



incomeinsurance@mbie.govt.nz

6 April 2022

Dear Sir/Madam

ANZCO Foods' Submission Income Insurance Scheme

Thank you for the opportunity to provide feedback on the Government's proposed Income Insurance Scheme.

ANZCO Foods – New Zealand's fifth largest exporter – has 3,000 employees at peak season, most of whom work at its processing and manufacturing sites, mainly located in rural New Zealand.

ANZCO Foods takes its obligations to its employees seriously and pays the living wage as a minimum. In addition, the company also has a range of other incentives and benefits including offering tertiary/apprenticeship scholarships for waged employees. ANZCO Foods offers these and other benefits to help with employee retention.

With record low unemployment, the entire industry is struggling to recruit enough employees to manage their businesses and process farmers' stock when required, and this issue is further impacted by COVID impacting on the ability to recruit offshore.

Overall ANZCO Foods is not supportive of the scheme as it stands and has outlined its feedback and concerns below.

In a full labour market the proposal as provided by Government will have perverse outcomes on the labour market, in particular for seasonal workers.

Seasonal workers

Red meat processing in New Zealand follows the grass curve which means there is a peak season when farmers need to have their livestock processed. While the majority of ANZCO Foods' workforce are full time permanent employees, this annual pattern requires the industry to employ seasonal staff to cover the peak period which generally speaking is from November to June. Up to a quarter of our total employees are seasonal.

It is unclear how the Income Insurance Scheme proposal will apply to seasonal industries. The document states (p.80) that workers whether they are fixed term or seasonal, will be eligible for income insurance should the expected work not be available.

ANZCO Foods would like clarification around the definition of a season and layoffs. We are concerned that seasonal employees could game the system with the opportunity to receive 80% of their pay for six months making workers less inclined to seek permanent roles and encouraging workers to seek a seasonal "layoff".

In addition, seasonal workers typically work in other industries, eg horticultural, or have earned an income which supports a lifestyle choice they have made in the “off season”.

ANZCO Foods would like clarification on how this scheme would work for seasonal workers who have multiple employers. For example a person could work for the meat industry during the peak season and viticulture during that industry’s peak. Through this approach would they be eligible for two seasonal layouts and this creates a big disincentive for work continuity in industries that are already struggling.

Adding cost and administration

The proposal will add significant burden on employers, it will be difficult to manage and create a disincentives to working.

It is our preference that the status quo is maintained. New Zealand has record low unemployment and ANZCO Foods does not want a new scheme that creates incentives to not work while adding costs and additional employment burdens on employers, while also creating uncertainty around recruiting and retaining labour in the industry.

The proposed scheme will add cost and complexity to our business and create and uncertainty around employing staff. It will require new eligibility, claims management, processing as well as an appeal/grievance process with much of this complexity and administration costs falling on employers.

In addition, ANZCO Foods provides income protection insurance to its salaried employees, and this is likely to offer substantially better cover than a government enforced scheme that is effectively capped. The company also has redundancy clauses in most of its agreements so the scheme that is being proposed could result in double-dipping occurring where employees are made redundant.

Complex pay structure

Lastly the industry’s collective agreements have a wide range of pay rates and special payments including piece rates, overtime and allowances. These payments are already a challenge under the Holidays Act. This proposed change will add further complexity with potentially a new set of definitions required to calculate the four weeks pay at 80% of income and establishes another potential grievance and claims process.

ANZCO Foods would be happy to answer any question you have on this feedback.

Yours faithfully

Privacy of natural
persons

Peter Conley
Chief Executive
ANZCO Foods