

Reference: 20210567

23 December 2021



Dear 

Thank you for your Official Information Act request, received on 25 November 2021.  
You requested:

*All Treasury Reports, Aides Memoires, and Treasury comments in Cabinet papers on Social Unemployment Insurance since 1 July 2021.*

I wrote to you on Monday 6 December to clarify the wording of your request and how the use of *in* may limit the search parameters. You confirmed that you were happy to continue with the current wording and our search was conducted on that basis.

### Information being released

Please find enclosed the following documents:

Item	Date	Document Description	Decision
1.	13 Aug 2021	Treasury Report T2021/2074: Social Insurance Updated Costing Scenarios	Release in part

I have decided to release the relevant parts of the documents listed above, subject to information being withheld under one or more of the following sections of the Official Information Act, as applicable:

- names and contact details of officials, under section 9(2)(g)(ii) – to maintain the effective conduct of public affairs through protecting Ministers, members of government organisations, officers and employees from improper pressure or harassment,
- advice still under consideration, section 9(2)(f)(iv) – to maintain the current constitutional conventions protecting the confidentiality of advice tendered by Ministers and officials,
- direct dial phone numbers of officials, under section 9(2)(k) – to prevent the disclosure of information for improper gain or improper advantage.

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Direct dial phone numbers of officials have been redacted under section 9(2)(k) in order to reduce the possibility of staff being exposed to phishing and other scams. This is because information released under the OIA may end up in the public domain, for example, on websites including Treasury's website.

### Information to be withheld

There are additional documents covered by your request that I have decided to withhold in full under the following sections of the Official Information Act, as applicable:

- section 9(2)(f)(iv) – to maintain the current constitutional conventions protecting the confidentiality of advice tendered by Ministers and officials, and
- section 9(2)(g)(i) – to maintain the effective conduct of public affairs through the free and frank expression of opinions

Item	Date	Document Description	Decision
2.	3 Sep 2021	Treasury Report T2021/2246: Social Insurance Working Group Costings	Withhold in full

There is also an additional document that was found to be in the scope of your request that I have decided to withhold in full under section 9(2)(f)(iv) of the Official Information Act in order to: *maintain the current constitutional conventions protecting the confidentiality of advice tendered by Ministers and officials.*

In making my decision, I have considered the public interest considerations in section 9(1) of the Official Information Act.

Please note that this letter (with your personal details removed) and enclosed documents may be published on the Treasury website.

This reply addresses the information you requested. You have the right to ask the Ombudsman to investigate and review my decision.

Yours sincerely

Thomas Parry  
**Manager, Communities Learning and Work**

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TE TAI ŌHANGA  
THE TREASURY

## Social Insurance Updated Costing Scenarios

<b>Date:</b>	13/8/2021	<b>Report No:</b>	T2021/2074
		<b>File Number:</b>	SH-2-6

### Action sought

	Action sought	Deadline
Hon Grant Robertson <b>Minister of Finance</b>	<b>Note</b> this advice to support the Government's work on social insurance	None

### Contact for telephone discussion (if required)

Name	Position	Telephone	1st Contact
Laura Berntsen	Senior Analyst, Communities Learning and Work	s9(2)(k)	N/A (mob) ✓
Nick Carroll	Manager, Communities Learning and Work	s9(2)(a)	

### Minister's Office actions (if required)

**Return** the signed report to Treasury.

Note any  
feedback on  
the quality of  
the report

**Enclosure:** No


## **Treasury Report: Social Insurance Updated Costing Scenarios**

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### **Executive Summary**

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s9(2)(f)(iv)




## **Recommended Action**

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We recommend that you:

s9(2)(f)(iv)



s9(2)(a)



Nick Carroll  
**Manager**  
**Communities, Learning and Work**

Hon Grant Robertson  
**Minister of Finance**

## **Treasury Report: Social Insurance Updated Costing Scenarios**

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### **Purpose of Report**

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s9(2)(f)(iv)

2. Additional context for this report was provided in the complementary advice to Ministers in the Social Unemployment Insurance Governance Group from the SUI Working Group.

### **Analysis**

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#### **The Treasury's Preferred Approach**

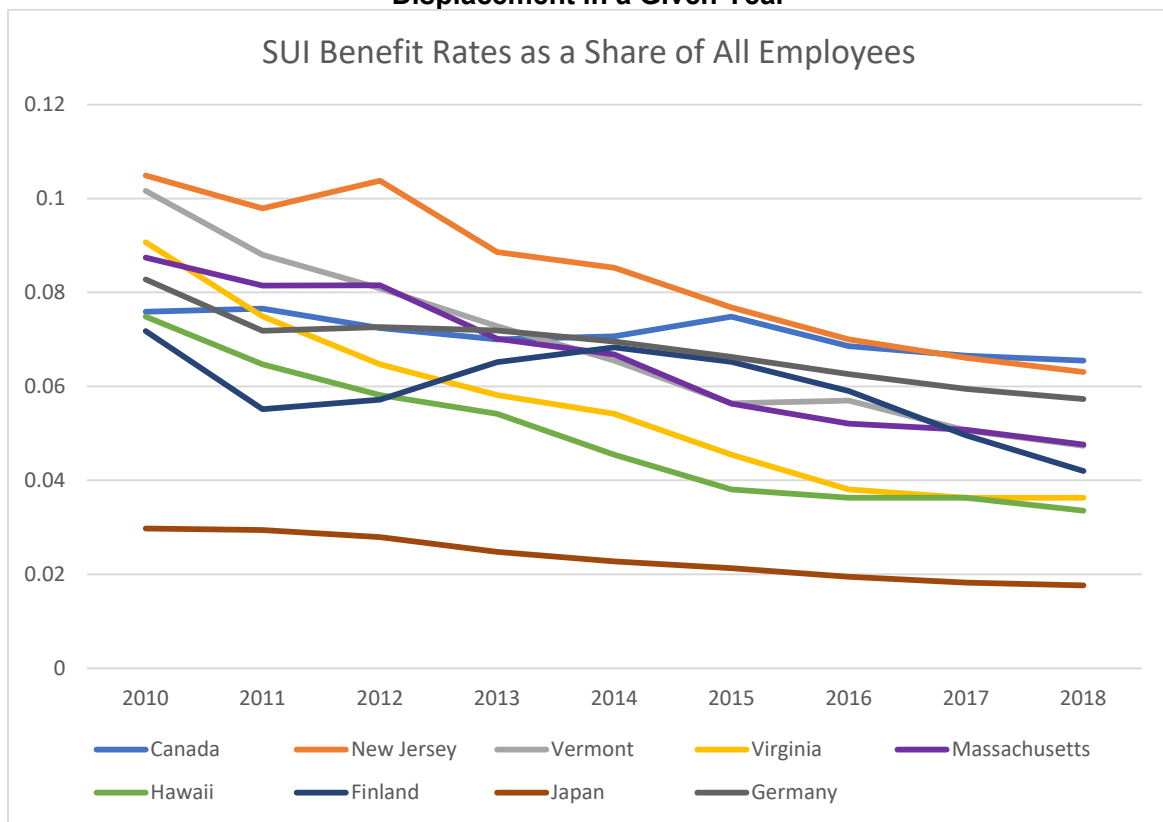
s9(2)(f)(iv)

#### ***Explanation of Preferred Approach***

s9(2)(f)(iv)

7. The international approach is based on observed data from countries with comparable labour markets, similarly designed systems, and comprehensive available data. While this is not a perfect approach given the differences across countries and schemes, the comparators selected represent a valid midrange. While it is true that there are differences between the New Zealand and overseas comparators' labour markets (e.g. available data suggests comparatively low rates of redundancies in New Zealand) it is reasonable to assume that if New Zealand introduces new incentives for redundancy, our labour market will behave more like ones that has those incentives built in.
8. The table below shows the share of the labour force receiving unemployment insurance for economic displacement across a range of countries and U.S. States with available data. Massachusetts (shown in purple) represents a mid-range comparator  
s9(2)(f)(iv)

**Table 2: Share of Employees Who Receive Unemployment Insurance for Job Displacement in a Given Year**



s9(2)(f)(iv)




11. The modelling approaches that rely on historical New Zealand data and applied to Jobseeker settings s9(2)(f)(iv) require numerous judgments, most significantly:

s9(2)(f)(iv)


- How behaviour will change as a result of introducing a SUI system

s9(2)(f)(iv)

s9(2)(f)(iv)




s9(2)(f)(iv)



### **Unresolved Design Features with Cost Implications**


- 22. There are several design features yet to be finalised that will impact the costs of the scheme. While it is difficult to accurately estimate their costs, Ministers should consider their implications. These features include:

s9(2)(f)(iv)




### **Fiscal and Other Implications**

s9(2)(f)(iv)



s9(2)(f)(iv)




27. This advice is solely focussed on the direct cost implications of introducing a new scheme. Due to resource constraints, **Treasury has not looked at the broader labour market impacts of introducing SUI**. These impacts would likely be significant and should be weighed against the likelihood the scheme would deliver its anticipated objectives.

## Annex 1: Methodology

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s9(2)(f)(iv)



Source of data for table<sup>2</sup>

### *Accounting for Differences in Scheme Design*


s9(2)(f)(iv)



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<sup>2</sup> U.S. Department of Labor. [https://oui.doleta.gov/unemploy/data\\_summary/DataSum.asp](https://oui.doleta.gov/unemploy/data_summary/DataSum.asp). State of Massachusetts. <https://www.mass.gov/info-details/how-your-unemployment-benefits-are-determined>.


s9(2)(f)(iv)



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<sup>3</sup> Hyslop, D., Mare, D., and Sin, I. Motu Working Paper: Incentive effects associated with Unemployment Insurance Schemes. June 2021.

s9(2)(f)(iv)

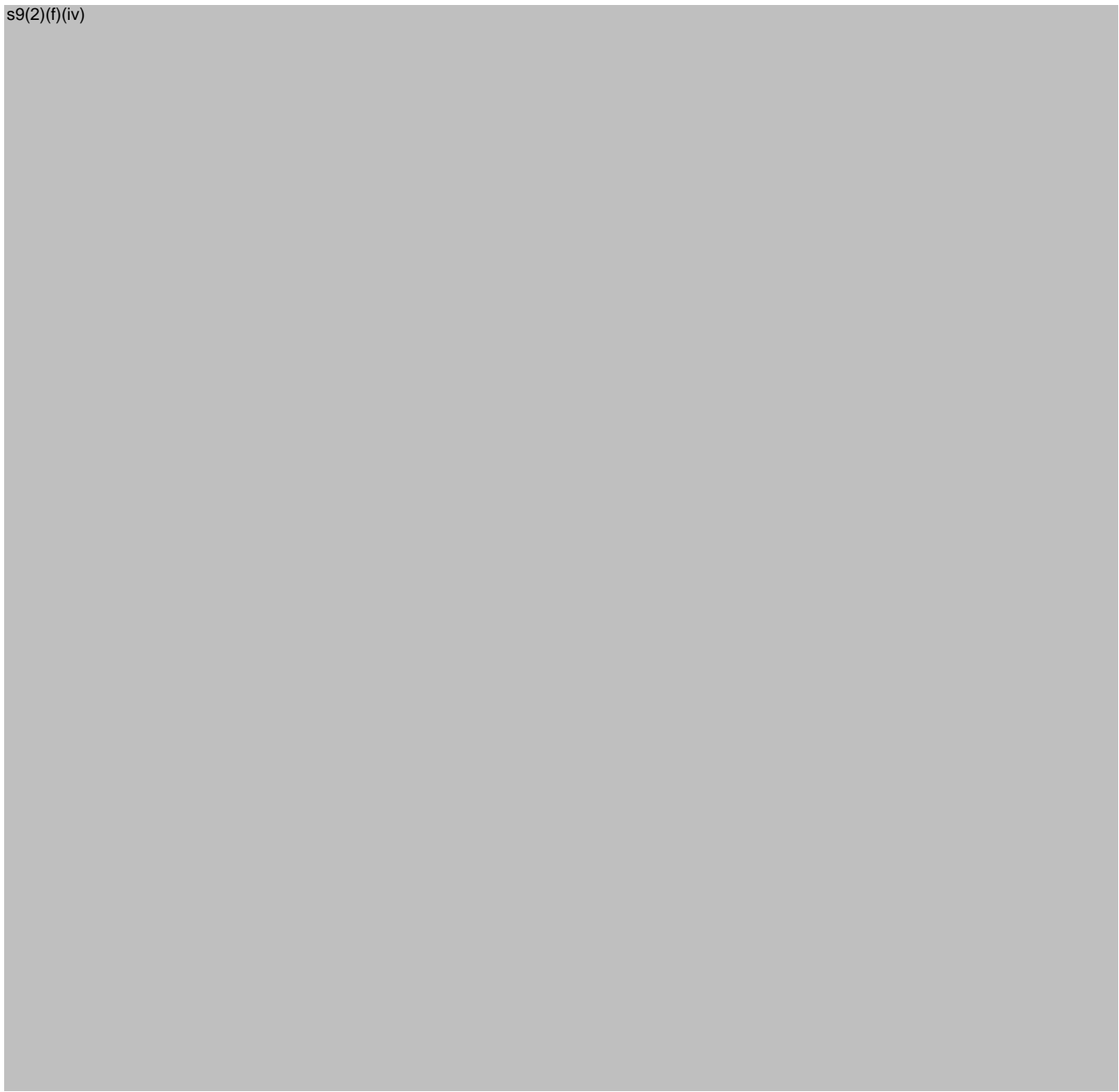


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<sup>4</sup> Mutual Information System on Social Protection Comparative Tables. Available: <https://www.missoc.org/missoc-database/comparative-tables/?test=>


European Commission: Denmark Sickness Benefit. Available: <https://ec.europa.eu/social/main.jsp?catId=1107&langId=en&intPageId=4489>

s9(2)(f)(iv)



*Accounting for Differences in Scheme Design*

s9(2)(f)(iv)




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<sup>5</sup> *ibid*

<sup>6</sup> OECD Average Wages. Available: <https://data.oecd.org/earnwage/average-wages.htm>.  
T2021/2074 Social Insurance Updated Costing Scenarios




s9(2)(f)(iv)



### *Methodology*

s9(2)(f)(iv)




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<sup>7</sup> Statistics Denmark.

<https://www.statbank.dk/statbank5a/selectvarval/define.asp?PLanguage=1&subword=tabel&MainTable=SOCDAG1&PXSIId=171188&tablestyle=&ST=SD&buttons=0> and <https://statbank.dk/10322>.

s9(2)(f)(iv)



s9(2)(f)(iv)

