

EMPLOYMENT OFFICES' TASKS IN ADMINISTERING AND MONITORING UNEMPLOYMENT BENEFITS

The purpose of unemployment security is to compensate the economic losses caused by unemployment and thus ensure that unemployed job-seekers can look for work and improve their chances to enter or return to the labour market. Unemployment benefits (basic allowance, labour market allowance and earnings-related allowance) are significant also for the state economy. In 2003, for example, labour market allowance costs accounted for over half the budget of the Ministry of Labour and passive unemployment security costs totalled about 2,210 million euros.

The implementation of unemployment security is directed, guided and developed at the highest level by the Ministry of Labour with regard to labour policy matters and the Ministry of Social Affairs and Health with regard to social security matters. The implementation of unemployment benefits is also divided. Before a benefit is paid the employment office or labour commission issues a labour policy statement that is binding on the paying authority concerning whether the applicant meets labour policy conditions and is entitled to the benefit. The Social Insurance Institution's local offices and unemployment benefit funds act as paying authorities, depending on the benefit.

Employment offices work at the local level close to customers and serve a broad and heterogeneous clientele in a variety of ways. In addition to issuing statements and providing information they monitor whether job-seekers meet labour policy conditions, i.e. whether they are available for work and are active in seeking work or improving their chances of finding employment. They have various tools at their disposal for monitoring purposes.

The present audit evaluated employment offices' role in administering unemployment benefits and particularly in

monitoring customers who receive benefits, alongside other actors.

The audit indicated that with regard to the implementation of unemployment security the divided system appears problematic from the viewpoint of customer service and is in conflict with the single-window principle. As a result of the division authorities also perform partly overlapping work in connection with unemployment benefits. Despite special features and problems in implementation the system has still worked fairly well.

Since they issue labour policy statements that are binding on the paying authority, employment offices play an important role in administering unemployment benefits. In 2003 around 1.76 million such statements were issued, on average six for each unemployed person. Nearly 80 different statement codes were in use. There are different opinions regarding the significance of and need for labour policy statements in labour administration, however. Employment offices' tasks with regard to unemployment benefits should be simplified and resources should be focused on core activities: employment services and recruitment services.

Employment offices are expected to meet conflicting performance requirements, ensuring customer satisfaction while at the same time monitoring unemployed job-seekers. In this situation employment offices' statutory monitoring task has to some extent been given a secondary position. Employment offices' efforts to serve their customers can sometimes lead to end results that are not in line with the purpose of unemployment security. Special attention should be paid to informing unemployed job-seekers of their obligations as well as rights and to monitoring compliance with obligations.

The monitoring system has been improved through a project designed to develop the exchange of information between the labour administration, the Social Insurance Institution and unemployment benefit funds. Employment offices have shifted the focus of monitoring to making sure that unemployed persons actively seek work. This kind of monitoring still needs to be improved, however. This can be done particularly by amplifying the use of job-seeking

plans and monitoring their content and implementation. Monitoring can also be improved by shortening the interval between interviews and thus intensifying services and by developing cooperation with employer customers.

Whether job-seekers are available for work can be tested by job or measure referrals. Owing to the importance placed on employment offices' customer service tasks and employer customers' service needs as well as the shift to informative employment services, however, such referrals have decreased. In the opinion of the State Audit Office, the Ministry of Labour should reevaluate practices related to offering employment. This would also promote the achievement of the purpose of unemployment security.