



**An Roinn Coimirce Sóisialaí
Department of Social Protection**

www.welfare.ie

Check against delivery

Joan Burton TD, Minister for Social Protection

**Address to the Leinster Society of Chartered Accountants,
Institute of Chartered Accountants**

“Pathways to Work: Getting our people job-ready.”

Ladies and Gentlemen, in the coming weeks, I will be announcing the Pathways to Work initiative which is designed to help tackle the problem of long-term unemployment by getting people job-ready.

The experts call the initiative “activation.” But I prefer the language of President Obama who said recently: “It’s time to turn our unemployment system in to a re-employment system that puts people to work.”

This programme represents one of the biggest ever transformations of the Department of Social Protection. It is designed not just to get people ready for work but to help employers find suitable employees among the long-term unemployed on the Live Register.

Now, let me tell you a little about what I have been doing at the Department of Social Protection.

The Department of Social Protection acquired the Community Welfare Service of the HSE, which employs 1,000 people, late last year.

The Community Welfare Service originally comprised the relieving officers who had to be a horse-ride away from their customers to whom they offered a helping hand in times of difficulty. They are well-known for their deep understanding of welfare issues in their communities.

This year we also acquired the FAS Employment Service and Community Programmes which employ about 700 people.

With these new staff on board, we are now establishing the National Employment and Entitlement Service (NEES).



An Roinn Coimirce Sóisialaí Department of Social Protection

www.welfare.ie

For the first time in Ireland, we are integrating employment services with benefit payment services. We will be providing a ‘one-stop shop’ where unemployed people can access their benefits and access help with the task of getting back to work, education or training.

International experience suggests that a more integrated and timely approach to help unemployed people respond to the changing needs of the labour market delivers better results.

This is a big change both for our Department, our customers and Irish society as a whole. You may have noticed the posters in the former FAS offices which say: “We are changing.” I hope that change will become highly visible this year with the roll-out of four new, branded one-stop shops in the first of the half of the year.

The case for activation

International research shows that “activation”, as the economists call it, has a big impact on unemployment. For example, the OECD has estimated that if Ireland had pursued such schemes during the 1990s/2000s we could have entered the recession with 100,000 fewer people on the live register

The goal is to encourage job seekers to be active in their efforts to find work and to undertake training and developmental programmes to increase their employability.

So when you get your welfare payment you must also agree to avail of the support measures that we provide such as employment, education, training or placement in employment schemes.

We have designed a system that assesses how likely a person is to get a job when they first claim their benefits. We call this their probability of exit (PEX) from the Live Register taking account of factors like their education, employment experience, etc.

The key benefit of the new profiling system is that it will identify those who are most likely to fall into long-term unemployment at the point of initial engagement with the service.

If you don’t co-operate with the system, in other words if you don’t turn up for interviews designed to help guide you towards jobs, education or training, you may face a reduction in your unemployment payment.

However, based on our experience to date, we expect that most people will be happy to co-operate with a system that is designed to provide both a cushion for the bad times and a trampoline or springboard to a better future.



An Roinn Coimirce Sóisialaí Department of Social Protection

www.welfare.ie

We need to pay particular attention to the long-term unemployed and those in danger of becoming long-term unemployed as research shows that the longer a person is unemployed, the less effort they make to find employment. People become defeatist and lose motivation.

Even relatively short periods of unemployment can have a scarring effect on people's employment prospects many years into the future.

And, of course, jobless households and children who grow up in jobless households are most at risk of poverty.

We do not want the experience of the 90s to be repeated. Then, it took several years of continuous growth at double digit levels before there was a significant reduction in unemployment.

Nor do we want to repeat the UK experience of the 1970s/1980s where two generations of people effectively became lost to unemployment.

Research from the OECD, NESC, ESRI and EU shows that activation can address this risk – that it pays a dividend in terms of improving the employability of people and reducing unemployment.

This is important as despite the high level of unemployment c 430,000 people actually left the live register last year. Becoming unemployed isn't and doesn't have to become a life sentence. There are opportunities and options and we need to help people to stay focused on this and maximise their effectiveness in claiming one of these opportunities.

In short, activation is not just something that the Government needs to do for economic reasons but also for social reasons. We cannot allow people to be defeated by long-term unemployment.

Making work pay for welfare recipients

I have also been reforming the social welfare system to ensure that work pays for welfare recipients. For example, I am trying to ensure that people don't find the security of the social welfare system more attractive than the risky world of work.

One measure in particular will interest you as accountants. We currently pay rent supplement for many unemployed welfare recipients. The rent is paid directly to tenants and it costs us about €500 million a year. When people are offered a job, they sometimes worry that they will lose their rent supplement. A measure that was originally intended as a short-term assistance has become an expensive and counterproductive long-term housing support.



An Roinn Coimirce Sóisialaí Department of Social Protection

www.welfare.ie

We are shortly bringing a proposal to Government which over time will see current recipients of rent supplement transfer to their relevant local authority where they will pay what is called a differential rent. This means they pay a percentage of either their welfare payment or pay. Their right to accommodation will not be affected by moving into work. This will go a long way to removing one of the most significant barriers to taking up work. This is an example of how we are reforming the welfare state to remove barriers to people moving into work.

Some recent encouraging data

The latest data from the Live Register is encouraging. It appears that unemployment is stabilising and the most recent data actually shows a welcome reduction. Nevertheless the rate of long-term unemployment is very high at c 38% of all unemployment.

Private Sector involvement

I see a role for the private sector, both in using our services, but also potentially in being a supplier of services to the Department.

The practice in other countries is that the private sector plays a huge part as a partner and provider of employment, guidance and case management services.

The market for these services is well-established in the UK where the model is based on payment by results. In other words, private providers are engaged to help unemployed people find and crucially retain work but only get paid if they are successful in placing each client in sustainable employment.

This model has obvious attractions for the Government at a number of levels. It gives access to the expertise and knowledge of the private sector, people who have excellent “on the ground” knowledge of workforce requirements. It would also give access to large databases of employers.

Under such arrangements, the incentives for private providers to obtain placements for the unemployed person are very strong.

We have been meeting some of these market participants and we envisage running a few pilot projects with them.

JobBridge – the National Internship Scheme

Finally, I cannot leave an audience such as this without mentioning JobBridge, the National Internship Scheme.



An Roinn Coimirce Sóisialaí
Department of Social Protection

www.welfare.ie

This is a scheme, which I launched last year with the help of leading business people such as Martin Murphy, Managing Director of HP Ireland and Sean O’Driscoll, CEO of Glen Dimplex.

JobBridge provides unemployed people with a unique opportunity to secure work experience in a new field. The interns retain their unemployment payment and are also paid an extra €50 a week on the scheme.

The scheme is a good example of activation as it enables people to break the cycle whereby unemployed people are unable to get a job without experience. It enables individuals to get their foot in the door with a potential prospective employer.

Already more than 4,000 people have availed of it. And, from what I am hearing anecdotally, some of them have already got permanent jobs as a result of their internship. I will be commissioning a more formal evaluation of this scheme later this year.

If you are a potential host or if you know of potential interns, I would urge you to look at the JobBridge website at the range of excellent host companies and interns available. It will be your chance to help us achieve the important goal of giving our people pathways to work.

end