot	4.4	Pardesiya	3.0	Ofra	1.8
El'ad	4.4	Lehavim	3.0	Nof Ayalon	1.8
Shiloh	4.4	Mevasseret Ziyon	3.0	Ramat HaSharon	1.7
Or Yehuda	4.3	Bat Hefer	2.8	Katzir-Harish	1.7
Be'er Ya'aqov	4.3	Giv'at Ze'ev	2.8	Har Adar	1.6
Kfar Yona	4.1	Kefar Saba	2.8	Efrata	1.5
Gan Yavne	4.0	Karnei Shomron	2.8	Savyon	1.4
Ramat Yishai	3.8	Kfar Vitkin	2.8	Givat Brenner	1.3

## IN SHORT: INEQUALITY IN ISRAEL – AMONG THE HIGHEST IN OECD COUNTRIES

If there is one finding that sums up the data presented so far – on growth, investments, and income distribution – it is the level of inequality in Israel, which can be seen in the Gini coefficient.

The Gini coefficient is a measure of income inequality that ranges from 0 (when everybody has identical incomes) to 1 (when all income is in the hands of one individual).

The Gini coefficient of Israel is among the highest in OECD member countries: in 2010, Israel ranked fifth out of 35 countries with a Gini score of 0.376.

Since the mid-1980s, inequality as measured by the Gini coefficient has increased by an average of 5.3% among OECD countries. In Israel, however, the Gini coefficient rose by 15.3% – from 0.326 to 0.376.<sup>15</sup>

Israel's respectable rate of growth and relatively low unemployment are one side of the picture – heavy investment in several economic branches, particularly high-tech and finance, which stimulates growth and yields high salaries. This is the side for which Israel is known as “start-up nation”. The other side of the picture, however, shows relatively few investments in other economic branches – those in which most of the population are employed and earning low wages. Many of these branches are located in remote areas (or on the “south” side of the big cities), and are marked by high unemployment and poverty. This side accounts for the high Gini coefficient.

## Inequality in OECD Countries

Gini coefficient, disposable income after direct taxes and transfer payments, 2010

Country	Gini coefficient, 2010
Chile (2009)	0.508
Mexico (2009)	0.466
Turkey (2009)	0.411
United States	0.380
<b>Israel</b>	<b>0.376</b>
Portugal	0.344
United Kingdom	0.341
Spain	0.338
Greece	0.337
Japan (2009)	0.336
Australia	0.334
Ireland (2009)	0.331
Canada	0.320
Estonia	0.319
Italy	0.319
New Zealand (2009)	0.317
OECD	0.316
Korea	0.310
Poland	0.305
France	0.303
Switzerland (2009)	0.298
Netherlands	0.288
Germany	0.286
Hungary (2009)	0.272
Luxembourg	0.270
Sweden	0.269
Austria	0.267
Belgium	0.262
Slovakia	0.261
Finland	0.260
Czech Republic	0.256
Denmark	0.252
Norway	0.249
Slovenia	0.246
Iceland	0.244

Source: Data extracted from *OECD: Stat* on 24 November 2013, 12:35 UTC (GMT).

## THE STATE DOES LITTLE TO OFFSET INEQUALITY

The principle driving Israeli economic policy over the past three decades has been to strengthen the business sector in the expectation that this will stimulate widespread economic growth. During Israel's first three decades, the state was the main actor shaping economic and social policies – economic development, employment, immigrant absorption, housing, education – but in recent decades, it has sought to shift responsibility and resources to the business sector, in an effort to emulate “developed” countries. When the business sector concentrates investment in a small number of industries and a limited geographic area – while handsomely compensating the management and less generously compensating the mass of employees – it is following the lead of “developed” economies. The repercussions of this policy were reflected in the first part of this paper.

We turn now to the second aspect of these policies – diluting the social services that the state provides:

schooling, higher education, health, welfare, and social security. These services have made possible Israel's scientific and economic achievements to date, and they can in the future improve the ability of marginalized Israelis to play a greater role in economic and scientific activity.

The state budget that finances these services is also a form of investment – just as credit allows the business sector to make investments. The state budget, however, is sustained by the taxes collected, and yet the Israeli government has for years sought to reduce taxes as part of its policy to empower the business sector. In reducing direct taxes, particularly corporate and income taxes, the state seeks to benefit large companies and high- or middle-income earners.

At the same time, the government has hiked indirect taxes, primarily VAT: These taxes are paid by the population at large.

Reducing direct taxes limits the

state's ability to invest in services that can offset the consequences of imbalanced growth, i.e., schooling, higher education, and a social safety net for Israelis whose lives have not been ameliorated by economic growth.

Another consideration is that taxes are intended to provide not just for social needs, but also security needs. Spending on security is particularly high in Israel in light of its geo-political situation, particularly the lack of political accommodation with the Palestinians.

Thus, anyone who wishes to see more investment in areas that will benefit a broad spectrum of Israelis must grapple with two issues: government efforts to reduce direct taxes and heavy security spending.

So far, the state has not offset the consequences of imbalanced growth. In the second part of this paper, we examine the results of insufficient state investment in social spheres.

## INEQUITABLE TAXATION POLICIES

The taxation policy of the Israeli government can be gleaned from several sources. We have used the State Revenues Administration in the Finance Ministry and the OECD.

Data published in 2011 by the State Revenues Administration reveal that, in Israel, the percentage of monies collected by indirect taxes (VAT, sales tax, and customs duties) of all the taxes collected – 36.7% – far outweighs the OECD average

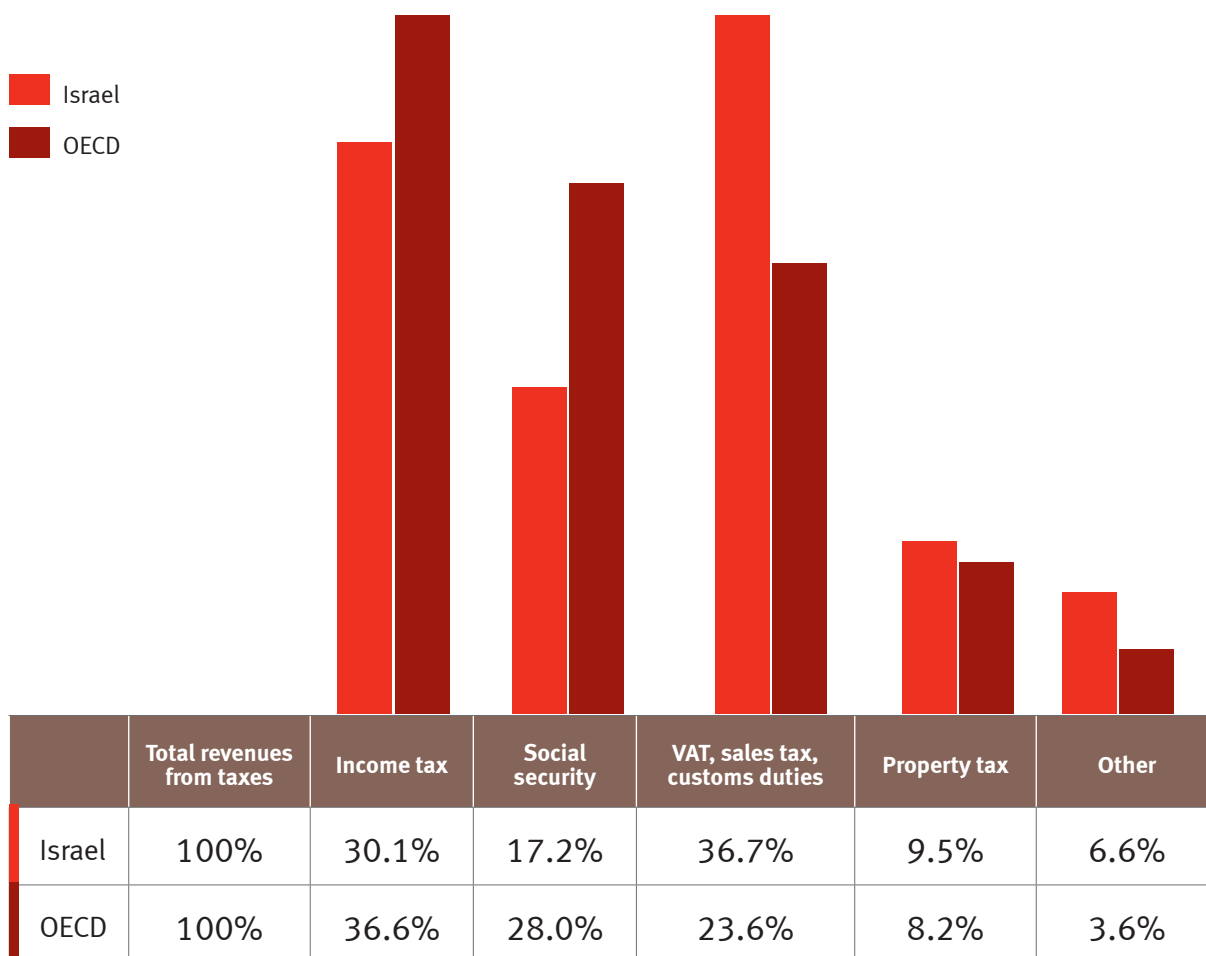
– 23.6%. In parallel, the revenues from income tax – 30.1% - are much lower than the OECD average – 36.6%. This means in effect that the wealthier strata in Israel contribute less than their peers in OECD countries to state needs.

State revenues from social security payments are also lower in Israel – 17.2% of all taxes collected, compared with 28% in OECD countries. This is because, over

the years, Israeli employers have enjoyed large discounts on the social security payroll taxes, in keeping with the effort to boost business by making it less expensive to employ people. As a result, the National Security Institute is less able to finance the social safety net, and, indeed, most of the welfare benefits in Israel are lower than those in OECD countries.

### Distribution of Income from Taxation: Israel compared with the OECD average, 2011

Percentage of total tax collected



Source: Ministry of Finance, State Revenues Administration, *Annual Report 59, 2011-2012*.



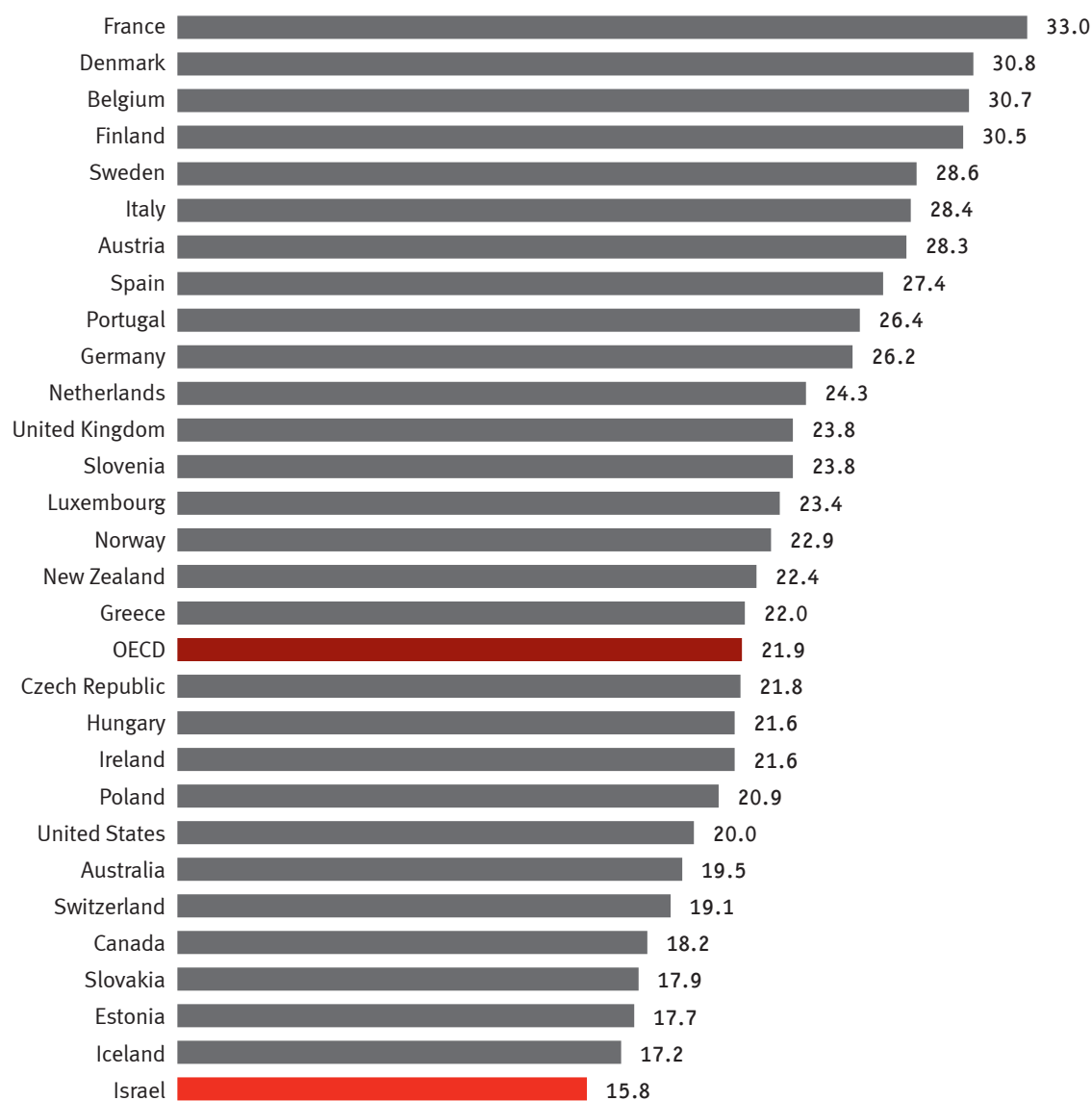
## A POROUS SAFETY NET

The social safety net in Israel is meager, primarily as a result of insufficient funding. This can be seen in the data published by the

OECD showing spending on the social safety net as a percentage of the GDP. The social safety net includes old-age pensions, income

support, disability allowance, unemployment benefits, etc. Israel, as can be seen, is at the bottom of the list of OECD countries.

### Social Safety Net Spending as a Percentage of the GDP, OECD countries, 2013



**Note:** The data include old-age and survivors' pensions, disability allowance, income support, workplace training programs, unemployment benefits, and housing and health assistance.

**Source:** OECD, National Accounts Database, OECD.StatExtracts [http://stats.oecd.org/Index.aspx?datasetcode=SOCX\\_AGG](http://stats.oecd.org/Index.aspx?datasetcode=SOCX_AGG).

## ONLY A MINORITY GO ON TO COLLEGE

Higher education is the path to a better future. In Israel, this path ascends a pyramid: All schoolchildren start off at the same baseline, but the higher the ascent, the fewer make it to the next level.

Only a minority get to the top: By 2011, only 28.8% of persons who were 17 years old in 2003 had gone on to higher education in Israel.

Following the climb of this age cohort, we find that in 2003, only 79.3% of 17-year-olds were enrolled in a track leading to matriculation. The matriculation diploma was obtained by only 48.3% of the age cohort. And some of these diplomas were not up to the standards of college admission. As a result, only 40.6% of 17-year-olds

held matriculation diplomas that qualified them to apply for college entrance.

Among that age group in Israel, not everyone had gone on to college by 2011: only 28.8% had – slightly more than one out of four.

The proportion of Jewish youth entering college is double that of Arab youth. It should be noted, however, that many young Arabs attend college in countries outside Israel, such as Jordan, where 5,400 Israeli students studied in 2007.<sup>16</sup>

These figures refer to institutions under the supervision of the Council for Higher Education, which apply admissions criteria set by this Council; the figures do not include the Open University or teachers’

seminaries. The Open University has no admissions requirements and boasts a wide age range of students. In the 2011-12 school year, 44,920 students were enrolled in the Open University, most of them 25 years old or older; 3,767 students were awarded degrees that year.

The teachers’ seminaries are also not under the aegis of the Council for Higher Education, and the entrance requirements to these institutions vary. In the 2011-12 school year, 31,325 students were enrolled in the seminaries, 90% of them studying for a first degree. If we add the first-year students in the academic teaching colleges, the number of those enrolled in academic studies within eight years of completing high school increases by 3.2%.<sup>17</sup>

## SUCCESS IN MATRICULATION EXAMS

The proportion of Israelis who go on to college is relatively low, primarily because the proportion of youth who succeed at the matriculation exams is low.

In the 1980s and 1990s, the success rate at matriculation exams among all 17-year-olds rose 10 percentage points each decade: from 20% of 17-year olds in 1980 to 30% in 1990 and 40% in 2000. In the first decade of this century, the success rate was uneven; the school system has still not managed to break through the 50% barrier.

### Success Rates in Matriculation Exams among 17-year-olds

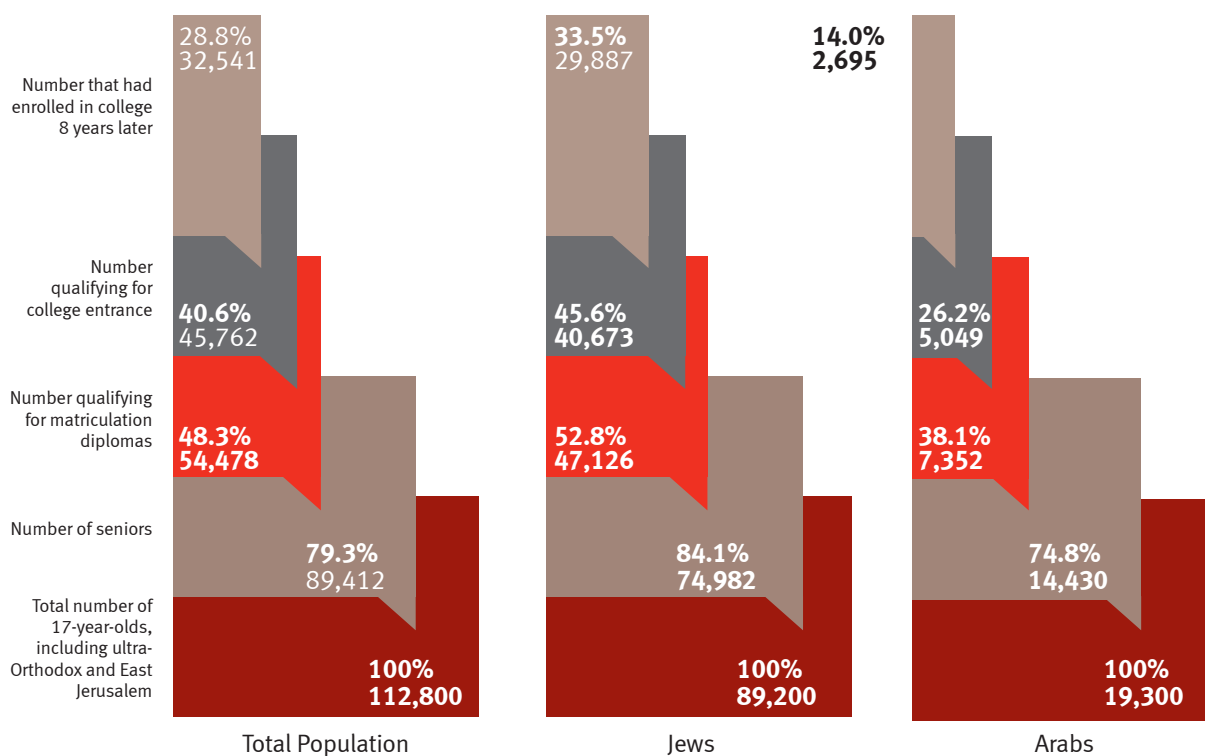
2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
48.4	48.3	49.2	46.4	45.9	46.3	44.4	46.1	48.3	48.1	49.8

**Note:** This group of 17-year-olds includes the ultra-Orthodox and East Jerusalemites.

**Sources:** Ministry of Education, Matriculation Success Data (2012), PowerPoint Presentation, June 2013; Ministry of Education, *Matriculation Exams by Local Authority*, various years.

## Percentage of 17-year-olds in 2003 Who Were Enrolled in College by 2011

Total number of 17-year-olds, including ultra-Orthodox and East Jerusalem



### Notes:

1. This graph is based on statistics about eligibility for matriculation by locality as published by the Ministry of Education. The data above are for 2011 – data for 2012 have yet to be published.
  2. Eligible for matriculation after the first and main testing.
  3. Percentages are calculated based on the total 17-year-olds in each group.
  4. Arabs – includes Muslim, Christian, Negev Bedouin and Druze students (but not East Jerusalemites).
  5. College – universities and academic colleges in Israel, both private and public, exclusive of the Open University.
  6. Unlike the Adva figures for success rates in the matriculation exams by locality in which we present the percentage of those entering college out of all graduating seniors (*Success Rates in the Matriculation Exams by Locality*), here we show the percentage of those entering college out of all 17-year-olds.
- Sources: Adva Center analysis of Ministry of Education, Culture and Sport, Pedagogical Authority, Examination Department, *Matriculation Examination Data*, various years; Adva Center, *Success Rates in the Matriculation Exams by Locality*, various years; CBS, *Statistical Abstract of Israel*, various years; data provided courtesy of the Examination Department of the Ministry of Education.

## Matriculation Success Rates by Locality, 2012

Localities with a population of 10,000 or more

The table below shows matriculation success rates in 2012 for localities with a population of 10,000 or more. The highest success rates – between 70% and 80% – can be found in affluent Jewish towns, and the lowest in Arab localities – between 20% and 30% (with the exception in 2012 of Beit Jann with 69% and Fureidis with 60%). Jewish development towns showed a 40-50% success rate.

Locality	Proportion of 17-year-olds who passed their matriculation exams	Locality	Proportion of 17-year-olds who passed their matriculation exams	Locality	Proportion of 17-year-olds who passed their matriculation exams
Herzliyya	(80)	Nahariyya	66	Nazareth Illit	(60)
Qiryat Ono	79	Nesher	66	Fureidis	60
Tel Mond	79	Tel Aviv-Jaffa	66	Qiryat Tiv'on	60
Ramat HaSharon	78	Even Yehuda	65	Gedera	59
Giv'atayim	77	Holon	65	Or Yehuda	58
Modi'in-Makkabim-Re'ut	77	Qiryat Yam	65	Tamra	58
Hod HaSharon	75	Yokneam Illit	64	Mghar	58
Ganei Tikva	73	Rishon LeZion	64	Qiryat Bialik	58
Tzoran-Kadima	72	Bat Yam	63	Rehovot	58
Yehud-Neve Efraim	71	Gan Yavne	63	Ashdod	57
Kefar Saba	71	Tirat Carmel	63	Dimona	57
Mevasseret Ziyon	71	Lakiya	63	Nahf	57
Ramat Gan	71	Netanya	63	Qiryat Ekron	54
Beit Jann	69	Petah Tiqva	63	Eilat	(53)
Or Akiva	68	Binyamina-Giv'at Ada	62	Netivot	53
Ness Ziona	68	Qiryat Ata	62	Deir al-Asad	52
Zikhron Ya'akov	67	Ashkelon	61	Pardes Hanna-Karkur	52
Yavne	67	Beer Sheva	61	Sakhnin	51
Rosh HaAyin	67	Haifa	61	Hadera	50
Azor	66	Kfar Yona	61	Ma'alot Tarshiha	50
		Afula	61	Ein Mahil	50

Locality	Proportion of 17-year-olds who passed their matriculation exams
Qiryat Gat	50
Qiryat Shmona	50
Ariel	49
Jadeidi-Makr	49
Karmiel	49
Yafi'a	48
Tiberias	47
Kabul	47
Akko	47
Sderot	47
Kafr Kanna	46
Majd al-Kurum	46
Nazareth	46
Qiryat Malakhi	46
Reineh	45
Shefar'am	45
Daliyat al-Karmel	44

Locality	Proportion of 17-year-olds who passed their matriculation exams
Tira	44
Migdal HaEmek	44
Arad	44
Ar'ara	44
Tayibe	43
Umm al-Fahm	42
I'billin	42
Baqa-Jat	42
Tur'an	42
Ofakim	41
Isfiya	41
Iksal	40
Bet Shemesh	40
Safed	40
Ramla	39
Lod	38
Kafr Qara	36
Arrabe	36

Locality	Proportion of 17-year-olds who passed their matriculation exams
Qalansawe	36
Yarka	33
Tel Sheva	33
Abu Snan	32
Ma'ale Iron	32
Rahat	32
Hura	30
Ar'ara BaNegev	30
Kuseife	28
Kafr Manda	25
El'ad	24
Kafr Qasim	21
Jerusalem	17
Jisr az-Zarqa	15
Betar Illit	8
Bnei Brak	6
Modi'in Illit	3

**Notes:**

1. Data for matriculation success rates among 17-year-olds in mixed cities do not distinguish between Jews and Arabs in those cities.
2. In localities where the success rate of 17-year-olds exceeds the success rate of those enrolled as seniors, the number appears in parentheses to suggest a possible statistical error.

**Sources:** Adva Center analysis of Ministry of Education, Telecommunications and Information Administration, Information Center for Matriculation Examinations, "High School Seniors Taking and Passing the Matriculation Examination by Local Authority Where the Students Reside 2010-2012", 19 June 2013, <http://cms.education.gov.il/educationcms/units/dovrut/pedagogia/bchinot/bagrioutalpirashoiot.htm> (Hebrew); CBS, Population of 17-year-olds per Locality, 2011-2012, October 2013.

## WHO GOES TO COLLEGE?

Those who enter college are not a representative cross-section of Israeli society. The table below shows data for those who graduated high school in 2004 and entered a university or academic college within 8 years of completing high school, i.e., by 2012.

The highest figures for entering college were recorded for Jews who

graduated from an academic track in a locality classified in a high socioeconomic cluster. The lowest figures were for Arabs from localities classified in a low socioeconomic cluster.

Far more students who completed an academic track in high school – 43.8% – were enrolled in universities or academic colleges

than those who completed technological studies – 30.3%. The enrollment rate of those residing in localities in the top two clusters – 50.7% – is double that of those living in cluster 1-4 localities – 25.1%.

Additionally, a higher proportion of women than men started college.

### High School Graduates of 2004 Who Entered an Israeli University or Academic College by 2012

By various characteristics • Percentage of all who graduated high school in each row

Total	34.6
Men	30.8
Women	38.0

Total Jewish sector schools	37.8
Men	33.4
Women	41.7
Graduates of academic tracks	43.8
Graduates of technological tracks	30.3
Live in localities in socioeconomic clusters 1-4	25.1
Live in localities in socioeconomic clusters 5-7	38.5
Live in localities in socioeconomic clusters 8-10	50.7

Total Arab sector schools	18.0
Men	16.1
Women	19.7
Graduates of academic tracks	18.8
Graduates of technological tracks	17.3
Live in localities in socioeconomic clusters 1-2	18.1
Live in localities in socioeconomic clusters 3-4	36.3

**Note:** Most Arab localities are in clusters 1-4. There are only two localities in clusters 5-6 so they were not included above.

**Source:** CBS, *Statistical Abstract of Israel 2013*, No. 64, September 2013.

## IN 2011-12 MOST UNDERGRADUATES CAME FROM AFFLUENT TOWNS

Other data that help explain the significant educational gaps are related to the distribution by locality of 20-29 year-olds who study in academic institutions.

In the 2011-12 school year, 21.8% of the 20-29 year-olds from affluent towns were enrolled as undergraduates in Israeli universities and academic colleges, about 3 times the proportion from Arab localities – 7.5%. The proportion in Jewish development towns was 13.4% – higher than undergraduates from Arab localities, but still well under the proportion of those from affluent Jewish cities and towns.

Looking at universities alone, the proportion of undergraduates from affluent localities was 10.2%, compared with 5.6% from development towns and only 5.0% from Arab cities and towns.

The figures for academic colleges are 11.6%, 7.8%, and 2.6%, respectively. The disparities in attendance at academic colleges are particularly striking in view of the fact that one of the aims of the public academic colleges is to provide opportunities for young people coming from the socioeconomic periphery. Unfortunately, the figures published by the Central Bureau of Statistics do not allow us to differentiate between

public and private academic colleges.

In the period between the 2002-03 and 2010-11 school years, the proportion of 20-29 year-olds enrolled in universities declined: from 7% in 2002-03 to 6.3% in 2010-11. In parallel, the proportion of those enrolled in academic colleges rose, from 4.4% to 7.6%.<sup>18</sup>

These figures do not include those studying in the Open University or in teachers' seminaries. Students in teachers' seminaries constitute 3.6% of the 20-29 age group. A similar calculation is not possible for the Open University, many of whose students are older.<sup>19</sup>

## Undergraduates in Israeli Universities and Academic Colleges 2011-2012

By locality, as a percentage of 20-29 year-olds

Locality	Percentage of undergraduates		
	University	Academic College	Total percent
Total	6.4	7.9	14.3
Kfar Shmaryahu	9.8	25.4	35.2
Kfar Tavor	17.7	17.0	34.8
Savyon	12.4	21.6	33.9
Omer	19.7	14.2	33.9
Meitar	16.4	17.3	33.6
Kokhav Ya'ir	14.5	18.1	32.6
Lehavim	18.8	13.4	32.2
Efrat	15.4	16.2	31.6
Kfar Vradim	15.2	14.4	29.6
Har Adar	16.4	12.7	29.1
Oranit	9.4	19.1	28.4
Shoham	11.8	16.4	28.2
Elkana	11.4	15.8	27.3
Kfar Kama	11.7	15.2	26.9
Ra'anana	11.6	15.2	26.8
Pardesiya	10.0	16.6	26.6
Givat Shmuel	17.1	9.5	26.6
Yesud HaMa'ala	11.4	15.1	26.5
Mazkeret Batya	10.9	15.0	25.9
Ramat HaSharon	10.2	14.9	25.1
Modi'in-Makkabim-Re'ut	11.1	13.9	25.1
Kedumim	10.4	14.5	24.9
Even Yehuda	9.5	15.0	24.6
Ganei Tikva	10.6	13.8	24.4
Metula	7.5	16.8	24.3
Alfei Menashe	7.8	16.2	24.0
Qiryat Ono	10.2	12.7	22.9
Qiryat Tiv'on	12.4	10.1	22.5
Ramat Yishai	10.8	11.5	22.2
Rosh Pinna	10.0	12.0	22.0
Mi'ilya	14.3	7.6	21.9
Qiryat Motzkin	11.9	9.8	21.6
Beit El	6.5	14.8	21.3

Locality	Percentage of undergraduates		
	University	Academic College	Total percent
Hod HaSharon	8.8	12.5	21.3
Herzliyya	8.0	13.3	21.3
Kfar Saba	8.8	12.3	21.2
Giv'atayim	9.6	11.4	21.0
Ness Ziona	8.1	12.8	20.9
Karnei Shomron	7.3	13.6	20.9
Yehud	7.1	13.5	20.6
Mevasseret Ziyon	9.8	10.6	20.4
Qiryat Bialik	11.1	9.2	20.2
Fassuta	13.0	7.2	20.2
Zikhron Ya'akov	10.9	8.8	19.8
Gan Yavne	8.1	11.5	19.6
Rishon LeZion	6.5	12.9	19.4
Karmiel	8.8	10.5	19.3
Nahariyya	10.4	8.9	19.2
Tel Aviv-Jaffa	9.8	9.3	19.0
Haifa	12.3	6.6	18.9
Nesher	13.0	5.7	18.8
Tel Mond	7.0	11.6	18.6
Kadima-Tzoran	8.2	10.4	18.6
Rehovot	8.7	9.7	18.4
Petah Tikva	6.8	11.6	18.4
Yokneam Illit	8.0	10.2	18.2
Gedera	7.8	10.4	18.2
Beit Aryeh	6.9	11.3	18.1
Rosh HaAyin	6.2	11.7	17.9
Migdal	11.2	6.7	17.9
Ramat Gan	7.8	10.1	17.9
Yavne	6.5	11.4	17.9
Katzir-Harish	9.3	8.5	17.8
Rameh	11.2	6.5	17.7
Ma'ale Efraim	2.9	14.0	16.9
Ma'alot Tarshiha	8.8	8.0	16.8
Katzrin	6.6	10.2	16.8
Nazareth Illit	6.9	9.8	16.7



Locality	Percentage of undergraduates		
	University	Academic College	Total percent
Ma'ale Adumim	5.9	10.7	16.7
Binyamina-Giv'at Ada	8.4	8.3	16.7
Giv'at Ze'ev	6.0	10.0	16.0
Qiryat Shmona	4.2	11.6	15.9
Holon	4.7	10.8	15.5
Beer Sheva	7.1	8.5	15.5
Elyakhin	3.0	12.3	15.3
Pardes Hanna-Karkur	6.0	9.3	15.3
Hurfeish	10.0	5.2	15.2
Qiryat Ata	7.3	7.9	15.1
Jish (Gush Halav)	9.4	5.7	15.1
Migdal HaEmek	4.9	10.1	15.0
Qiryat Yam	7.9	7.1	15.0
Ashkelon	5.7	9.3	15.0
Kfar Yona	4.7	10.2	14.9
Ashdod	5.8	9.0	14.8
Afula	4.5	10.2	14.7
Peki'in (Buqei'a)	10.0	4.6	14.6
Qiryat Gat	5.9	8.7	14.6
Netanya	4.8	9.7	14.5
Shlomi	8.3	6.2	14.5
Arad	6.1	8.3	14.4
Kafr Yasif	10.9	3.5	14.4
Mitzpe Ramon	5.2	9.2	14.4
Qiryat Arba	5.7	8.6	14.4
Ariel	2.7	11.5	14.2
Beit Dagan	4.4	9.8	14.1
Bnei Ayish	6.2	7.7	13.9
Yavne'el	7.5	6.1	13.6
Eilabun	10.0	3.5	13.6
Hadera	4.7	8.7	13.4
Azor	4.3	9.1	13.4
Sajur	8.9	4.3	13.2
Sderot	3.2	9.9	13.2
Hazor HaGelilit	4.9	8.1	13.0

Locality	Percentage of undergraduates		
	University	Academic College	Total percent
Akko	7.8	5.0	12.8
Beit She'an	5.2	7.6	12.8
Eilat	7.5	5.3	12.8
Tiberias	6.5	5.9	12.4
Dimona	4.4	8.0	12.4
Daburiyya	7.5	4.7	12.3
Qiryat Ekron	4.5	7.7	12.2
Tirat Carmel	5.8	6.0	11.8
Julis	6.8	4.9	11.7
Safed	6.4	5.1	11.5
Beer Ya'akov	3.9	7.4	11.3
Nazareth	7.1	4.1	11.2
Bat Yam	3.4	7.6	11.1
Or Yehuda	2.3	8.7	11.0
Or Akiva	4.0	6.5	10.5
Yafi'a	6.8	3.6	10.5
Ofakim	2.7	7.5	10.2
Abu Ghosh	4.6	5.4	10.0
Mghar	7.2	2.8	9.9
I'billin	7.9	2.1	9.9
Kaukab abu al-Hija	7.1	2.8	9.9
Yanuh-Jat	7.5	2.3	9.8
Shibli-Umm al-Ghanam	6.6	3.2	9.8
Kafr Qara	6.5	3.3	9.8
Yeruham	3.9	5.8	9.7
Sakhnin	6.6	3.1	9.7
Isfiya	7.3	2.4	9.7
Deir Hanna	6.5	3.1	9.6
Daliyat al-Karmel	7.0	2.7	9.6
Netivot	3.3	6.3	9.6
Mazra'a	7.5	2.0	9.5
Kafr Bara	5.3	4.2	9.4
Qiryat Malakhi	3.3	6.1	9.4
Ramla	2.4	6.9	9.3

Locality	Percentage of undergraduates		
	University	Academic College	Total percent
Lod	3.2	6.1	9.3
Arrabe	6.1	3.0	9.0
Kafr Kanna	6.5	2.5	9.0
Deir al-Asad	6.4	2.6	9.0
Tur'an	6.4	2.6	9.0
Tamra	7.2	1.7	8.8
Nahf	6.5	2.2	8.7
Jerusalem	3.8	4.8	8.6
Zemer	5.7	2.6	8.3
Jaljulia	4.4	3.8	8.2
Jadeidi-Makr	6.3	1.8	8.2
Yarka	6.3	1.8	8.1
Shefar'am	5.8	2.1	8.0
Abu Snan	6.4	1.5	7.9
Qiryat Ye'arim	2.1	5.8	7.9
Tira	5.0	2.8	7.8
Reineh	5.2	2.4	7.6
Kafr Qasim	4.5	3.1	7.6
Iksal	4.8	2.8	7.6
Bet Shemesh	2.6	5.0	7.6
Kabul	5.9	1.7	7.5
Buq'ata	3.6	3.9	7.5
Sha'ab	4.9	2.5	7.4
Bu'eine Nujeidat	5.2	2.0	7.2
Majd al-Kurum	5.1	1.9	7.0
Mashhad	4.9	2.0	6.9
Beit Jann	2.1	4.7	6.8
Tayibe	3.8	2.7	6.4
Bi'ina	4.9	1.2	6.1
Kisra-Sumei	4.8	1.2	6.0
Majdal Shams	3.1	2.9	5.9
Qalansawe	3.3	2.4	5.7

Locality	Percentage of undergraduates		
	University	Academic College	Total percent
Emmanuel	2.1	3.6	5.7
Ar'ara	3.2	2.4	5.6
Mas'ade	2.7	2.9	5.5
Umm al-Fahm	3.9	1.6	5.5
Ma'ale 'Iron	3.4	2.0	5.4
Basma	4.3	1.1	5.3
El'ad	1.3	4.0	5.3
Ein Mahil	4.0	1.3	5.3
Baqa-Jat	2.9	2.4	5.3
Ghajar	0.9	4.4	5.3
Lakiya	2.5	2.6	5.1
Ka'abiyye-Tabbash-Hajajre	3.0	2.0	5.0
Fureidis	3.4	1.5	4.9
Bnei Brak	1.4	3.4	4.8
Basmat Tab'un	3.1	1.4	4.5
Kuseife	2.1	2.2	4.3
Tuba-Zangariyye	3.4	0.8	4.2
Illut	2.7	1.5	4.2
Tel Sheva	1.2	2.7	3.9
Rekhasim	1.5	2.2	3.7
Kafr Manda	2.4	1.2	3.5
Segev-Shalom	0.8	2.6	3.4
Rahat	1.4	2.0	3.4
Bir al-Maksur	2.5	0.4	2.8
Zarzir	1.8	0.9	2.7
Betar Illit	0.4	2.2	2.6
Hura	1.4	1.0	2.5
Ar'ara BaNegev	0.8	1.4	2.2
Modi'in Illit	0.4	1.3	1.8
Jisr az-Zarqa	0.7	0.4	1.2

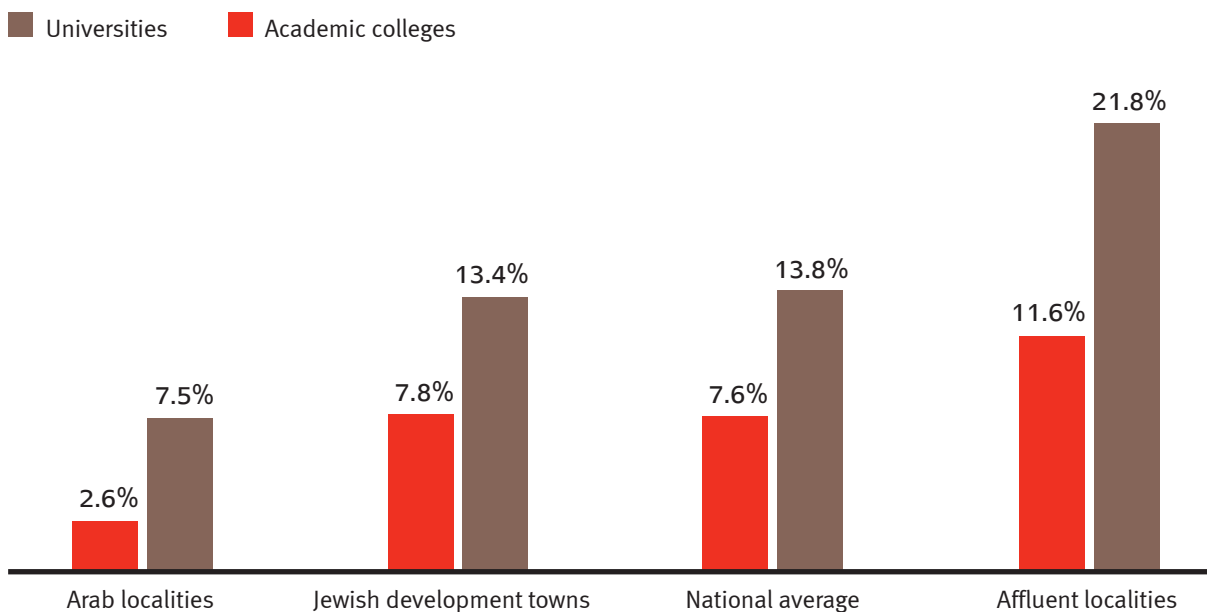
**Notes:**

1. The CBS publishes data only for localities having at least 30 undergraduates in universities or academic colleges.
2. Localities included in the table have at least 2,000 residents. The table does not include localities belonging to regional councils.
3. The national average includes all undergraduates in all localities.

**Sources:** Adva Center analysis of CBS, *Local Authorities in Israel 2011*, data on the CBS website; statistics about undergraduates enrolled in universities and academic colleges provided courtesy of the Higher Education Department of the CBS.

## Undergraduates in Israeli Universities and Academic Colleges 2011-2012

By type of locality • percentage of 20-29 age group in localities with 30 or more undergraduates



**Notes:**

1. The CBS publishes data only for localities having at least 30 undergraduates.

2. Localities included in the table have at least 2,000 residents. The table does not include localities belonging to regional councils.

**Sources:** Adva Center analysis of CBS, *Local Authorities in Israel 2011*, data on the CBS website; data about the undergraduates enrolled in universities and academic colleges provided courtesy of the CBS Higher Education Division.

**HEALTH CARE SYSTEM:****EROSION OF PUBLIC FINANCING AND INCREASED CO-PAYMENTS**

In 2012, the gap continued to widen between the desirable and actual levels of funding for the basket of health services provided by the public health funds.

The desirable level of funding requires annual indexing of the cost of the basket of health services to keep pace with demographic and technological changes, as well as changes in the cost of health inputs.

This has not happened, however, as the National Health Insurance Law of

1994 does not provide a mechanism for comprehensive and regular indexing of these changes.

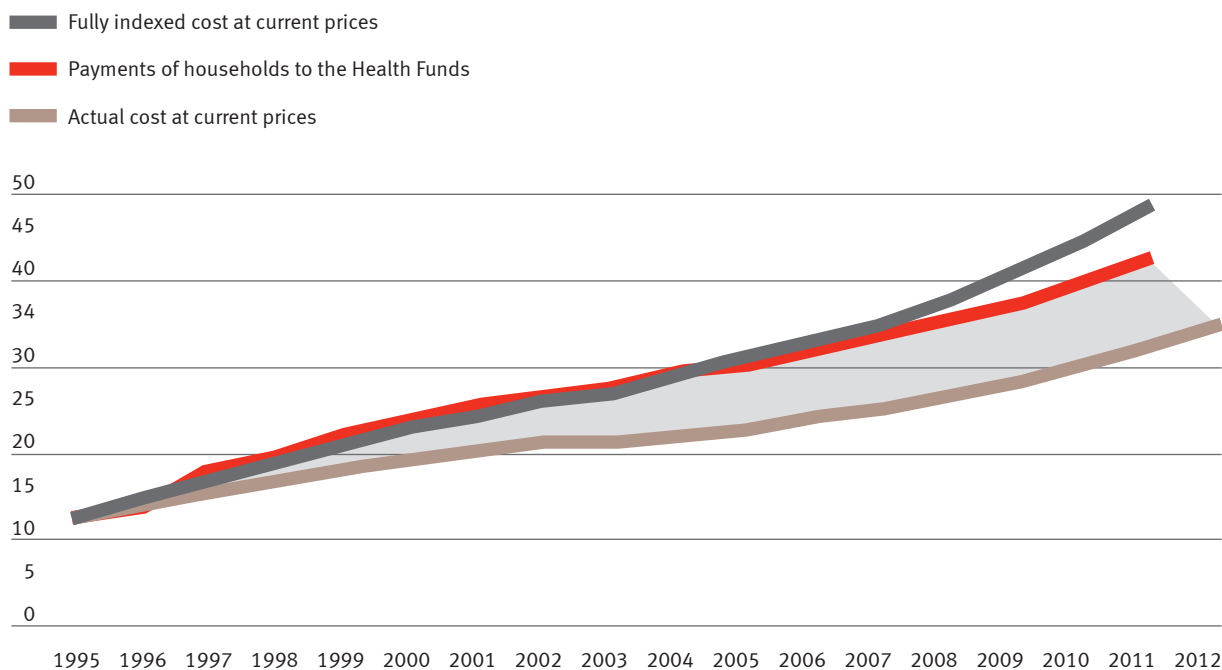
When indexing is not comprehensive, the health system has to raise funds from additional sources, first and foremost by imposing co-payments on patients to help pay for medications and medical services – above and beyond the monies they pay in health taxes – and by the sale of supplemental insurance policies.

Had the basket of services been fully indexed every year, it would have cost close to NIS 48.8 billion in 2011, whereas the actual budget was approximately NIS 32.7 billion.

In the graph below, the line representing payments of households to the Health Funds is an estimate, shown here for purposes of illustration. These payments also include over-the-counter medications.

**Cost of the Basket of Health Services 1995-2012**

In NIS billions



## Cost of the Basket of Health Services 1995-2012

NIS billions

Year	Actual cost at current prices	Actual payments of households beyond health tax	Fully indexed cost
1995	12.24	--	12.24
1996	13.86	--	14.72
1997	15.36	17.98	16.87
1998	16.61	19.66	18.73
1999	18.01	22.22	20.74
2000	19.27	23.82	22.96
2001	20.27	25.67	24.35
2002	21.12	26.84	26.27
2003	21.14	27.66	27.15
2004	22.01	29.17	28.94
2005	22.77	30.20	31.15
2006	24.04	32.02	33.15
2007	24.95	33.70	35.02
2008	26.58	35.62	37.52
2009	28.14	37.43	40.95
2010	30.33	39.91	44.41
2011	32.67	42.46	48.83
2012	34.68	--	--

### Notes:

1. The fully indexed cost was calculated to reflect changes in demographics, technology, and health inputs. For each parameter, costs were calculated on a yearly basis.
2. The basket of health services also includes changes not reviewed here. These were not figured into the calculations.
3. The figure for the indexed cost of the health services basket indicates how much this basket would cost in comparison with the amount set in 1995, i.e., the required financial allocation in order to preserve the level set in 1995.
4. The fully indexed basket should be compared with the amount actually allocated, at current prices, in order to see the gap between the current amount and what should have been budgeted had the above changes been taken into account.
5. Household expenditures beyond the health tax include supplemental Health Fund insurance, private insurance, and payments to the Health Funds for medicines and treatment (both included and not included in the health basket).
6. Updated statistics for household expenditures are available from 1997. Updated statistics are not yet available for 2012.

**Sources:** Adva Center analysis of Ministry of Health, *National Health Insurance Law 1995-2011: Statistical Data*, Daniella Arieli, Tuvia Horev, and Nir Kedar (eds.), January 2012, Ministry of Health website; data on household spending on health beyond the health tax were provided courtesy of the National Accounts Department of the CBS.

**HEALTH CARE SYSTEM:****THE EROSION OF EQUALITY IN HEALTH CARE: THE HIGHER THE INCOME, THE MORE HEALTH INSURANCE**

In 2012, the average monthly expenditure by households in the top income decile on private insurance amounted to NIS 221. The expenditure on supplemental health fund insurance was slightly higher at NIS 267 a month. Thus the total monthly spending on health insurance beyond the health tax by households in the top income bracket was NIS 489.

Households in the top decile spent twice as much on health insurance than those in the sixth decile, and 4.5 times as much as those in the second decile.

In 2012, the share of extra health insurance (private and supplemental) of the total household expenditures on health

amounted to 35%.

Everyone paid more for health care, but high-income households could afford to purchase more insurance – and more expensive kinds – while low-income households could afford to buy much less.

The disparity between income deciles is most evident in the area of private health insurance. In 2012, households in the top income decile spent an average of NIS 221 per month on extra insurance policies, while households in the second income decile spent only a fraction of that – NIS 17.

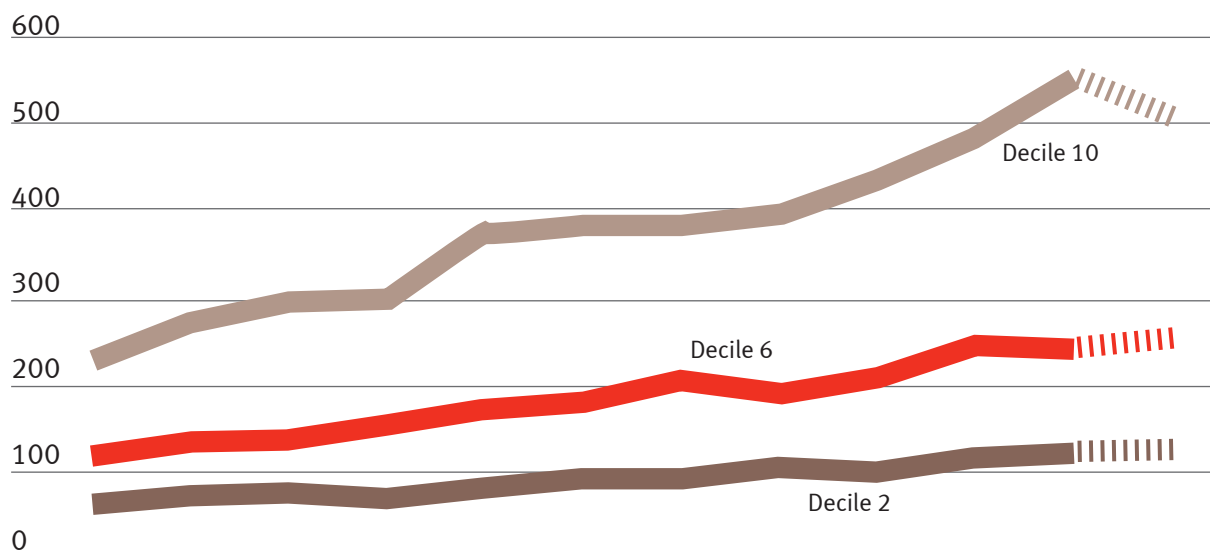
The main danger of this trend is that medications and health services are liable to be shunted from the basic

basket of services available to all into the supplemental and private health care insurance policies, which would reduce their accessibility to the general public. Similarly, doctors and other medical professionals in the public health system are allocating more time to the private and semi-private systems. Had this money been invested in the basic basket of services, the public health system could have been more generous and egalitarian.

Note that the data about health insurance spending in 2012 adhere to the new format of the Household Expenditure Survey; hence we present these numbers separately, not as an extension of the series from 2002 to 2011.

## Total Outlays of Households on Supplemental and Private Health Insurance Policies

For income deciles 2, 6, and 10 in NIS (at 2012 prices)



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	new series 2012
<b>Decile 2</b>											
Private	15	17	4	8	18	18	18	11	15	22	17
Supplemental	47	48	52	62	63	64	74	77	89	90	93
<b>Total</b>	<b>62</b>	<b>65</b>	<b>56</b>	<b>70</b>	<b>81</b>	<b>82</b>	<b>92</b>	<b>88</b>	<b>104</b>	<b>112</b>	<b>111</b>
<b>Decile 6</b>											
Private	33	36	39	46	55	61	47	49	82	64	64
Supplemental	86	90	102	111	111	130	131	146	148	163	179
<b>Total</b>	<b>119</b>	<b>126</b>	<b>141</b>	<b>157</b>	<b>166</b>	<b>190</b>	<b>179</b>	<b>195</b>	<b>231</b>	<b>226</b>	<b>243</b>
<b>Decile 10</b>											
Private	125	143	132	203	198	180	193	212	238	281	221
Supplemental	132	139	151	160	167	186	188	206	226	251	267
<b>Total</b>	<b>257</b>	<b>282</b>	<b>284</b>	<b>363</b>	<b>366</b>	<b>365</b>	<b>381</b>	<b>418</b>	<b>464</b>	<b>532</b>	<b>489</b>

### Notes:

1. Health insurance includes supplemental insurance sold by the health funds and private health policies sold by insurance companies.
2. Figures are rounded off to the nearest whole number, and may show a slight discrepancy in the totals.

Source: Adva Center analysis of data provided courtesy of the Consumption Department of the CBS.

**HEALTH CARE SYSTEM:****THE BURDEN OF PAYMENTS DOUBLED**

As a result of the erosion of government financing for the basket of health services, the burden of payments on health care consumers has grown. Additional expenses may include, for example, the purchase of supplemental insurance policies, primarily to choose a surgeon or obtain a second opinion, but also in order to purchase medicines and additional medical services.

In 2002, this burden amounted to NIS 5.7 billion; by 2011, it had grown to NIS 9.9 billion.

How do we arrive at these figures? They represent the total income of the health funds and commercial insurance companies from the sale of supplemental insurance and co-payments (in the health funds) for medicines and treatment.

Some of the growth stems from a technical change: The source of the data presented here is the Capital Market, Insurance, and Savings Department of the Ministry of Finance, and these numbers are higher than those obtained in previous years from the Central Bureau of Statistics.

## Income of Health Funds and Insurance Companies from Payments Made by Households

Beyond health taxes • 2002-2012 • at 2012 prices • in NIS billions • 2012 (estimate)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012 Forecast
Health fund income from the sale of supplemental insurance	1.5	1.7	1.9	1.9	2.1	2.5	2.8	2.9	3.2	3.4	3.6
Health fund income from co-payments for medications and services	2.8	3.0	3.3	3.5	3.5	3.6	3.3	3.2	3.3	3.2	--
Insurance company income from the sale of health insurance	1.5	1.8	1.9	2.0	2.3	2.7	2.9	3.1	3.2	3.4	3.6
Total income of health funds (beyond health taxes) and insurance companies	5.7	6.5	7.2	7.4	8.0	8.8	9.0	9.3	9.6	9.9	--

**Notes:**

1. This includes health fund income from co-payments for items included in the basket of services (medications, payments to specialists, various quarterly payments) as well as items not included in the basket.
2. The above figures are exclusive of payments for nursing care insurance.
3. Figures for 2012 are estimated.

**Source:** Adva Center analysis of data provided courtesy of the National Accounts Department of the CBS.





## Endnotes

- 1 The 17 countries in the euro area.
- 2 Adva Center analysis of CBS, *Statistical Abstract of Israel and OECD Stats*.
- 3 According to CBS data, the Israeli economy grew by 3.3% in 2013. The Bank of Israel estimates that the Israeli GDP will grow by 3.3% in 2014 and 3.2% in 2015.
- 4 *OECD Stats*.
- 5 Because of the new system of calculating the GDP, the above figures are for 2006-2012 only. Adva Center analysis of CBS, *Statistical Abstract of Israel 2013*.
- 6 Bank of Israel, *Tables, Graphs and Series*, Bank of Israel website.
- 7 Adva Center analysis of IMF World Economic Outlook, October 2013.
- 8 *Ibid*.
- 9 For details about this change, see CBS, Media Release, "Findings from the Household Expenditure Survey 2012", 29 October 2013.
- 10 According to the State Revenues Administration, the higher the income, the more likely the individual is self-employed (in 2008). Some 58% of the top percentile are self-employed. Ministry of Finance, State Revenues Administration, *Annual Report 2011-2012*, No. 59, pg. 95 and Table 17.
- 11 Adva Center, *Social Report*, various years.
- 12 Adva Center, *Social Report 2012*, December 2012.
- 13 In January 2012, the CBS changed its system of calculating unemployment to conform to OECD requirements. Now data are collected monthly and include not just the civilian work force, but also persons serving in the military as conscripts or professionals. Hence, the unemployment figures are higher than those reported previously. CBS, Media Release, *Workforce Survey Data, November 2013*, 31 December 2013 (Hebrew).
- 14 <http://www.oecd.org/employment/harmonisedunemploymentratioeshursoecd-updatednovember2013.htm>.
- 15 Adva Center analysis of *OECD Stats*.
- 16 See Khalid Arar and Kussai Haj-Yehia, (2013) "Higher education abroad: Palestinian students from Israel studying in Jordanian universities", *Journal of Applied Research in Higher Education*, 5(1), pp.95 – 112.
- 17 CBS, *Statistical Abstract of Israel 2013*, Tables 8.48, 8.58, 8.59, and 8.60.
- 18 For details, see Adva Center, *Social Report*, various years.
- 19 Adva Center analysis of CBS, *Local Authorities in Israel 2011*, data on the CBS website; statistics about the number of undergraduate students were provided courtesy of the Higher Education Department of CBS.



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