

# CHINESE TAIPEI

## Environment

Under Chinese Taipei's current laws and systems, unemployment benefits for workers are covered by the comprehensive Labour Insurance Programme (LIP), which also offers other benefits such as childbirth, injury, sickness, disability, retirement and death. However, as the nature of unemployment benefit is quite different from these benefits, the Labour Insurance Act has a special provision that mandates the labour authorities to stipulate separate measures for unemployment benefit such as implementation details and dates.

In recent years, employment and unemployment issues have drawn greater public attention due to the liberalisation and globalisation of the economy and the transformation of the industrial structures. Although the Asian financial crisis did not have a major impact on Chinese Taipei, some workers lost their jobs as many businesses were forced to shut down, suspend operation temporarily, reduce the scope of business or adjust their production technology. As a result of these changes, the general public has called for the earlier implementation of an unemployment benefit scheme as a measure to ensure social stability and the basic living necessities of unemployed workers.

## Policies in Place

### Unemployment Benefit Measures (UBM)

In light of this social appeal, Chinese Taipei has enacted the Unemployment Benefit Measures (UBM), which came into effect on 1<sup>st</sup> January 1999. Now, with certain conditions attached, workers covered by LIP are entitled to unemployment benefits to cover basic living costs if they are involuntarily laid off due to a business closure, suspended operation, or reduced business scope.

The provisions of UBM are as follows:

The Insured. Native and employed workers covered by LIP.

Premium Rate. 1 per cent of the insured's monthly wage.

Qualifications. Workers may apply for unemployment benefits if they are involuntarily laid off by the insurer (employer) due to its business closure, suspension, termination, transference, disbandment, bankruptcy, reduction, or adjustment of manufacturing technology resulting in incompetence of the position holders, with the following applicable conditions:

- workers who have the ability and willingness to work but are involuntarily laid off;
- workers who have been enrolled in LIP for over two years; and
- workers who have registered with public employment service agencies for over 14 days without any job referral or assisted enrolment in a vocational training programme, and are issued a written Confirmation of Unemployment (CU).

Benefit Payment. 50 per cent of the averaged monthly wage of the insured; benefit is paid every half month.

Terms of Coverage. Different terms of benefit apply in accordance with the duration of premium paid by the insured. Workers who have paid premiums for less than five years are eligible to receive unemployment benefits for a maximum of three months in each application, with a total of six months of benefits over five years.

Proportionate increases in benefits are paid to unemployed workers who have paid premiums for over five years.

Reconfirmation of Unemployment Status and Mandatory Reporting of Re-employment by the Benefit Recipient. Recipients of unemployment benefits are required to report in person to the public employment service agency (by which the CU is issued) every 15 days to have their unemployment status reconfirmed, in order to continue receiving the unemployment benefits. Public employment service agencies, from time to time, are responsible for recommending suitable jobs to the benefit recipients or arranging for them to participate in a vocational training programme. Benefit recipients who are re-employed should report such status to the original public employment service agency within three days of their re-employment.

Although the unemployment benefit is provided as an interim and relief measure, its ultimate and positive purpose is to encourage immediate re-employment of the unemployed workers. Unemployment benefits, therefore, must be offered with other measures such as vocational training and employment service—all of which constitute an integrated system of employment security.

### **Employment Promotion Allowance Programme**

Also in response to the financial crisis, Chinese Taipei has made greater efforts to strengthen its vocational training and employment services. In addition, the Employment Promotion Allowance Programme, effective 1<sup>st</sup> July 1998, has been launched to meet the basic living needs of the unemployed workers, encouraging and helping them to return to the job market as soon as possible. There are three major categories of allowance under the Programme—the Job Seeking Allowance, the Hiring Allowance, and the Referral Allowance.

#### Job Seeking Allowance

Recipients: unemployed workers

Types of Allowance:

1. *Transportation Allowance:* Unemployed workers are entitled to apply for this allowance when they complete a public vocational training programme and register for a job referral, or when they register with a public employment agency for job placement.
2. *Temporary Job Allowance:* The purpose of this allowance is to encourage unemployed workers to settle for temporary jobs when there is no long-term placement or vocational training opportunity available.
3. *Training Allowance:* This allowance is for unemployed workers to cover their basic daily expenditures during their enrolment in a public vocational training programme.
4. *Interest Allowance for Start-up Loan:* When an unemployed worker decides to start his or her own business, this allowance will be granted upon application to cover part of the interest payment for a bank's start-up loan.

### Hiring Allowance

Recipients: employers who hire unemployed workers.

Employers hiring unemployed workers referred by public employment agencies for over three months are eligible for this allowance for a maximum of six months on a headcount basis. Higher allowances will be granted if more positions are open to the under-privileged groups such as women, mentally and physically handicapped or aborigines.

### Referral Allowance

Recipients: private employment service organisations.

Successful job placements for over three months by private employment service organisations or other job referral organisations contracted with the public sector are entitled to this allowance on a headcount basis.