



Hon Grant Robertson
Minister of Finance

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Building stronger support for workers post COVID

The Government, Business NZ and the New Zealand Council of Trade Unions (CTU) are jointly designing a Social Unemployment Insurance scheme that would support workers to retain about 80 percent of their income for a period after they lose their jobs. This delivers on a commitment in Labour's manifesto.

"As we secure our recovery from COVID-19, we have an opportunity to better support New Zealanders who lose their jobs through no fault of their own," Minister of Finance Grant Robertson said.

"A Social Unemployment Insurance scheme would strengthen the safety net we have in Aotearoa New Zealand, and would be an appropriate legacy from COVID-19 – one that makes our recovery stronger and more secure.

"COVID-19 has exposed how vulnerable employment can be, and the risk to dramatic income loss from employment to unemployment. Finding a job takes time, and many workers may accept lower-paid jobs that don't match their skillsets, because financial pressures mean they need work quickly.

"After the Global Financial Crisis, Canterbury earthquakes and COVID-19, governments have had to institute ad-hoc programmes to support those who have lost their jobs. BusinessNZ and the CTU asked to work with Government to propose a more enduring solution and this is our joint response.

"Like ACC for accidents, a Social Unemployment Insurance scheme would cushion the impact of a job loss. It would give workers the financial stability to find the right job for their skills, or to retrain for a new, fulfilling career path. We're looking at a scheme that could provide those who lose their jobs with around 80 percent of their income, with minimum and maximum caps," Grant Robertson said.

"Over the coming months, the Social Insurance Tripartite Working Group (Government, BusinessNZ and CTU) will be consulting targeted stakeholders on what the right settings could be, balancing the support needed for Kiwis to find quality new jobs against the costs of running the scheme. There will be wider public consultation later this year.

“We know changing demands and technologies will reduce demand for some skills, and Social Unemployment Insurance is one way to give our workforce more flexibility to respond to this. Many countries have such a scheme and exploring one was a key recommendation of the Productivity Commission’s inquiry into technological change and the future of work.

“Any Social Unemployment Insurance scheme would be about supporting workers through a job transition. It complements the support available through the welfare system for those out of work for a variety of reasons. The Government remains committed to ongoing reforms to the welfare system,” Grant Robertson said.

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