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The current finance crisis' impact on activation policies

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Introduction

Dear colleagues,

I am pleased to have this opportunity to report on the impact that the current financial crisis is having on activation policies in Germany.

There has been much talk about the impact that the recession will have on social security systems in recent months.

And indeed no member state of the OECD will remain unaffected by this crisis or its effects.

It is absolutely clear to us that – particularly in the face of this crisis – we cannot abandon our course of prevention, activation and social stability.

Shortage of skilled labour

For Germany, concern over having enough well-trained skilled workers is anything but a nonessential issue for better times.

We do not have a nation-wide shortage of skilled labour in Germany at present. However, many vacancies remain unfilled even under the current economic conditions because there is a lack of personnel with the necessary qualifications.

The present demographic trend and the structural change toward knowledge and research-intensive industries could lead to further bottlenecks.

In light of this, we need every single worker! This is not just a precept of social justice. It is also dictated by good economic sense, and protecting our level of prosperity demands it.

We cannot do without the productivity of young people and women, without the knowledge of older workers or without the talents and abilities of immigrants.

And – to return to the subject of today's meetings – we cannot do without the potential offered by employees with health-related limitations.

**Disability
management**

We passed legislation in 2004 requiring companies to set up their own in-house disability management system.

The aim of this instrument is to prevent workers with health-related limitations from being excluded from the labour market.

It is also intended to help maintain employees' capacity for work.

As a result, all employers in Germany have a new obligation to fulfil.

In the event that an employee is unfit for work for more than six weeks a year, employers are now required to determine how to restore the individual's capacity for work – for example, by providing other working conditions.

Disability management benefits not only enterprises but also the individual employee. The respective employer saves the cost of having to continue paying wages to a disabled employee and of having to hire a replacement for that individual.

In addition, know-how stays in the company and employees don't have to worry about losing their jobs.

The social insurance system also benefits from the savings this brings, such as the savings that arise through the avoidance of early retirement.

Implementing disability management in small and medium-sized enterprises continues to be difficult. Many SMEs do not have the personnel resources or expertise needed for disability management. For this reason, we are funding model projects under the banner Healthy Work.

The work here includes, for example, setting up guidance offices with personal points of contact who assist enterprises directly on location.

Supported Employment

At the end of last year, in other words, in the middle of the current crisis, we also passed a law establishing “Supported Employment” (Unterstützte Beschäftigung). Supported Employment is based on the principle of "hire and then train".

Here, jobs for individuals with a disability are sought on a targeted basis on the primary labour market.

The persons who are hired are trained, familiarised and supported by a job coach directly in the company that hired them. The Federal Employment Agency assumes the costs involved in this for a period of two to three years.

Pilot projects have shown that this concept works and is a success, with integration rates of 60 to 70 per cent.

**Compulsory
quotas and
compensation
levies**

These two approaches to achieving integration in Germany are flanked by the most important mainstays in our activation policy for disabled persons:

The first of these is the compulsory quota that applies to enterprises that employ 20 or more people. Such companies are required to fill five per cent of their jobs with persons with severe disabilities.

Special arrangements have been established to help small firms with fewer than 60 jobs.

Companies that do not meet their quota are required to pay a graduated compensation levy to a special fund. This fund in turn finances measures to integrate severely disabled individuals.

**Employment
situation of
severely
disabled persons**

The figures on the employment situation of severely disabled persons show how successful our efforts have been:

Unemployment among severely disabled persons fell by more than 14 per cent between 2005 and 2008.

And the employment rate for this group rose from 3.8 per cent in 2003 to 4.3 per cent in 2006. In addition to this, a growing number of companies that are subject to compulsory quotas are fulfilling them.

RehaFutur

One very important instrument for restoring the individual's capacity for work is the medical and occupational rehabilitation system. We are working at full speed here to increase the efficiency of all measures in this connection.

This initiative is called RehaFutur. RehaFutur is a new rehabilitation model with an absolute focus on the persons undergoing rehabilitation, the individualisation of services and benefits, and the individual's integration into work.

This also includes an increase in collaborative activities and networking between enterprises and the continual development of effective benefits and services.

Job

In addition to this, our successful initiative "job – Jobs without Barriers" is still running.

This is an information and education campaign in which we are working together with employers, trade unions and associations that represent persons with disabilities to create better opportunities for these individuals in the open labour market.

Best practice examples will be used to make good integration methods more widely known, eliminate the fears of personnel managers and enable assistance.

With the job4000 programme, we provide financial support for training places, jobs and integration measures for severely disabled individuals.

In addition, employment will be a focal area in the coming years as part of an action plan to implement the UN Convention on the Rights of Persons with Disabilities.

New Culture of Work

Despite the current crisis, we have launched a further initiative by the name of “New Culture of Work”.

We want to get a public debate going on the questions:

How do we want to work in future?

How can we organise work so that time spent working is also part of a good life?

Here too, the discussion will cover not only the competitive strength of German enterprises but also their employees' capacity for work.

We will be holding a number of regional and sector-specific conferences where we want to discuss with social partners and other stakeholders how we can organise the modern working world to ensure both humane working conditions and economic success.

INQA

We continue to work with the initiative “New Quality of Work”. This is a joint initiative on the part of the federal government, state governments, social partners, social insurance funds, foundations and enterprises.

It has funded projects since 2002 that are aimed at pulling together with greater efficiency the know-how that exists in the field of occupational health and safety. Models for solutions in day-to-day practice are being developed as part of this initiative.

In this connection, the activation of partners and disseminators is vital to ensuring that these activities have a long-term effect in the individual enterprises.

Short-time work In light of the current crisis, I would like, in closing, to make a few short observations regarding the current general activation policy.

Short-time work is particularly important in this connection. It allows enterprises to cut back production temporarily when there is a slump in orders and to do so without having to lay off workers. The Federal Employment Agency pays a short-time allowance to short-time workers to make up for their loss of earnings.

Extensive assistance is in place through the year 2010.

To cite one example of this, the Federal Employment Agency generally reimburses up to 50 per cent of the social insurance contributions that must be paid on short-time allowances.

Short-term allowances were previously paid for a period of six months. This has since been extended to 18 months. And now Germany's political parties have additionally agreed to extend it to a total of 24 months.

By doing so, we are sending companies in Germany a clear message, namely: "Retain your employees!"

Training during periods of short-time work

In keeping with the rule "Undergo training rather than be idle", measures to ensure workers' continued employment will be coupled with continuing training activities.

Providing training for employees during periods of short-time work also offers companies an opportunity to ready themselves to respond immediately when the demand for labour starts to pick up again during the next economic upswing.

For this reason, a federal programme was launched in January of this year to finance training measures for persons who draw short-time allowances.

This funding is being provided with the assistance of the European Social Fund.

Training outside periods of short-time work Irrespective of short-time work, the provision of continuing training for employees is a very important subject.

When we drafted the Second Stimulus Package in early 2009, we also expanded, for a limited period of time, the assistance provided for continuing training.

This assistance is now also available for all employees who completed their formal training more than four years ago or whose last course of continuing training that was financed with public funds took place more than four years ago.

In these cases the government can now cover the entire cost of continuing training.

Financial assistance for training for contract workers is also provided under certain conditions.

Ladies and gentlemen,

We have done much in recent months to deal in the right way with the challenges currently facing us.

We hope that the old yachtsman's saying proves to be true: It is not how the wind blows that is important but rather how we set our sail.

Thank you for your attention!