



## COVERSHEET

<b>Minister</b>	Hon Grant Robertson	<b>Portfolio</b>	Finance
<b>Title of Cabinet paper</b>	Social Unemployment Insurance: Approach to the Future of Work Tripartite Forum	<b>Date to be published</b>	28 April 2023

### List of documents that have been proactively released

<b>Date</b>	<b>Title</b>	<b>Author</b>
March 2021	Social Unemployment Insurance: Approach to the Future of Work Tripartite Forum	Office of the Minister of Finance
15 March 2021	Social Unemployment Insurance: Approach to the Tripartite Forum CAB-21-MIN-0069	Cabinet Office

### Information redacted

**YES / NO [select one]**

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# Cabinet

## Minute of Decision

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### Social Unemployment Insurance: Approach to the Tripartite Forum

Portfolio

Finance

On 15 March 2021, Cabinet:

- 1 **noted** that helping people to find good jobs following redundancy, or the onset of health conditions and disabilities, is a key step towards a more productive, sustainable, and inclusive economy that is resilient to shocks and ready for the future of work;
- 2 **noted** that, while the support for displaced workers has been improving steadily, there is still a large gap in the availability of financial assistance that effectively smooths incomes and mitigates large income drops;
- 3 **noted** that limited financial assistance can constrain displaced workers' opportunity to search for good jobs, to make use of employment services, or to retrain and upskill – increasing the risk that workers take jobs that make poor use of their skills or potential;
- 4 **noted** the central importance of continuing to work hand-in-hand with business and union representatives and other stakeholder groups on steps to enhance support for displaced workers;
- 5 **agreed** that the government work with business and union representatives to design a social unemployment insurance scheme for public consultation;
- 6 **noted** that the Future of Work Tripartite Forum (the Forum) is meeting on 22 March 2021 to discuss the key design choices of a social unemployment insurance scheme to improve financial assistance for displaced workers;
- 7 **noted** that the Minister of Finance is seeking an agreed government approach to the Forum;
- 8 **noted** that these design choices are intended to guide the Forum discussion, and to inform a subsequent public discussion document, and that the choices are not binding policy decisions;

9 **agreed** to the following initial policy settings as the starting point for the discussion at the Tripartite Forum:

Issue	Proposed setting
<b>Displacement events covered by insurance</b>	coverage provided for redundancy
	coverage provided for the loss of work due to the onset of health conditions and disabilities
<b>Working arrangements covered</b>	coverage provided for all workers (insofar as practicable, the scheme should cover people in casual and fixed term work, and the self-employed)
<b>Level and duration of income replacement</b>	duration of around six months
	income replacement set at 80%
	income coverage capped at \$130,911, with a “floor” so that no one receives less than the minimum wage (to cover hours that they had been working prior to the displacement)
<b>Provision of supporting services</b>	initially rely on linking people with existing (and developing) services to support return to good work, while exploring what gaps remain and developing a plan on how best to address them to improve outcomes
<b>Obligations on insurance claimants</b>	insurance claimants required to make genuine attempts to find work, with an initial right to refuse poor matches  where appropriate, insurance claimants with health conditions or disabilities required to attend any return to work services (health services as directed by medical officers, employment services), and make genuine attempts to find work
<b>Financing and contributions</b>	levies split equally between employers and workers (with initial government establishment funding)
	the levy should apply progressively (or at least provide a lower levy-free income threshold to reduce contributions from low income earners)
	the levy would be compulsory for all workers covered by the scheme (a levy on “personal exertion income”), and set to fully fund the scheme (including operational and service costs)
<b>Delivery arrangements</b>	via the Accident Compensation Corporation (ACC)

10 **noted** that the Minister of Finance will report to the Cabinet Economic Development Committee seeking approval of the draft public discussion document, prior to its indicative release in August 2021.

Michael Webster  
Secretary of the Cabinet