

LAUNCH OF REINSTATEMENT COMPENSATION FOR UNEMPLOYMENT BENEFIT AND WGA SHORTFALL

WHAT DOES THIS MEAN FOR YOU?

The Dutch government has reduced the accrual and duration of benefit payments under the Unemployment Insurance Act [Werkloosheidswet, abbreviated to WW] and the Return to Work (Partially Disabled Persons) Regulations [Werkhervatting Gedeeltelijk Arbeidsgeschikten, abbreviated to WGA].



From 1 January 2019, if you lose your job and have worked for more than ten years, a shorter WW or WGA benefit period will apply to you. The social partners have decided to introduce the Regulations governing Private Unemployment Benefit Supplements and Wage-Related WGA Benefits [Regeling Private Aanvulling WW en loongerelateerde WGA, or PAWW-regeling for short] in the Dutch agricultural and green sector, which is a compulsory private benefit scheme.

A shorter benefit period may have financial consequences for you, and the PAWW scheme was developed to compensate for this financial shortfall. If it is included in your collective labour agreement, the PAWW takes effect after the statutory unemployment benefit and wage-related WGA payments stop. With the PAWW in place, the WW and WGA payment period will be brought back to its original level. The FNV, the CNV, and the trade unions affiliated with the VCP trade union confederation [Vakcentrale voor Professionals] have reached agreement with the employers on including a provision on the reinstatement of WW and WGA benefit payments [reparatie WW en WGA] in the collective labour agreement. This means that people who become unemployed will have more income security.

WHAT IS REINSTATED?

The WW and WGA benefit payments are now structured differently, and so is the calculation of your benefits rights. As a result, your WW or WGA entitlement period has been reduced. If you have worked more than ten years, you will accrue only half a month of WW or WGA, instead of a whole month, for each year worked after the tenth year. The maximum period of benefit payments has become 24 months. This used to be 38 months. The PAWW scheme reinstates this reduced WW and WGA period.

HOW HAS THE REINSTATEMENT BEEN ARRANGED?

Trade union members in your sector have decided to agree to the reinstatement of the WW and WGA period, that has been laid down at the collective bargaining table. The Stichting PAWW foundation was established to manage the contribution payments, and its executive board consists of employees' and employers' representatives. They make sure that the foundation contains sufficient funds to cover the benefits. In the exceptional case that expenditure exceeds the revenues, the benefit payments may be reduced or stopped.

EXAMPLE

Kirsten loses her job after 18 years. In the old situation, she would receive 18 months of unemployment benefit [WW]. However, in the new situation this will be different $(10 \times 1) + (8 \times 1 / 2) = 14$ months of unemployment benefit. Kirsten will be paid four months less, but this shorter period will be compensated by the PAWW scheme.

WHO PAYS FOR IT?

Employees pay the contributions for the reinstatement of the benefit period. The employer deducts these contributions from their gross pay and deposits them in the PAWW fund. The contributions for the statutory WW are paid by the employers, as agreed by the employers' organisations and the trade unions.

TABLE OF ANTICIPATED CONTRIBUTION RATES OF THE GROSS PAY

2019	0.3%
2020	0.4% indicative
2021	0.5% indicative
2022	0.6% indicative

ARE YOU CHANGING TO A JOB WHERE NO REINSTATEMENT ARRANGEMENTS HAVE BEEN INCLUDED IN THE COLLECTIVE LABOUR AGREEMENT?

In that case you will not be entitled to reinstatement compensation if you lose your job. That is why it is very important that the reinstatement of WW and WGA is laid down in as many collective agreements as possible.

More information (in Dutch) can be found on the Stichting PAWW website: www.spaww.nl.

The FNV has developed this information bulletin in cooperation with the CNV and the VCP.

