

Employers pay 60 per cent of the wage, while the Department of Labour and Employment pays the remaining 40 per cent.

3. Social Safety Nets: Programmes to Provide for the Needs of Affected Individuals

Haworth (1998) notes that the heaviest burden of the crisis has been borne by women, young people trying to enter the labour market, and older men previously employed in certain industrial sectors. As a result of these disparities, it has been necessary for APEC economies to adopt flexible, complementary social safety net policies that can easily be targeted towards specific groups. These policies can loosely be classified into four groups:

- 1) direct government loans;
- 2) employment insurance;
- 3) expansion of government transfer programs; and
- 4) community-based programs.

Government Loans

In order to support retrenched workers affected by the financial crisis, in 1997 the Philippines set aside several million pesos to be distributed through its insurance system in the form of loans. Displaced workers are able to borrow money from the system and repay it at a later date under a liberal repayment scheme. These loans are independent of other loan schemes for business capital and are intended to allow displaced workers to meet basic living expenses.

Employment Insurance

In Chile, Korea and Chinese Taipei, national employment insurance systems provide the basis for the social support of unemployed workers. Chinese Taipei's *Labour Insurance Programme (LIP)* requires workers to contribute one per cent of their monthly wages into the fund. Workers who have contributed to the *LIP* for more than two years and become involuntarily laid-off are eligible to apply for benefits from the fund so long as they register with a public employment service agency or undertake vocational training. The length of benefit receipt depends on the length of time workers have contributed to the fund. Korea's *Employment Insurance System* operates similarly, although workers who become involuntarily unemployed are eligible for benefits after having been employed at workplaces that have been covered for the past six months. As of 1 April 1999, all Korean workers are eligible for benefits. The benefit period is typically from two to seven months, although benefits are extended in special cases. Finally, Chilean workers (and their employers) make monthly contributions into *Personal Unemployment Accounts (PUA)*. Workers are allowed to draw against their PUA whenever they become unemployed for any reason. Payments into the fund on behalf of low-wage workers are available from the Government in order to ensure that every worker receives benefits for at least four months. The regulatory framework used to manage this system is similar to that in force for pension funds.

In Hong Kong, China, and Thailand, certain workers are legally entitled to severance pay in the event of dismissal or lay-off due to redundancy. In Thailand, a public compensation fund is to be set up under the *Labour Protection Act* to provide for unpaid severance pay. It will be financed from fines for violations of the Act. In

addition, income tax on severance payments will be exempted. The *Labour Relations Service* (LRS) in Hong Kong, China, will assist employees seeking to claim severance pay from insolvent employers. Those who are owed wage or wages in lieu of severance pay can apply for payments from the *Protection of Wages on Insolvency Fund*. This fund, which is financed by a levy on business registration by employers, also provides quick financial relief to workers in the form of *ex-gratia* payments.

Government Safety Net Programmes

Indonesia reported that it had made a number of efforts to strengthen the social safety net in light of the currency crisis. Particular attention has been paid to the areas of health, education, and nutrition. In particular, efforts are being made to ensure a secure food source by intensifying food production and through subsidies for fertiliser and capital equipment. Additionally, food assistance is being provided, price subsidies exist for essential foods, and food reserves are being supplemented with assistance from the World Food Program and bilateral programs.

Indonesian education policy has been targeted toward maintaining 1) student enrolments, 2) the continuation rate, and 3) educational quality. At the same time, efforts are being made to maintain or improve the health of poor families through a variety of programs to provide financial support for basic health services, particularly for pregnant and nursing women and young children.

Concerned about the high dropout rate of students and the increase in child labour, Thailand has provided loans to families no longer able to afford tuition payments to assist in keeping children in secondary school. The school lunch programme has also been expanded in coverage from 30 per cent of all students to 35 per cent. These programs are being supported by loans from the World Bank, the Asian Development Bank, and the Overseas Economic Cooperation Fund. The loans are also being used to support programs of free medical treatment for the unemployed and improvement of rural health care facilities.

Australia's social security system of payments to the unemployed has been extended to incorporate *Mutual Obligation* principles which places more emphasis on individual responsibility. This program, begun in July 1998, obliges all unemployed people aged 18 to 24 years to undertake a self-funded activity if they are to receive payments for longer than six months. Such activities may include part-time work, voluntary work, education or training, or relocating to another area that has better employment prospects. Under this program, young unemployed can also improve their literacy and numeracy skills. From 1 July 1999, job seekers aged between 25 and 34 who have received unemployment benefits for 12 months will also be expected to satisfy their mutual obligation responsibilities. These initiatives for unemployed workers have recently been extended to require those students leaving school in Year 12 who have received a *Youth Allowance* for three months or more to participate in *Work for the Dole* projects.

An unemployment subsidy is being paid to Chilean workers who are dismissed for reasons beyond their control. The maximum benefit period is one year and the daily benefit is higher in the first 90 days than in the subsequent period. Along with the subsidy, workers are entitled to receive family allowances, maternal allowances, and medical care.

Community-Based Programs

In addition to programs operated directly by the Government, Indonesia has undertaken a number of new initiatives designed to extend and solidify community-based support programs. The *Kecamatan (sub-district) Development Programme*, the *Urban Poverty Programme*, and the *Community Recovery Programme* allow resources to be directly transferred to community organisations to be distributed. For example, the *Urban Poverty Programme* provides capital for community-selected basic infrastructure and related activities designed to generate employment in low-income urban areas. The *Community Recovery Programme* will serve to channel resources to support community-based organisations that desire to implement assistance programs.

4. Workplace Practices: Programs to Improve Productivity, Ease Restructuring, and Enhance the Ability to Respond to Uncertainty

Several APEC economies reported making efforts to institute workplace practices which improve productivity, ease the restructuring process, and enhance employers' and employees' ability to respond to economic uncertainty. The focus of these efforts have generally included:

- 1) improving the flow of information between affected firms and workers;
- 2) improving employer/employee relations;
- 3) making firms aware of alternatives to retrenchment; and
- 4) promoting exit policies designed to smooth the transition of retrenched workers back into unemployment.

Information Sharing

The Philippines has initiated two projects designed to improve information and raise productivity. Specifically, the *Work Improvement for Small Enterprises (WISE)* programme assists workers and employers in small enterprises in finding ways to improve productivity. Additionally, a national programme was launched in 1998 to instil productivity consciousness among workers and their employers.

Human Resources Development Canada (HRDC) has over the past decade been evaluating human resource development programs and policies. This information is then shared with a wide range of people through the *Lessons Learned* series. The *Lessons Learned* series incorporates documents and supporting videos synthesising the results of evaluation studies that assess the outcomes of human resource policy initiatives.

In Chile, the *Forum for Productive Development* is a relatively new institution (established in 1994) that encourages the discussion and exchange of ideas among workers, employers and government representatives. The goal is to promote Chile's productive development. It operates in each of the economy's 13 regions and has been an important mechanism for achieving basic consensus on economic, labour, and social issues. Subsequently, in 1995, the *National Productivity Quality Center* was established in Chile. It also encompasses workers, employers, and government officials and is concerned primarily with the diffusion of experiences, information and methods for enabling companies to increase productivity and enhance the quality of products and services. In addition, it conducts training programs that are specific to product development.