

# COVID-19 REPORT

*latest news and updates from the workers of Israel*



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## ISRAEL COVID-19

Confirmed Cases 16,458;

11,384 recovered

248 Fatalities

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## RESTRICTIONS:

May 3, public service returned to work.

Schools partially reopened for grades 1-3 and 11-12

From 7 May movement restrictions are lifted, shopping malls and markets reopened

## Israel Employment Service:

Unemployment continues to be over one million workers registered with the employment service.

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**Histadrut and the employers' organizations call on the government to establish an alternative employment model for unpaid leave.**

Employees and employers are jointly calling on the government to adopt a wage subsidy model to replace the furlough model currently implemented in Israel. In a joint letter to Prime Minister Benjamin Netanyahu, the Histadrut, and the Association of Manufacturers, the

Israel Chamber of Commerce and the Israeli Farmers Association (representing employers), based on a similar model operating in Germany as a significant instrument for returning the economy to activity.

"Returning the economy to employment and stimulating the return of workers from furlough and preventing workers from leaving the workforce, requires the use of alternative policy tools for the workforce, which will allow flexibility for employers and employees on the one hand, and economic security on the other, in the near term."

The proposed model, if adopted by the government, would allow employers to hire part-time workers instead of placing them on unpaid leave. In this case, the employer continues to pay the employee his wages for hours worked. For reduced hours, the employer pays the employee a reduced salary at a corresponding rate to the unemployment benefit rate. The employer would receive compensation from the government for the part of the salary, which he paid to the employee for the hours he did not work. Thus, the government allows the business to maintain reduced activity without affecting employee income.

According to the Histadrut and the employers' proposal, operating the model will be conditional on a 25% reduction in the business's income and with the employee's and employer's consent to

enter the model. Also, it will allow a reduction of up to 80% of the employment; and will allow flexibility in the volume of employment during the month. This will avoid the 'binary' state of either employment or furloughed and allow employers to adjust the scope of work to changing conditions.

"In the absence of alternative subsidy tools, employees face an incentive to favor the unpaid leave over the employment at a reduced job rate, and employers are forced to give up employees who could benefit from the business, even if the employment volume is reduced."

The proposal is based on the German model, which was first successfully deployed in the 2008 crisis, has proven particularly effective in light of the Corona crisis. According to the letter's authors, 25 of the 35 OECD countries are already implementing a wage subsidy mechanism, and the European Commission has allocated 100 billion euros to loans to member states that will adopt such models.

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