

# Summary

To enable more people with reduced work capacity to find work increased mobility should be coupled with development measures and more individual support.

Respect for the individual should be enhanced and regulations should be applied in a more uniform way. The principles of activation and skills enhancement should be highlighted and clarified.

In the proposals of the Wage Subsidy Inquiry support for employers that focuses on the individual remains the main thrust of labour market policy measures.

The Inquiry proposes changes in the present design and control of the wage subsidy programme.

## **Information**

The Inquiry considers that if people with reduced work capacity are to find jobs, the social partners, organisations for disabled people and employment offices will have to run major information campaigns. Attitudes have to be changed. All politicians – from the local level up to the responsible minister – must assume substantial responsibility for this important issue. Not least in view of the coming labour shortage, these people constitute a significant resource and it is important to mobilise them and enhance their skills.

## **Control**

Parliamentary and government control needs to be made clearer. This applies to how regulations are formulated, what priorities are set and what outcomes the Riksdag (the Swedish Parliament) and the Government expect from state action. Today there is not

enough coordination of action to enhance the individual's work capacity and to stimulate the transition to unsubsidised work. Nor are there enough incentives to increase mobility among people in jobs with wage subsidy or in public sheltered employment (OSA). The Inquiry therefore proposes new goals and clearer regulations for these measures. In its proposals the Inquiry adjusts the regulations so that they are the same for all employer categories and do not lead to overcompensation. This reduces the risk of discussions on possible distortions of competition. The Inquiry's proposals are intended to make the regulations easier to apply by simplifying and clarifying them and by ending existing exemptions.

### **In-depth appraisal and counselling**

The Inquiry's investigations show that people often take part in a variety of labour market measures that seem to be spread over time without being held together by any well considered or logical links. This is a waste both of the individual's time and of available resources. Moreover, starting the right measure at an early stage would often give job-seekers a better chance of getting work more quickly than they now do.

The Inquiry therefore proposes that the Government commissions the National Labour Market Board to develop existing forms for appraisal and counselling to make them more capable of identifying suitable labour market measures.

### **Definition of target group**

The way the regulations define the target group for these measures is a very important issue. The Ordinance on special measures for people with occupational disabilities (Swedish Code of Statutes 2000:630) states that support may only be given to people with occupational disabilities. The term occupational disability refers to a person who has reduced work capacity due to a disability and who therefore has or can be expected to have difficulty in finding or keeping a regular job. However, the meaning of the term is unclear and it has been applied with a strong medical bias. Lack of clarity leads to the risk of arbitrary judgements. Moreover, a decision on, for instance, wage subsidy can only be taken for a person

who has been registered as having an occupational disability and assigned a particular disability code.

This raises a matter principle, that has become increasingly clear as the work of the Inquiry has advanced. It has to do with our attitude to people who have reduced work capacity due to a disability and who need special support to enter the labour market. It is wrong for the individual's skills, experience and ability to do a job to be overshadowed by their disability. This perspective reduces the individual's relationship to work and work tasks to a secondary issue. As a result of designations, disability coding and the fact that a medical certificate is needed to get access to these measures, too much emphasis is placed on what a person can't do and not enough emphasis is placed on what the same individual actually can do.

The Inquiry therefore proposes that the term occupational disability is abolished and replaced with two terms: reduced work capacity and need of special support. The Inquiry also proposes that disability coding is abolished and replaced with needs assessments.

### **Flexible wage subsidy**

The Inquiry proposes that the flexible wage subsidy is retained and that it should continue to be the most frequently used measure. Wage subsidy should be available for four years at most, and when someone is hired with wage subsidy, skills development measures should be taken to increase that person's work capacity and ease a transition to unsubsidised work. It should be possible to hold a wage subsidy dormant or to give it to a new employer in the event of leave for training or to try other work. In addition, the Inquiry proposes that when an employee with wage subsidy moves to a new job, the new employer may be granted wage subsidy for the remainder of the subsidy period even though the employee has not first been registered as unemployed. The Inquiry considers that monitoring and review of wage subsidy must focus more clearly than it now does on evaluation of measures to ease a transition to unsubsidised work. Under the Inquiry's proposals, wage subsidy will still be renegotiated and reduced as the employee's work capacity increases.

### **Special wage subsidy**

Some people need employment with wage subsidy for a longer period than four years. The Inquiry therefore proposes that it should be possible to provide a special wage subsidy. This special wage subsidy should only be available if there are special reasons after the four year time limit has been passed. This decision to provide this subsidy should be based solely on the individual's need of subsidy to obtain or retain a job and should not take account of other circumstances, such as the employer's ability to pay. Here the term special reasons means that, when the assessment is made, the employee's work capacity is so reduced that employment is not possible without subsidy.

### **Development employment and security employment**

At present there is a lack of alternative measures for people with extensive or long-lasting reductions in their work capacity that take particular account of the chance these people have of finding or retaining a job. There is also a continued need of forms for sheltered employment. The Inquiry is therefore proposing two new labour market measures – development employment and security employment – that take account of these needs.

Development employment, which is in some ways an extension of in-depth appraisal and counselling, will be covered by the rules that now apply to sheltered employment and will be open to all employers. Pay and other employment benefits in development employment will follow a collective agreement or be equivalent to benefits under a collective agreement in the industry concerned. Support for employees in development employment will be provided in the same way as for employees covered by wage subsidy, but the subsidy may be set to cover all of the allowable wage cost and not only 80 per cent of this cost, which is the present ceiling for wage subsidy. A development employment may last for no more than two years, and during this period measures must be taken to increase the individual's work capacity. Rigorous demands in the areas of work environment, work supervision and measures for skills development must be made on employers providing development employment.

The Inquiry proposes that sheltered employment with a public employer (OSA) is abolished and replaced with a new labour market measure – security employment – open to all employers.

The target group for this new measure is linked not to particular disabilities but to the needs of the individual. Security employment will be covered by the rules that now apply to sheltered employment. Pay and other employment benefits will follow a collective agreement or be equivalent to benefits under a collective agreement in the industry concerned. Support for employees in security employment will be provided in the same way as for employees covered by wage subsidy, but here, too, the size of the subsidy may be set to cover all of the allowable wage cost and not just 80 per cent. As in the case of development employment rigorous demands in the areas of work environment, work supervision and measures for skills development must be made on employers who provide security employment.