

Sickness, Disability and Work: Breaking the Barriers

Australia, Luxembourg, Spain and the United Kingdom

Presentation of the OECD draft review report

OECD Directorate for Employment, Labour and Social Affairs

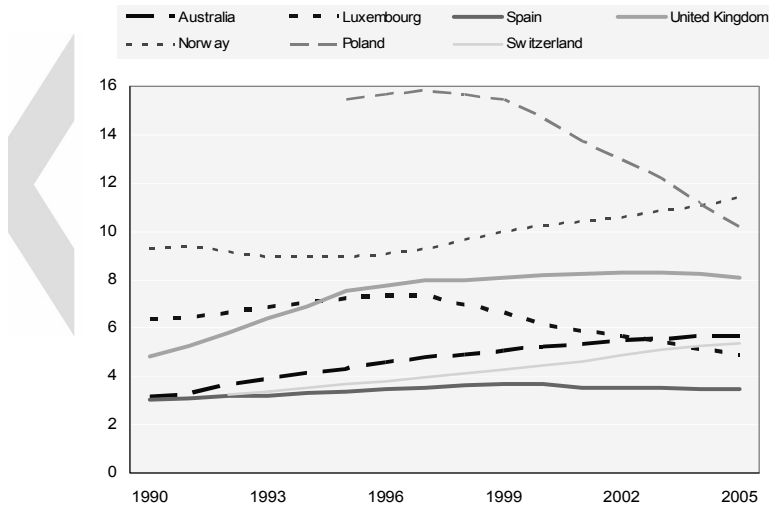
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STRUCTURE OF THE PRESENTATION

- What are the key outcomes and challenges in the four countries?
 - *Six* summary snapshots
- What have we learned from the review?
 - *Four* main lessons
- What are countries doing particularly well?
 - *Six* good-practice examples

SNAPSHOT (1): Trends in disability benefit dependency

Disability benefits reciprocity since 1990, percentage of the working-age population

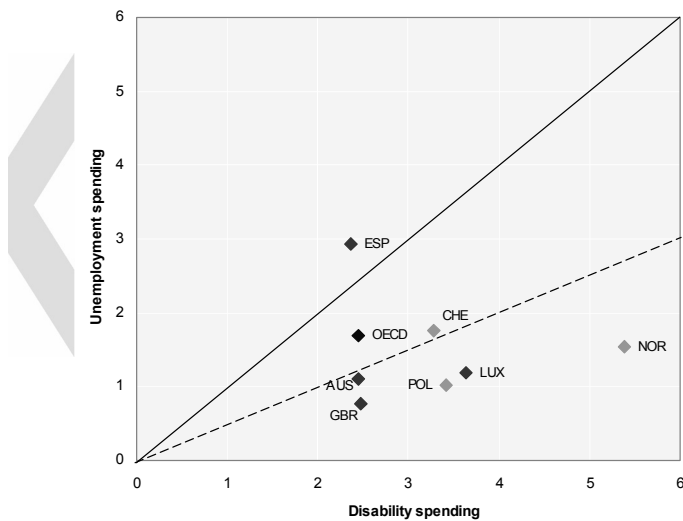


Source: OECD



SNAPSHOT (2): High spending

Public spending on disability and unemployment, percentage of GDP, 2003

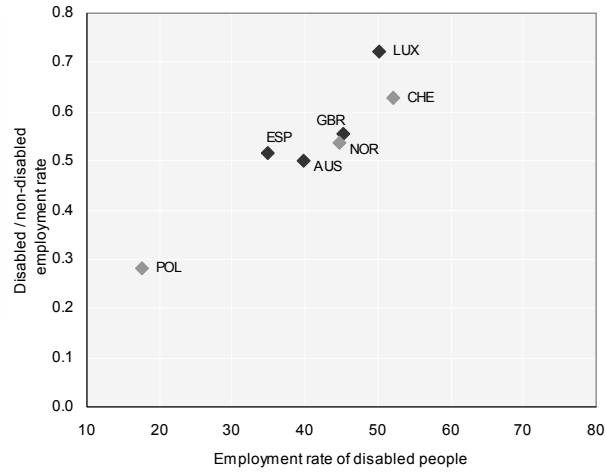


Source: OECD



SNAPSHOT (3): Low employment

Employment rates of disabled persons and employment relative to non-disabled people, 2004

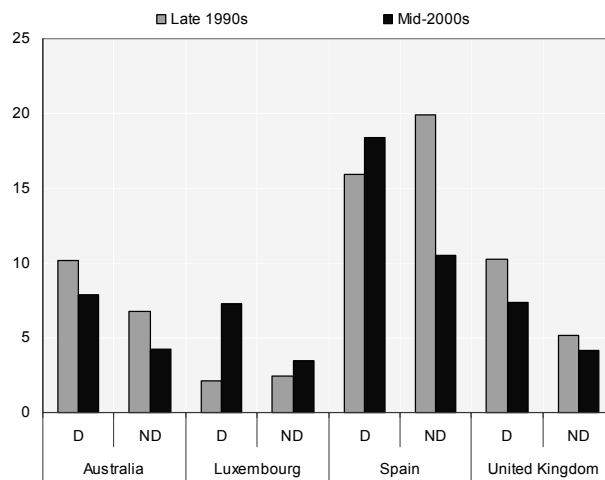


Source: OECD



SNAPSHOT (4): Unemployment remains high

Unemployment of disabled (D) and non-disabled people (ND), percentage of labour force

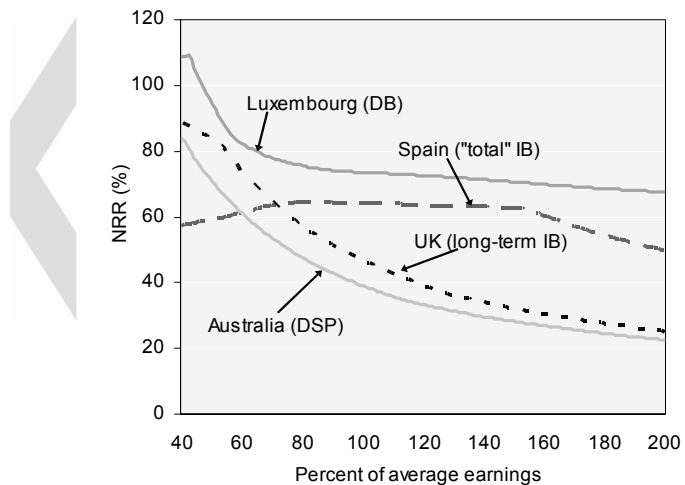


Source: OECD



SNAPSHOT (5): Adequacy of income replacement

Net replacement rates for a single person aged 40 on a disability benefit, 2005

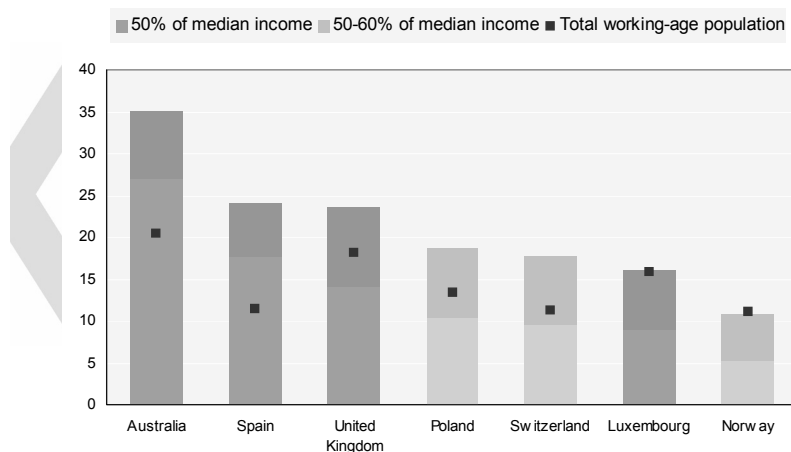


Source: OECD



SNAPSHOT (6): Risk of low incomes

Percentage of persons with incomes below the respective threshold, 2004



Source: OECD



Summary: The key challenges

Main challenges in Australia, Luxembourg, Spain and the United Kingdom

| <i>Selected key policy issues^a</i> | Australia | Luxembourg | Spain | United Kingdom |
|--|-----------|------------|-------|----------------|
| Controlling incapacity-related public spending | ++ | +++ | ++ | ++ |
| Raising employment rates for people with health problems | +++ | + | ++++ | ++ |
| Tackling lower incomes of households with disabled people | ++++ | + | ++ | +++ |
| Reducing the inflow into sickness and disability benefits | ++ | ++ | ++ | ++++ |
| Addressing the increase in mental health conditions | ++ | ++ | + | +++ |
| Raising the outflow from usually permanent disability benefits | +++ | +++ | ++ | ++ |
| Strengthening co-ordination across different benefit schemes | ++ | +++ | +++ | ++ |

a) The scales should be interpreted as follows:
 + ... minor challenge; ++ ... moderate challenge; +++ ... substantial challenge; and ++++ ... formidable challenge.



LESSONS FROM THE REVIEW (1)

● The relationship between unemployment & disability

- Higher unemployment increases disability reciprocity
- Disability benefit reciprocity does not fall with declining unemployment
- Falling unemployment may not “reach” disabled people
- Unemployment benefit reform tends to increase disability benefit reciprocity
- Disability benefit reform can reduce disability reciprocity
- Disability benefit reform is likely to increase structural unemployment



LESSONS FROM THE REVIEW (2)

- The impact of benefit levels & work incentives
 - Low average disability benefits lead to lower incomes
 - But they do not lead to lower inflows into disability benefits...
 - ...nor to higher transitions from benefits into work

 - Disabled people tend to work in low-wage jobs
 - Secondary cash or in-kind benefits are important
 - Levels of disability benefits relative to other non-employment benefits are important



LESSONS FROM THE REVIEW (3)

- How to prevent flows into disability benefit
 - Early identification of health problems of workers
 - Monitoring, assessing needs and reacting
 - The instrumental role of employers

 - Early identification of health problems of those without a job
 - High share of inflow from non-employment status
 - Public authorities are “replacing” employers



LESSONS FROM THE REVIEW (4)

- How to promote transitions from benefits into work
 - Need for individual case management
 - Tailoring to individual needs and market demands
 - Identification and promotion of effective services
 - Better access to effective services
 - Strong incentives to seek work and support
 - Participation and job-search requirements

GOOD-PRACTICE EXAMPLES (1)

- Sickness absence monitoring (Spain)
 - Database with complete absence histories
 - Automatic registration through mandatory reporting
 - Systematic control of unusually long absences
- Job capacity assessment for unemployed (Australia)
 - For jobseekers with a temporary activity-test exemption
 - For all jobseekers during the profiling process
 - For jobseekers reporting a health issue as an obstacle

GOOD-PRACTICE EXAMPLES (2)

- Assessment/redeployment procedure (Luxembourg)
 - Tighter medical controls at several points
 - Internal redeployment for rejected disability claimants
 - External redeployment for those unable to return to their previous employer
- Mandatory work-focused interviews (UK)
 - Up to six monthly interviews
 - Identification of work barriers and action plans
 - Considerations to extend activity requirements




GOOD-PRACTICE EXAMPLES (3)

- Outcome-based funding of services (Australia)
 - Outcome-based rather than upfront block-grant funding
 - Fees varying with support needs and employment outcomes
 - Quality assurance system and certification of providers
- Case-managed one-stop-shop service delivery (UK)
 - Single point of delivery for jobs, support and benefit advice
 - Individual case management by personal advisers
 - Unusually low caseloads



THANK YOU ...

- 
- ...for your attention;
 - ...for your cooperation during the project, which made it possible to produce this draft;
 - ..for your interest in this seminar, which we hope will lead to interesting exchange;
 - ...for sending written comments by July-27.

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