

Study Tour on Social Security Business Process to Ireland and Spain

From 2nd February to 13th February 2009, Chinese Delegation for social security business process headed by Mr. Pi Dehai who is the deputy director general of Social Security Administration Center of MoHRSS conducted a study tour to Ireland and Spain aiming to learn experience in this field. The Chinese Delegation composed of 12 members; they were directors from SSAC, Policy Research Department, International Department, Commission for Discipline Inspection of MoHRSS and the responsible person for social security from Jilin province, Jiangsu province, Chongqing municipality, and Zhenzhou city.

During the study tour, Chinese delegation visited the Irish Ministry of Social and Family Affairs and the North Dublin local authorities, the Spanish National Social Security Service Center, Social Security Information Center and Barcelona Labor Security Supervision Bureau and the Injury Prevention and Support Institutions, and had discussion with the staff there.

I. The main contents of the study tour

1. The social security organization, personnel and financing situation of Ireland and Spain

1.1 The main function of the Irish Ministry of Social and Family Affairs.

Ireland is located in Western Europe, central and southern island of Ireland. West by the Atlantic Ocean, northeast border with the Northern Ireland of the United Kingdom, separated from the United Kingdom by the East Irish Sea, covering an area of 70,282 square kilometers, a total population of 4,240,000.

The country is divided into 26 counties, 4 county-level city, 7 non-county-level cities. Irish social insurance system was built in 1953; the Ministry of Social and Family Affairs is responsible for social insurance and social welfare. In Ireland, the basic old-age insurance is a pay-go payment; the social security contribution is imposed by the tax department from 1980, in a progressive tax system.

The contribution information is recorded into the Social Security Record Database; it is in charge of calculating the benefits. Irish residents obtain a Social Security Number from birth; the employee could get their information in the database through the Social Security Number.

Ireland's Ministry of Social and Family Affairs has two main functions: one is the social security benefit payment; the other is the contribution collection work for self-employed, fishermen, artists and voluntary insurance groups, to reduce the burden of the collection of the tax authorities, because these groups may not be within the scope of tax collection.

1.2 The organizational structure and staffing of Irish Ministry of Social and Family Affairs.

The implementation of Ireland's social security services is centralized management, decentralized handling, and information sharing. The Social and Family Affairs Minister is appointed by the Prime Minister, and is not Civil Servant; under the Minister there is one Secretary-General (Deputy

Minister), who is the highest level Civil Servant of the Ministry; under the Secretary-General there are policy-making department, welfare and the complainant and supervisory department; under the welfare management department there are Pension Bureau, Family Affairs Bureau, Personnel Division, Arbitration Division, Finance Division, House workers Division, and the Records Centre.

Irish Social and Family Affairs Ministry has 7 headquarters offices, two of them are in the capital, Dublin. The entire country is divided into 7 large areas, the eastern, north-east, south-east, south, central, northwest and west parts. In order to facilitate the public, they set up local Social Welfare Boards; under the local Social Welfare Board there are 58 local Social Welfare Offices, having more than 5500 staff; they are all civil servants, being responsible for the provision of information and the benefit payment; under the local Social Welfare Offices there are 70 branch offices, with 750 staff, who are contract staff. The headquarters offices, the local Social Welfare Boards and the local offices have more than 200 social welfare investigators. They are in charge of the anti-fraud and the investigation work of social welfare,

through visits to employers, employees, family, etc.

1.3 The management and implementation of budget of Irish Ministry of Social and Family Affairs.

Every December they will work out the budget for the administrative costs of next year, in accordance with the country's economic situation, social security income, the retirement number and new system's impact on business process and other factors. The management budget is proposed by each department, aggregated by Ministry of Social and Family Affairs. Then the Ministry will send it to the Financial Ministry to review. After approval by Parliament, the budget could be implemented, with the supervision from Review Committee and Public Finance Committee.

1.4 Spanish social security system and responsibilities of different departments.

At present, Spain formed a relatively complete legal system of social security. The implementation, policy change and

operation of social security are all in accordance with the social security legal system. And the system covered almost everyone. The law requires all citizens to apply for social security number and pay mandatory contribution as soon as they begin their professional activities, whether for employment or freelance, to join the social security system. If the citizen can not pay social security fee for some special reasons, they could participant the “Assistant Social Security Scheme” to get the benefit, provide that they meet some necessary conditions.

Spain's social security system composed of the general social security scheme and special social security scheme. General social security schemes are mainly for the employee of industrial, services and other similar areas; while farmers, seafarers, self-employed, family workers, miners, students, civil servants have their own special social security scheme.

During the 70s of 20th century, the management of social security is centralized; late 10 years, the Government's social security management system carried out a series of reforms, gradually decentralized the administrative privileges. At

present, the central and local governments have a work division in the management of social security: old-age insurance is high concentration by central government. Central government makes policy, and is responsible for the collection and payment of pension; the local Social Security Bureau is mainly responsible for the provision of information and business counseling. Part of the management of medical insurance and health services are decentralized to local; the majority of the management of social services is delegated to the local social services agency to assume.

The main administration departments responsible for social security are Labour and Social Affairs Ministry, Health and Consumer Affairs Ministry, Social Security Financial Board and National Social Security Service Centre. The Labor and Social Affairs Ministry is responsible for the draft of the relevant provision and legislation, implementation, supervision and the overall coordination. The Ministry of Health and Consumer Affairs is responsible for the operation of their medical centers and supervising the implementation of medical insurance and work injuries through the national health agencies. Social Security Financial Bureau is in

charge of the management of economic resources; the social security service centre is responsible for the specific management and subsidy payment. In addition, there is the Court of Audit to supervise the management and use of the social insurance fund. If the social insurance funds have plus, the balance could be only used to buy the national bonds.

1.5 The organizational structure of Spanish Labor and Social Affairs Ministry.

There are one ministry office, 5 agencies and 9 institutions in the Spanish Labor and Social Affairs Ministry. This Ministry is responsible for the social security affairs, the employment and training, the protection of labor and immigration and other matters. The contribution collection and the benefit payment are managed by the Social Security Service Centre of the Labor and Social Affairs Ministry. At present, there are 35,000 people directly working for the social security management. The administration cost required from the central financial budget, accounted for 1.7%.of the social insurance expenditures.

2. The recruitment, promotion, training and management of the social security staff in Ireland and Spain

Some agencies employees are contract workers; the recruitment of them is through the government purchasing way. The rest of the employees are civil servants. There are scientific standards and strict procedures in the staff recruitment, promotion, training and management.

2.1 Staff Ratio.

According to the introduction of Director General of Personnel Division of Irish Ministry of Social and Family Affairs, the recruitment number of employees is calculated through the "work / employee" ratio (hereinafter referred to as "employees template"). The basic principles of the template is: calculate the work time for every business, and then calculate the average work time of each staff, deducted the holidays and other factors; then calculate the working hours per day per staff, to estimate the ratio of the number of staff.

2.2 Promotion.

Ireland and Spain regarded the promotion as a means of encouraging the staff of social security service to improve their business performance. Ireland divided the civil servants into 12 levels, from the file clerk to Secretary-General. Generally the promotion is in a competition way. Among them, the promotion of the low-level civil servants emphasis on their work years, and for the senior civil servants, the performance is the main consideration factors.

The main procedure is: (i) Each section proposed the job vacancies form to the Civil Servants Committee, then after the review, they public the list; (ii) the committee will public the candidate list after review the year-end assess report; (iii) the senior official will determine the promotion list after examine the candidate's capability. Promotion is in a gradually promote way; every 4 to 6 years could get one grade promotion. Generally speaking, for an ordinary civil servant to be promoted to a senior civil servant, it needs about 25 to 30 years. And for the administrative intern official who has a bachelor degree, could be promoted leapfrog upgrade

after trained by the public affairs school.

2.3 Training

Ireland and Spain attach great importance to the training of their staff. In 2008, the Social and Family Affairs Ministry of Ireland trained 4496 staff, accounting for 81.75% of the total number of employees; the training costs were 1.2 million yuan, accounting for 4% of the total wages.

The main forms of training are: classroom-style training, study tour, study in the national training center for civil servants. Or use spare time to study in the university, such learning is mainly focused on the work-related subjects, and requires more than academic performance in the pass, so that the cost of their learning could reimbursement from the Ministry.

Irish Social and Family Affairs Ministry attaches great importance to the training of teachers; they make efforts to do a good job of training "trainers"; the teachers need to be trained and after they get the certificates, they could be

trainers.

They attached great importance to assess the training effect. First of all, they will do the survey in the process of training to assess student satisfaction with the training. Each student must fill out the questionnaire; they will give their opinion and suggestions about the training facilities, teachers, the quality of teaching and other aspects. Secondly, there are surveys after the trainees return to work, usually in 3-6 months after training, then they will do statistical analysis. And they will also get information about the trainees' performance from trainees' superior leaders after the training. Third, they will make overall assessment of training to see how much the cost and what is the output of training, whether it is value for money.

2.4 Performance management.

Ireland and Spain attach great importance to the performance management of staff. Irish Social and Family Affairs has prepared a "Guide to business operations" (Composed of 8 Chapters), norms for all categories of personnel at all levels

and requirements of each business. In 2001, they began to use the staff performance management system. Each staff must determine the goals and business plan. Based on the results of performance management, there will be some incentives and punitive measures to mobilize the enthusiasm of the staff, such as training, increasing wage, promotion, transfer, demotion, dismissal, etc.

3. The development of information technology of social security in Ireland and Spain.

The labor and social security work in Ireland and Spain mainly relies on the developed and sophisticated information systems. They all established national uniform employment information networks. All the employment information is published on the networks.

During our visit, we visited the Spanish Social Security Information Center, whose main task is to provide technical support to develop electronic applications and to use resources rationally. It manages the social security information in an office automation way to serve the public.

Spanish social security information system was established in 1973. At the beginning its main function is to provide pension services; from 1988, it began to use electronic management to the social security information; to 1993, the system achieved a leap-forward development, the internal network was improved, each of the social security staff has a terminal, the system was commonly used; in 1995, all employing units are added to the social security system, the relevant information of the employing units is processed by the computer, and the centre shares the data with employment centers, support agencies, banks and tax system, hospitals and other departments; in 1998, they provided electronic documents, realized on-line business.

Social security information system is running very stable. According to statistics, the State Information Center handles as many as 16 million copies of the information each year. Different fields have different interface with different color lines and lights to show what the situation is, such as normal, interruption or has problem. When the problem occurs, 90% can be resolved within 24 hours. The budget of Spain in 2009 for social security information system technology is 17.19

million Euros. After the upgrade, the data processing will speed up to 7 million per second from the current five million per second; the printing speed will be raised to one million per day (A4 paper).

At present, there are 1833 information systems employees, of which 800 are in the provinces; the social insurance collection and benefit payment in Spain are managed through the information system. According to the introduction from local social security Ministry, the network facilities effectively decrease the problem that some units pay less or do not pay the contribution. With economic development and improvement of information technology, they realized office automation on the collection and payment. The social security funds management divisions deposit the monthly premium to the nearest bank, then the bank will put this money to the designated account. State will not pay any remuneration to the bank, but allow the funds to stay in the bank for five working days. Individuals to receive various kinds of social insurance benefits will have a direct pay essentially through bank.

4. Purchasing of social security services in Ireland and Spain

4.1 The service employees.

We noticed that there were service purchasing in part of the social security business both in Ireland and Spain.

It is similar to the service outsourcing of enterprises. That is the competent authorities make contracts with employees, the contracts cover the quality of the service and a number of other support measures. Generally, the contract period is 3 years. If the services of employee are not meet the requirements, the competent authorities have the right to terminate the contract. All the social welfare branch offices of Irish Social and Family Affairs Ministry are private institutions, all the staff are contract worker. Only 38% of the 1833 employees of Spanish National Social Security Information Center are civil servants, and the remaining 62% are employed workers, including the development staff, maintenance staff, operators, etc.

4.2 Make advantage of the private institutions.

During our study tour, we also visited the Barcelona Injury Prevention Center, which is a private cooperation institution providing injury prevention and rehabilitation for the public. It was established in 1984, by the injury professionals and business owners. Now it has 23 employees. The sources of funding: 70% of the funds are the profits from the building purchasing by business owners, 25% are from individual donors, and 5% are from state contributions. In 2008, State donors 70,000 Euros to the Center. The Center use 80% of their earnings to the injury prevention and rehabilitation.

5. Spain's Labor and Social Security supervision

5.1 High-level legislation.

According to the arrangement of the tour, we visited the Barcelona's Supervision Bureau of Labor and Social Security. It is reported that the related laws of supervision in Spain are "Constitution", "Labor Chapter", "Social Insurance Law", "Labor Supervision Law", "The Freedom of Labor Union", "Collective Contract Law" and so on. Since 90s of 20

century, the labor social security relationship tends stable, labor dispute cases decreased. According to statistics, from 1988 to 2007, the number of dispute cases decreased by 37.64%, the number of participates decreased by 90.27%.

5.2 Strictly enforce the law.

Spain has a sound and effective supervision system in the labor and social security. The labor security supervisors have rights to enter any factory to monitor the situation. At present, there are 800 full time supervisors in Spain. They make supervision criterions according different contents, requiring employers to implement. The supervisors have the right to impose fines on employers, and public the enterprises which have adversely affect through the media. The implementation of the law is mandatory. The supervisor could request the police, the courts to assist them. Spanish government established strict penalties system. Once the employer are found employing "illegal workers" or non-payment of social insurance and other violations, they will be punished by a maximum fine of 60,000 Euros or ordered to rectify business or stop their business. Severe punishment system make vast majority of employers be unwilling to risk to hire "illegal

workers”.

5.3 Well-developed collaboration mechanism.

Relevant laws and regulations, the principle of consultation, collective bargaining and collective contracts, Labor and Social Security Relationship Commission, Enterprise Commission, the Labor and Social Security Dispute Handling System and Labor Union, play different roles in the establishment and adjustment process of labor security relationships, and they also associated with organic, complement with each other. They constitute the coordination mechanism in the labor and social security relationship.

Spanish law provides that the worker has the right of collective bargaining; trade unions have the right to represent workers in collective bargaining and signing. The law has specific regulations on the both negotiated sides' industries, the number of representatives, content, procedures as well as the legal obligations and the liability provisions undertaken by the side that refuses to negotiate or undermines the negotiations. They have formed a fairly normative system in using the collective bargaining and the collective contract as

the adjustment of labor relations.

Generally, the collective bargaining will be in January, February, and March of each year, and the collective contract will effect from January 1st, the valid period is 1 to 5 years. Not every collective bargaining would be successful. It is reported that 5% are failed because two sides can not reach to an agreement. Unsuccessful negotiations will be resolved by the labor and social security departments. At present, there are 200 Spanish National Labor Court, distributed throughout the country according to the development of local industry; the capital Madrid has 42 Courts. Labor Court will seek reconciliation according to the procedures when deal with the dispute cases, and will organize trade unions and employers to negotiate. If the mediation is failed, they will give the decisions. If the sides refuse to enforce the judgments, they could be fined by 50,000 million Euros to 25 million Euros.

II. Enlightenments.

Though the visit is short, it is rich in content and we have learned a lot and broaden our horizon. There are some

experience could be learned in our social insurance management.

1. We must attach importance to strengthen the standardization of social insurance management.

Both Ireland and Spain have relatively sound social security systems, they all have concrete standardization and specific norms in the operation. Such as Ireland's "Operational Guidelines for social welfare", it has detailed requirements for the specific business process. From the central level to local bodies there is one unified system, one unified operating rules, one unified regulation for work. They have clear defined responsibility at different level from the central to the local. They implement the staff template to make a scientific staff ratio.

The provisions in social security surveillance are strong operational. For example, the supervisor is responsible for checking the specific insured situation of companies. If the companies have some violations, the supervisor will give them issued tickets for penalties, and then they sent the tickets to the

social security service center sectors. The centre could confiscate the same amounts assets of enterprises as the contribution they need to pay if the enterprises refused to pay. Supervisors are the same as referees, they could investigate the enterprise, or request the relevant enterprises to explain the situation. Through good communication, they will ensure that enterprises make employees insured. In contrast, we need to do a lot in the operability and uniformity in our business process work.

2. We must strengthen performance management for the social security staff.

The performance management in Ireland and Spain has given us deep impression. In the staff management, they always adhere to the idea of people-oriented, full respect for people, culture people and use people. They are really aware of that the intrinsic motivation of staff is an important source for improving the social security agencies implementation capacity. And such thinking goes through the performance management at all stages.

There is a mature staff performance management system in

Irish Social and Family Affairs Ministry. In the preparation stages of performance management, they make analysis and quality evaluation, considering the special nature of the work and the individual differences; in the planning stage of performance management, the competent authorities managers will have fully communication with staff, then work out the suitable performance appraisal plan to staff; in the implementation phase, they emphasis on supporting the work of the staff and providing a variety of resources, and have effective control on the direction and the effectiveness of the work of the staff; in the appraisal stage, they make efforts to eliminate the deviation in the evaluation results because of the bias to certain staff from departments; in the feedback stage, the managers of competent authorities and the employees will express their views to reach agreement on the final; in the application stage, they will combine the results of performance appraisal with job promotion, pay and training and other incentives, to provide an orderly and relaxed environment.

On the management of business process, they implement budget management in the entire social security. They set up different criterion according to the specific circumstances of

the work. Each business will relate to the performance, so it could not only enhance the work efficiency, and also it can improve service levels.

3. We must explore the new ways for the purchasing of services in the social insurance agencies work.

Ireland and Spain attaches great importance to introduce market mechanisms and competition mechanisms in the field of social security services, to expand the public service supply of the Government, and focus on improving the quality of public services. For example, Irish established 58 local offices and 70 branch offices in the whole country to strengthen the social security services oriented to the masses. The 70 branch offices are all of the private sector, their work are purchased by government. Spain has 20 assistant agencies in social security providing service in the outsourcing way of government. These institutions form a competitive pattern with each other, this pattern continuously improves the quality of service. In this regard, the duty of government is to develop service standards and clarify the services, strengthen the work of supervision. The private sector's role is to implement outsourcing services

of government to the public.

As an important responsibility bodies of social security, the government needs to play the main role to fulfill the responsibility of the Government, at the same time it could not do everything. It is necessary to focus on the cooperation with private and social intermediary organizations and the introduction of competition mechanism, in order to achieve the organic combination of fairness and efficiency and to make use of different sectors to contribute to the public services. China's social security system is on a critical stage, how to correctly grasp the relationship between government and the market is an important issue we need to face now. To resolve problems brought by the significant increase business in social security, we can not just blindly upward requested add staff, but also study how to resolve problems though a purchasing of services way to ease the increased workload.

4. We must speed up the development of our social security information system.

The management of social security of Ireland and Spain is

characterized by a significant refinement of management. In addition to the mature organization of social security, the developed management system, the clear operation procedures in the two countries, their business benefit a lot from the strong support from the information system. There are well-established information system in Spain, it is able to provide the residents with a variety of information on social security, including providing the information inquiry services, file management services, and handling business on line; besides, they share information with relevant sectors, in order to take full advantage of the information and to make the information exchanges with other departments more conveniently.

To face the information wave, Ireland and Spain has also focused on the use of information technology to improve the management means, so to improve the management level and service quality. They received good results by doing these.

China has much more service objectives than them, so it is urgent for us to push our information work. We could learn experience from Ireland and Spain, focus both on improving our management and technology to accelerate our information technology development, to provide strong support to our

social security development.

5. We must strengthen our staff training.

We have gained enlighten from the good practices of Ireland and Spain in training for staff. We must strengthen our staff training so to continuously improve their capability, and to make them complete their jobs. First, our training needs to be well-targeted. Before we organize training, we should carry our demands survey, to know what the subjects trainee want to learn most, so staff are interest to participate in, and the units have enthusiasm on training. Of course, we need to do the survey regularly; it is not possible once and for all. Second, we need to enhance the diversity of training. We should organize our training according to the different needs from new employees, general employees and managers, it can not be stereotyped. The training styles are also need to be different in accordance with the characteristics of the different trainee, and the different content. Third is to enhance the effectiveness of training. The purpose of training is to improve customer service skills and the ability to solve practical problems. Therefore, we need to carry out training assessment earnestly,

and make the training link to the promotion and use of staff. The fourth is to enhance the continuity of training. In principle, every year we should organize several staff training for a certain period of time, and we need to make the training consistent to increase the systematic, so that the quality of staff could be improved steadily.

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18th of February, 2009