

Unemployment Insurance in Thailand

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Structure of the Presentation

- 1. ILO Conventions on unemployment protection**
- 2. Employment insurance in Asia**
- 3. National Experience : the Development of Unemployment Insurance in Thailand**



ILO Conventions on unemployment protection

No. 102

**Convention concerning Minimum
Standards of Social Security, 1952**

Part IV Article 19 – 24

No. 168

**Employment Promotion and Protection
against Unemployment Convention, 1988
(Recommendation No. 176)**



ILO Conventions on unemployment protection (Cont.)

1. Contingencies covered

- Suspension of earnings due to inability to obtain suitable employment in the case of a person protected who is **capable** of, and **available** for work (C 102)
- Full unemployment defined as the loss of earnings due to inability to obtain suitable employment in the case of a person **capable** of working, **available** for work and **actually seeking work** (C 168)

ILO Conventions on unemployment protection (Cont.)

1. Contingencies (Cont.)

Endeavour to extend the protection to (C 168):

- (1) loss of earnings due to **partial** unemployment
- (2) suspension or reduction of earnings due to a **temporary** suspension of work
- (3) **part-time** workers who are actually seeking full-time work

ILO Conventions on unemployment protection (Cont.)

2. Persons protected - coverage

C 102

- prescribed classes of **employees**, constituting not less than **50** percent of all employees; or
- **all residents** whose means during the contingency do not exceed certain limits.

C 168

- prescribed classes of **employees**, constituting not less than **85** percent of all employees, including **public employees and apprentices**; or
- **all residents** whose resources during the contingency do not exceed prescribed limits.



ILO Conventions on unemployment protection (Cont.)

3. Benefits

Periodical payment of at least:

45% of the reference wage (C 102)

50% of the reference wage (C 168)

Waiting period:

Maximum **seven** days (C 102 and C 168)

ILO Conventions on unemployment protection (Cont.)

3. Benefits

Duration:

Throughout the contingency, with possible limitations of

13 weeks within a period of **12 months** in case **employees** are protected (C 102)

26 weeks within a period of **12 months** in case all **residents** are protected (C 102)

26 weeks in each **spell** of employment or **39 weeks** within a period of **12 months** (C 168)



ILO Conventions on unemployment protection (Cont.)

3. Benefits

Special provisions for **new applicants** for employment

At least three of the following ten categories of persons seeking work shall receive social benefits:

- (a) **young** persons who have completed their vocational training;
- (b) **young** persons who have completed their studies;
- (c) **young** persons who have completed their compulsory military service;

ILO Conventions on unemployment protection (Cont.)

- (d) persons after a period devoted to **bringing up a child or caring** for someone who is sick, disabled or elderly;
- (e) persons whose **spouse had died**, when they are not entitled to a survivor's benefit;
- (f) **divorced** or **separated** persons;
- (g) released **prisoners**;
- (h) adults, including disabled persons, who have **completed a period of training**;
- (i) **migrant** workers on return to their home country, except in so far as they have acquired rights under the legislation of the country where they last worked;
- (j) previously **self-employed** persons.

ILO Conventions on unemployment protection (Cont.)

4. Qualifying conditions

- Possibility of prescribing a qualifying period, **not exceeding the duration considered necessary to preclude abuse**

5. Financing (C 102)

- **Collective financing** by contributions and/or taxation.
- **must avoid hardship** to persons with meagre resources and take into account the economic situation of the country and of the persons protected.
- **Employers' contributions**
>= Employees' contributions



Employment insurance in Asia

1. Protection measures for unemployment

(1) Active measures, e.g.

- Employment Promotion / Stabilization Programme:
Mainly to employers and establishing systems
(Labour Market Information, Job placement services)
- Job Skill Development Programme:
To employers / employee / unemployed

(2) Passive measures, e.g.

- Unemployment benefits (Note: this can be enlarged, e.g. allowance for vocational training / job-seeking of unemployed persons):
To unemployed

Employment insurance in Asia (Cont.)

Note :

- Both programmes are **complementary** in nature, for example, active measures could lead to not only to less unemployed (retain work / back to work) but also lead to less financial resources / burdens for passive measures (**double effects**)
- In history, many schemes expanded its scope of protection mechanisms from **passive to active** measures (e.g. Japan)
- Korea is an interesting case of establishing a comprehensive scheme all at once after careful preparations (and still improving the system in accordance with the situation)

Employment insurance in Asia (Cont.)

Note :

- It is difficult to **measure effectiveness** of both programmes in reducing unemployment (prevention of unemployment / back to work of unemployed persons) and supporting the income during the time of unemployment, but especially active programmes (**Governance / monitoring** is important.)
- Japan is now in the continuous cycle of monitoring / reassessing proactive measures which may lead to continuation / improvements / abolishment of each programme (e.g. abolishment of Employment Welfare Programme including the construction of loading facilities for transferred labourers, sport / labour facilities for labourers etc.)



Employment insurance in Asia (Cont.)

1. (Un)employment insurance

- Programme are still limited to developed countries and some of middle-income countries since even unemployment insurance needs
 - (1) Substantial number of labour force in formal economy; and
 - (2) Good governance / control system for judging employment / unemployment to preclude abuses.

e.g. Japan, Republic of Korea, Mongolia, China, Thailand (since 2004), Vietnam (planning to introduce in 2009)
- In Australia and New Zealand, benefits are provided under tax-based unemployment assistance / social assistance system (This also needs the above-mentioned two criteria)



Employment insurance in Asia (Cont.)

2. Tax-financed unemployment assistance

- Cash benefits (Benefit level is relatively low provided under tax-financed social assistance system)
- Active measures also financed from taxation
e.g. Australia
 New Zealand
 Hong Kong

3. No programmes (severance pay only)

- Countries with severance pay / lump sum stipulated in the labour law and provided directly by employers
e.g. Malaysia
 Indonesia
 Sri Lanka

Employment insurance in Asia (Cont.)

General observations

- Many countries of social insurance groups implement (un)employment insurance schemes (KOR, JPN, CHN, MNG, THA, VIE).
- Countries of non-contributory universal 'safety-net' groups implement unemployment assistance schemes (AUS, NZL)
- Countries of provident fund groups (saving rather than risk-pooling, under British influences) do not have (un)employment insurance schemes (MAL, IDN, SLK)

National Experience : the Development of Unemployment Insurance in Thailand



Country Profile



- **Location:** Thailand is situated in the heart of the Southeast Asian mainland, covering an area of 513,115 sq.km. and extends about 1,620 kilometres from north to south and 775 kilometres from east to west. Thailand borders the Lao People's Democratic Republic and the Union of Myanmar to the North, the Kingdom of Cambodia and the Gulf of Thailand to the East, the Union of Myanmar and the Indian Ocean to the West, and Malaysia to the south.
- **Capital:** Bangkok
- **Official language:** Thai
- **Government:** Parliamentary democracy and Constitutional monarchy
 - King Bhumibol Adulyadej
 - Prime Minister Abhisit Vejjajiva

Country Profile (cont.)

- **Ethnic:** Thai (75 %), Chinese (14 %), Malay (3 %) Minority groups (8%)
- **Religion:** Buddhism (94.7 %), Muslim (4.6 %), Other religions (0.7 %)
- **Climate:** Thailand is a warm and rather humid tropical country with monsoonal climate. Temperatures are highest in March and April with average temperature of 28 degree Celsius to 38 degrees Celsius and humidity averaging between 82.8 percent to 73 percent
- **Seasons:** Dry : March to May, Rainy: June to October, Cool: November to February.

Country Profile (cont.)

- **GDP: 2,179.7 billion baht (Quater1,2009)**
- **Population 66.9 Million Persons (Aug 09)**
 - Male 32.8 Million Persons
 - Female 34.0 million Persons

Table Population projection

	2005	2010	2015	2020	2025	2030	2035	2040	2045	2050
0-14	16.2	15.2	13.4	12.3	11.7	11.4	10.8	10.0	9.3	8.7
15-59	43.8	46.0	47.8	48.4	47.7	46.1	44.3	42.4	40.3	38.2
60+	6.0	7.1	8.7	10.8	13.3	15.8	18.1	20.1	21.5	22.3
TOTAL	65.9	68.3	70.0	71.5	72.6	73.2	73.2	72.4	71.1	69.2

Source UN pop 2000



Chart of Population by Labour Force

National Statistical Office of Thailand
Quarter 1, Jan-Mar 2009

Total population

67.66 Million

Person under 15

15.03 Million

Person 15 year old

52.56 Million

Total labour force

(Available for work)

46.76 Million

Employed person 36.50 Million

Seasonally in active 2.47 Million

Unemployed person 7.79 Million

Person not in labour force

(not available for work)

15.02 Million

Household work 4.92 Million

Studies 4.40 Million

Others 5.70 Million



Historical Background of UI in Thailand

- UI as the last contingency of the Social Security Scheme
- Before 1997 crisis
- Unemployment assistance during the economic crisis

- Feasibility study of introducing on Unemployment Insurance scheme in Thailand by ILO
- The study on UI in Thailand through CDP-SP project
- Sub-committee on the Preparation of UI



- ILO report on Unemployment and Employment insurance
- Research / Survey / Seminar for reactions by employers and trade unions
- Final Design of the UI Scheme in Thailand



Principle of the Unemployment Insurance

- To assist the unemployed insured person to receive sufficient salary during unemployment
- The unemployed insured persons will receive cash benefit, employment services and skill development services to reenter to work as soon as possible

Legislation Concerned

- The Social Security Act B.E 2533

Article 5. “unemployment” means an insured person ceases to work resulting from cessation of legal relations between an employer and an employee under hire of services contract,

Article 33. The employee who has been over fifteen years of age and not more than sixty years of age, shall be insured person.

Article 78 : An employee who is an insured person shall be entitled to unemployment benefits provided that such employee has paid contributions for a period of not less than six months within a period of fifteen months before becoming unemployed and meets the following conditions:

(1) being able to work, being ready for suitable job as provided, having no objection to job training and having been registered with the Government Employment Service Office at which his or her presentation is frequently required for not less than once a month;



(2) the unemployment of an insured person is not caused by

- the termination as the result of malperformance of duty, or
- intentionally committing a criminal offence against the employer, or
- intentionally causing damage to the employer, or
- violating material rules or work regulations or lawful order of the employer, or
- neglecting duty for seven consecutive days without justifiable reason, or



- causing serious damage to the employer as the result of negligence or being imprisoned by the final judgement to imprisonment except for an offence committed through negligence or petty offence;

(3) not being entitled to the old-age benefits under chapter 7 of this title



Article 79 : An insured person shall be entitled to unemployment benefits on and after the eighth day as from the date of becoming unemployment with the last employer in accordance with the rules and rates prescribed in the Ministerial Regulations.



Ministerial Regulation on criteria and benefit provisions of the unemployment benefit 2004

1. The insured employees shall receive the unemployment benefits according to article 78 at the following rates

(1) 50% of daily wages for laid off insured persons for not more than 180 days

(2) 30% of daily wages for those who quit job voluntarily or end of contracts for not more than 90 days within 1 calendar year



2. The insured employees shall receive the unemployment benefits according to article 78 as stated in 1 after the eighth day as from the date of becoming unemployment with the last employer except those who do not register with the Government employment Office within 30 days since the date of becoming unemployment shall be entitled to unemployment benefit since the date of registration



3. Benefit payment will stop when the beneficiaries,

(1) return to work and become the insured persons according to article 33. The benefit payment will stop as from the date of return to work and become insured persons

(2) refuse job or refuse job training without suitable reason. The benefit payment will stop as from the date of refusal

(3) do not report themselves at the Public Employment Office without suitable reason. The benefit payment will stop since the month that they don't report themselves



Summary of Unemployment Benefits

Types Qualifying Conditions

Cash Benefit

Unemployment



- 6 month contribution within 15 months before unemployment
- Registered with the Government Employment Service Office
- laid off IP receive 50% of wages up to 180 days within 1 year
- voluntarily out of job receive 30% of wages up to 90 days within 1 year

Responsibilities of Organizations

1. Department of Employment

- Registration of the eligible unemployed workers
- Receive benefits claim form
- Interview, provide counseling and job placement according to qualification
- Seek for recruitment
- Coordinate with DSD in the case where the insured person needs skill training



Department of Employment

- Announcement of the Department of Employment on criteria for registration and presentation of the unemployed insured persons.
- Announcement of the Department of Employment on the definition of suitable job refusal of the insured persons under unemployment insurance.
- Announcement of the Department of Employment on criteria for consideration on the ability and readiness to work of the unemployed insured persons.



- Announcement of the Department of Employment on criteria for consideration on the training referral and job training refusal of the unemployed insured persons.
- Regulation of the Department of Employment on services provided to the insured persons under unemployment insurance B.E.2547(2004)



Responsibilities of Organizations

2. Department of Skill Development

- Check notification of job training of the insured person according to condition and qualification
- Train the insured persons as needed
- Monitor training progress



Department of Skill Development

- Announcement of the Department of Skill Development on criteria and condition on acceptance or refusal to provide skill development training course for the insured persons under unemployment insurance

Department of Labour Protection and Welfare

- Announcement of Department of Labour Protection and Welfare on how to provide information on situation of laid off employees to the Social Security Office



Responsibilities of Organizations

3. Social Security Office

- Collect contributions and maintain contribution data
- Verify qualification of the beneficiaries
- Check contribution history
- Verify reason of employment termination
- Order / not order benefit payment to individual bank account of insured person



Social Security Office

- Announcement of the Social Security office on criteria for adjudication of the unemployment benefit.
- Practical guidelines of the Social Security Office according to (2) in case where the name of insured persons do not appear in SSO database



Role of UI during economic crisis

- **A tool to alleviate poverty**
- **Mechanism for the unemployed to re-enter the workplace through employment services.**

What has SSO done for the insured laid-off unemployed ?

- **Extend duration of UI benefit payment from 6 months to 8 months.**

Recommendations

- **The responsibilities of UI benefit payment, employment services and skill development for the insured unemployed should belong to one agency.**
- **UI should start during the time of normal economic situation so that when the crisis comes, the unemployed can enjoy the benefit at the time that they need most.**

Thank you

