



REGERINGSKANSLIET

Promemoria

Socialdepartementet

**Anförande CHP vid OECD-ministermöte 15 maj, session 3
Implementing the required changes: making structural
disability reform happen**

Dear Colleagues,

Before lunch, we discussed the difficult times that we are currently facing and that lies ahead of us. One effect of the economic downturn on the labour market is rising unemployment rates. This situation makes the focus on structural reforms of our sickness and disability systems more important than ever.

Needless to say, we do have a great challenge in front of us. But it is important to keep in mind that the current crisis is not a permanent situation. In the near future, we will need more people in employment to cope with the challenges that population ageing will bring about. In other words, the actions we take today should be in line with our long-term commitments.

To avoid repeating mistakes from the past, it is necessary to replace policies that facilitate pathways out of the labour market with policies that facilitate the access to employment for those who can work. This will not only benefit those individuals that otherwise would be trapped into long-term inactivity with a higher risk of social exclusion and poverty but also society as a whole. Passive sickness benefits but especially disability benefits have been used too many times - wrongfully - as a labour market program.

Instead, active measures such as medical treatment, medical or vocational rehabilitation with well-defined time frames are key components to avoid long-term or permanent exclusion.

We need to do all we can to preserve a skilled workforce and continue to promote work force participation. Social insurance policies with active measures are important to enable people to contribute by their own means.

In Sweden, previous economic downturns had serious negative long-term effects on the overall workforce. In autumn of 2006 when I came into office, more than half a million people in Sweden were receiving disability benefits. And an additional 80 thousand people had been on sick leave for more than one year.

These figures should be regarded with the perspective that Sweden has a working population of just above 5 million people. Thus, around 12 percent of the population were excluded from

the labour market and depended on health-related benefits. These figures also indicate that about two thirds of all inactive in Sweden depended on these benefits.

Since then, we have taken several measures to turn this situation around. I would like to briefly share some of these measures with you and I hope that I will have the opportunity to come back to some of them during this day.

First, persons who are receiving a disability benefit can now take up work to the extent that they are capable of without running the risk of losing their right to their benefit. To further encourage people to participate in the labour market, incomes below 4000 euro per year do not affect the disability benefit payments, and incomes above this level reduce the benefit by half. In this way, we will be able to make use of the work capacity that these individuals have, while the individuals themselves are given a real opportunity to change their situation.

Secondly, I have introduced a more active sick leave process. One feature of this process is that during the first year of absence, the individual's work capacity is gradually broadened and assessed against the entire labour market – not just the previous occupation.

I have also taken measures on the demand side by sharply reducing employers' contributions when they hire a person previously on disability benefits or long-term sick leave.

I have strengthened the cooperation between the Social Insurance Agency and the Public Employment Office in order to facilitate job mobility for people with health conditions and we are in the midst of developing new measures for the occupational health service.

Since two thirds of all sick listings in Sweden are caused by back pain and lighter mental health problems I have also introduced an evidence-based medical rehabilitation guarantee for people with these difficulties.

The reforms of our sickness and disability schemes has made difference. Since I came into office, the Swedish sickness absence rate has decreased by 40 percent and newly granted recipients of disability insurance has already decreased by more than 25 percent.

To conclude: to limit the negative impact of job losses and to promote inclusive labour markets with employment opportunities for all, we need an active social security policy that operates in tandem with a secure, flexible and active labour market policy where safety nets are turned into springboards whenever possible.

The term "active labour market policy" has been on our lips for quite some time now, and I believe it is time that we start talking about "active social insurance policies".

Thank you.