

# Submission on A New Zealand Income Insurance Scheme

## Career Development Association of New Zealand (CDANZ)

Name	Heather Lowery-Kappes, President CDANZ
Organisation (if applicable)	<p>Career Development Association of New Zealand (CDANZ)</p> <p><b>About CDANZ</b></p> <p>Career development is:</p> <p><i>“The lifelong process of managing learning, work, leisure and transitions in order to move towards a personally determined and evolving future.”</i></p> <p>[Canadian] National Steering Committee for Career Development Guidelines and Standards, 2004.</p> <p>Career Development is a core support to ensure success of the scheme. Career development is a life-long endeavour, to build career and income resilience through this new age of accelerating change and disruption.</p> <p>Career support for all workers is a social justice issue, not a fringe activity.</p> <p>The Career Development Association of New Zealand (CDANZ) is a national organisation with 500+ members drawing together the broad range of people working in the careers and related fields under a unified professional vision:</p> <p><b>“The professional association leading the advancement of Career Development excellence for Aotearoa.”</b></p> <p>CDANZ recognises that the process of career development occurs in many settings, including education, industry, commerce, government, and the professions. CDANZ is a key point of contact in New Zealand for policy makers and other stakeholders with interests in career development. CDANZ works to champion policies which lead to the enhancement of career development in New Zealand. We collaborate with aligned associations and the international career development community to offer support, research, and mechanisms that are mutually beneficial.</p>
Contact details	Privacy of natural persons

## Responses to consultation document questions

The Forum considers the benefits of income insurance for job loss due to displacement or health conditions would outweigh its costs.

1 *Do you agree New Zealand should introduce an income insurance scheme for displacement and loss of work due to health conditions or disabilities?*

Yes

## Chapter 5 – Honouring Te Tiriti o Waitangi (Pg 49-51)

### Kawanatanga – Good governance and partnership

2 *How can we ensure the proposed income insurance scheme honours Te Tiriti o Waitangi?*

Ensure inclusive approaches to Māori engagement which reflects the inclusion and consideration of Māori perspectives and cultural values.

3 *What are the opportunities for partnership and Māori representation in the proposed income insurance scheme's governance and operations?*

Partnering with iwi and Māori agencies and organisations in the service design, implementation and evaluation of the scheme.

4 *How can we ensure equity of access, participation, and outcomes for Māori in the proposed income insurance scheme?*

As above

5 *How can we reflect and embed te ao Māori in the proposed income insurance scheme's design?*

As above

## Chapter 6 – Coverage for displaced workers (Pg 53-72)

### Displacement and standard employment (full- and part-time permanent employees)

6 *Do you agree with defining displacement as the involuntary loss of work due to the disestablishment of a job?*

Yes

7 *Do you agree with excluding poor performance and gross misconduct as reasons for claiming insurance?*

Yes

8 *Do you agree with excluding resignation as a reason for claiming insurance?*

Yes

### Coverage provided for complete job loss only

9 *Do you agree that income insurance should cover only the complete loss of a job, and cover situations where a person loses only one of several jobs that they hold?*

Yes

10 *Do you agree that insurance would be payable only where income loss was greater than a minimum threshold, such as a 20 percent loss of total earnings, counting income from all of their jobs?*

No. Extremely difficult to calculate and administrate in today's climate of precarious work. Simplest to assume every job is needed to sustain the claimant's lifestyle.

#### Displacement and non-standard employment – a principle-based approach

11 *Do you agree that it is important to provide income insurance coverage to non-standard workers, where practical?*

Yes, for the reasons of fairness, and because otherwise employers, - maybe tempted to change employment contracts defeating the purpose of the insurance – to protect workers' income.

12 *Do you agree that income insurance should cover the 'loss of reasonably anticipated income'?*

Yes, based on past income from a specified period. Unfortunately, there will still be potential calculation and threshold issues for many in precarious roles.

13 *Do you agree that income insurance entitlements should be based on an 'established pattern of work'?*

Yes, however many non-standard workers in New Zealand may not have a pattern, as such, which should not disadvantage them.

#### Coverage provided for fixed-term and seasonal employees

14 *Do you agree that income insurance should cover fixed-term and seasonal employees if they are displaced before the end of an employment agreement, with the duration of the payment running to the scheduled end of the employment agreement, or the maximum insurance entitlement duration, whichever is shorter?*

Yes.

15 *Do you agree that income insurance should cover fixed-term and seasonal employees, where their employment agreements are not renewed, and they can show a regular pattern of work and reasonable expectation of future income?*

No. If there is an employment agreement with a fixed term, there is no expectation of continuing work. Simplicity and consistency are key to the success of a programme such as this.

#### Coverage provided for casual employees

16 *Do you agree that income insurance should cover casual employees who can show a regular pattern of work with an employer and a reasonable expectation of future income?*

Yes – otherwise employers will be tempted to make everyone a casual employee!

17 *How would these design choices work in practice? What risks can you see with the approach to establishing a regular pattern of work?*

No comment.

### Coverage for self-employed workers

18 *What risks do you see with covering, or not covering, people in self-employment?*

By not including self-employed (due to the difficulty, presumably), you would not be covering the risk for a large and growing group of workers. Given our government's promotion of innovation and entrepreneurship it would be a counterproductive not to cover the self-employed.

19 *Are there some groups of self-employed who should and should not be covered?*

No.

20 *How can we practically distinguish between contractors who resemble employees, and those with a high degree of independence?*

It doesn't matter as they are all going to be treated the same and have eligibility for insurance payments.

21 *Because a self-employed person cannot technically be made redundant, what types of events would be appropriate 'triggers' for insurance payments?*

- Illness or disability (e.g. classed as "wear and tear" by ACC) that means a worker can no longer continue in that job
- Sudden loss of regular and expected work, e.g. sudden business closure.
- More work required to identify specific requirements for this group, but it's important they're included.

22 *How do you think the levy should be collected from self-employed workers?*

As a percentage of taxable income. Consider methodology for ACC levies.

### A modest minimum contribution period

23 *Do you agree with the proposed minimum contribution period of six months over a period of 18 months preceding the claim?*

Yes.

### Limits on subsequent claims

24 *Do you agree limits should be placed on the number of claims people can make?*

No.

25 *Do you agree with limiting claims to a total of six months within an 18-month period?*

No.

26 *Could the risks associated with a low contribution history be managed in other ways?*

Manage the risk by ensuring workers are provided with the professional career development support to enable them back into sustainable and meaningful work. Contribution history will build through holding sustainable work, therefore risk is reduced.

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## Coverage for New Zealand citizens and residents

27 *Do you agree with limiting coverage of the proposed income insurance scheme to New Zealand citizens and residents?*

Should be limited to the people who are able to meet the contribution requirements, whether they are New Zealand citizens and residents or not.

28 *To ensure New Zealand workers are not disadvantaged by lower cost international workers, do you agree that working holiday makers, international students and temporary work visa holders – and their employers – should contribute to the proposed income insurance scheme’s costs?*

Yes.

## Chapter 7 – Entitlements for displaced workers (Pg 73-95)

### Income caps and income replacement rates that match the accident compensation scheme

29 *Do you agree with a replacement rate set at 80 percent?*

Yes

30 *Do you agree with a cap on insurable (and leviable) income set at the same rate as the accident compensation scheme (currently \$130,911)?*

Yes

### Only personal exertion income would abate (reduce) insurance entitlements

31 *Do you agree that only the insurance claimant’s personal exertion income should affect their insurance entitlements?*

Yes

32 *Do you agree that income insurance should have individualised entitlement, meaning a partner’s income would not affect the rate payable?*

Yes

### Abatement rates would ensure a claimant is not financially better off as a result of their loss of work

33 *Do you agree that someone should be able to earn some income from paid employment before it affects their entitlements to income insurance?*

No.

34

*Do you agree that insurance should abate 'dollar for dollar' when earned income and insurance combined reach 100 percent of previous income?*

Yes.

**Insurance would generally be treated as income, to determine eligibility for welfare and student support**

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*Do you agree that insurance should be treated as income for assessing eligibility for income support such as main benefits and Working for Families tax credits and student support?*

Yes.

36

*Given the purpose of the In-Work Tax Credit and Minimum Family Tax Credit in encouraging people into employment and helping with in-work costs, do you agree that income insurance claimants would not be eligible for these tax credits?*

Yes.

**Insurance claimants could also receive New Zealand Superannuation or the Veteran's Pension**

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*Do you agree that income insurance claimants could also receive New Zealand Superannuation or the Veteran's Pension?*

If they meet the contribution threshold they should be eligible. Many New Zealanders work after turning 65 because they need to, and we know that this will be an increasing issue in the future with retirees having mortgages and superannuation not covering the cost of living.

38

*Do you think a limit should be placed on the amount of time someone can receive New Zealand Superannuation or the Veteran's pension and income insurance?*

There is already a time limit for the income insurance, so this is automatically dealt with. Keep it simple.

**Where eligible, insurance claimants could choose whether to access Paid Parental Leave or income insurance and may receive both sequentially**

39

*Do you agree that income insurance and Paid Parental Leave could be accessed sequentially but not at the same time?*

Yes.

## Insurance claimants could also receive ACC weekly compensation where it covers a different income loss

40 *Do you agree that claimants should be able receive both ACC weekly compensation and income insurance at the same time for differing income loss subject to independently meeting the eligibility criteria for both?*

Yes.

## A sufficient base entitlement period

41 *Do you agree with a base insurance entitlement length of six months, plus a four-week bridging payment paid by the employer?*

A four-week bridging payment is not realistic for many employment situations, therefore for simplicity this should not be a requirement, eg self-employed, casual contractors, seasonal workers.

In line with MSD's finding that the average length of time on the Job Seeker Benefit is 4.5 months, we recommend a 4-month base insurance entitlement period with provision for extension to undertake vocational training or for other approved reasons.

From a practical perspective the 4 months would incorporate a Recovery and Assessment period of a month, with active coaching and job seeking taking place over the latter three months.

Processes would be in place to identify and approve extenuating circumstances for extension beyond 4 months.

Reasons for recommending 4 months:

1. Evidence from MSD (see p89) of 4.5 month average length of time on Job Seeker Benefit
2. The knowledge in our industry that there is a level of urgency in a 3-month period that will be highly motivating for claimants. In our experience people with 6 months to find a job believe they can leave the work required until a lot later, and more easily slip into longer term unemployment patterns.
3. From an employers' perspective candidates who have been unemployed for shorter periods are seen as more attractive, therefore claimants will be more successful the earlier they become active job seekers.
4. Potential huge cost saving to run the scheme – helping to enable investment in provision of quality services to support claimants back to work.

42 *Would you support a longer or shorter length of base insurance entitlement?*

As above, a staged process is recommended, with 4 months' initial entitlement, and the ability for a case manager to apply for a further entitlement based on education, health related, or other needs. Again, no requirement for employer bridging.

## Extending the maximum period in specified circumstances

43 *Do you think the scheme should allow extensions to the base period of income insurance entitlements for training or vocational rehabilitation?*

Yes. See 41 above, recommending no bridging payment, 4 months base entitlement, with approval process for a further 2 month entitlement.

#### Enhancing the income insurance scheme with notice periods

44 *Do you agree that employers should give at least four weeks' notice to employees, and the insurer, before redundancy takes effect?*

Yes, apart from special circumstances (to be identified) where this is simply not possible, due to a sudden financial crisis/business collapse, for example.

#### Avoiding unnecessary redundancies

45 *Do you agree that employers should pay former workers for the initial period of unemployment for four weeks?*

No. Many smaller employers would be put off employing people with this risk over their business. The company and the employee have paid their levy for this insurance. The proposal to make employers pay for the first four weeks requires a double payment – once for the levy and again for 4 weeks' pay. Too onerous on small businesses that are the backbone of our economy, and where the next generation successful businesses will come from – if they are successful and not weighed down. Agility in small business can mean workers come and go, especially when work is based on contracts.

Arguably, the provision of four weeks' pay from the employer would bring the levy rate down, however on principal, and for the sake of employers and simplicity, the total insurance package should be 4 months flat (plus allowance for an extension) – no four-week employer payment. This approach also works for the self-employed, seasonal workers, and short-term fixed term workers where it is not realistic or practicable to make provision for 4 weeks' pay.

The insurance scheme needs to work for both employers, employees, and non-standard workers.

46 *Should bridging payments be applied to all workers, including those not eligible for income insurance?*

No. See Qn 46. We recommend there be no bridging payments in the scheme.

47 *Should the income insurance scheme finance bridging payments in circumstances where the payments are not forthcoming from employers, and refund employers for bridging payments if workers find work within this period?*

No. See Qn 46. We recommend there be no bridging payments in the scheme.

48 *Do you consider that stronger integrity measures are necessary to manage the risk of spurious claims to the income insurance scheme?*

We do not consider bridging payments are an integrity measure, but an unrealistic demand on organisations who have already paid for the scheme. The vast majority of companies just want to focus on the success of their business – their intention is not to take advantage of the system or their workers. There are too many employers who would sit outside this requirement to make it fair, eg self-employed, contractors, seasonal workers.

This scheme needs to be set up to be supportive, have checks and balances where needed, and assume good intentions from the outset.

Our recommendation to drop the initial base claim period from 6 months to 4 months would help keep the cost of the scheme down and speed up claimants' return to work, and therefore increase overall productivity of the workforce, contributing to GDP.

## Chapter 8 – Coverage and entitlements for loss of work due to health conditions or disabilities (Pg 96-112)

### No restrictions on the types of conditions covered by the income insurance scheme

49 *Do you agree there should be no restrictions on the types of conditions covered by the scheme?*

No comment.

### No restrictions on the working arrangements covered by the scheme

50 *Do you agree that all work arrangements should be covered (assuming other eligibility criteria are met)?*

No comment.

### Coverage for loss of at least 50 percent of capacity to work, for at least four weeks

51 *Should the scheme cover partial loss of earnings due to a health condition or disability reducing work capacity?*

No comment.

52 *If partial loss is to be covered, do you agree claimants should have at least a 50 percent reduction of capacity to work caused by a health condition or disability and that reduction is expected to last for at least four working weeks?*

No comment.

Claimants' medical practitioners would assess work capacity, with final eligibility assessed by the scheme administrator

53

*Do you agree that the claimants' health practitioner should be main the assessor of work capacity?*

No. For ACC contracts, the IOA (Initial Occupational Assessment) is a report written after a comprehensive interview with the claimant, suggesting possible work options for consideration by the medical practitioner. Approved providers of this process are Vocational Consultants, who are a Full or Professional Member of the Career Development Association of New Zealand – CDANZ, or a Registered Occupational Therapist. The medical practitioner completes the IMA (Initial Medical Assessment), which forms the basis for identifying medically sustainable work options.

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*Do you agree that, where appropriate, employers could provide supporting information to inform the claimant's work capacity assessment process?*

Yes, subject to claimant privacy and confidentiality provisions not being breached i.e. consent to release information is given. Note: Reminder that an employer does not have medical knowledge and information sought from the employer needs to be within their scope and fit for purpose.

#### Employers would remain responsible for taking reasonable steps to support an employee to continue working

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*Are the current requirements on employers to make workplace changes sufficient to allow health condition and disability claimants to return to their regular employment (or alternative work)?*

No comment.

56

*How could employers be supported to help workers with health conditions or disabilities to remain in or return to work?*

No comment.

#### Employers would be expected to make reasonable efforts to keep a job open where a return to work within six months is likely

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*Where an employee must stop work entirely because of a health condition or disability, do you think employers should be expected to keep a job open and help with vocational rehabilitation where a reasonable prognosis is made of return to work within six months?*

No comment

58

*Should this be a statutory requirement placed on employers or an expectation?*

No comment

#### The scheme would generally meet the full cost of income replacement once a claim is accepted

59

*Do you agree that employers should only pay a bridging payment to employees leaving work because of a health condition or disability when the employment is terminated by the employer?*

We have recommended no bridging payments be made.

## Chapter 9 – Insurance claimants' obligations (Pg 113-120)

### Reasonable obligations for people receiving income insurance payments

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*Do you agree claimants should be obligated to look for work or prepare to return to work while receiving insurance?*

Yes.

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*Do you agree that claimants would not be expected or required to accept offers of employment that provide lower wages or conditions?*

Yes

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*Do you agree the insurer could waive obligations partially or fully where a claimant is unable to meet those obligations?*

Yes

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*Do you agree claimants should be obligated to remain in New Zealand to remain eligible for income insurance?*

Yes – for any time out of the country that portion of the payment should be deducted.

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*Do you think a period of time, such as 28 days, should be allowed for travel overseas, for example, to support ill family?*

Yes – for any time out of the country that portion of the payment should be deducted.

### Specific obligations for claimants with a health condition or disability

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*Should claimants with health conditions or disabilities be subject to obligations to participate in rehabilitative programmes and other support, where appropriate?*

Yes

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*Should claimants with health conditions and disabilities be subject to obligations to search for work or undertaking training where they are able to?*

Yes

## Consequences for non-compliance

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*Do you think financial penalties should be in place for people who do not meet their obligations while receiving insurance payments?*

Yes – insurance payments removed for non-compliance.

68

*Do you agree that payments could be fully suspended in cases of serious, intentional non-compliance with obligations?*

Yes

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*Do you think any other consequences should be in place for people repeatedly not meeting their obligations, such as permanent suspension of entitlements?*

As for Qn 68, removing payments for non-compliance. There are other parts of the government support system they could then access.

## Chapter 10 – Delivering income insurance (Pg 121-134)

### Independent and effective delivery

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*Do you think it is best for ACC to deliver the income insurance scheme alongside the accident compensation scheme?*

Perhaps - in the current environment ACC do not have the resources, or the processes and efficiencies, to deliver this. The proposal to include both health and disability, and redundancy in the new insurance scheme adds massive complexity. There are parallels for the first with current ACC processes, however redundancy presents a very different set of issues. It may be that a fresh approach needs to be taken rather than “adding insult to injury” by loading a system (ACC) that already has some major issues.

71

*Would the income insurance scheme be better delivered by a government department or a new entity?*

Oversight by government but delivered in a way that is not going to result in high administrative, vs delivery, costs. The ACC restructure of 2012 resulted in a higher level of private delivery, overseen by ACC. From a provider perspective there have been pros and cons – if this proposal follows the ACC model the danger is that the current inefficiencies would be multiplied. See Qn 70 above.

"To support people through increasing labour market transitions, governments need to increase investment in public employment services (PES), combining digital services with personal counselling and placement services and improving labour market information to support decision-making. By making active labour market policies proactive, workers can be better prepared for these transitions. New mechanisms need to be found to reconfigure unemployment insurance, training and leave entitlements as “employment insurance”, improving employability (e.g. training for employment, self-employment or entrepreneurship) and empowering workers to pivot in the face of job loss. Collaboration between PES and other partner organizations,

including those in the private sector, needs to be reinforced. These are collective challenges; they demand collective responses."

**Work for a Brighter Future: Global Commission on the Future of Work, International Labour Organisation (ILO) 2019, p27**

Career development is:

*"The lifelong process of managing learning, work, leisure and transitions in order to move towards a personally determined and evolving future."*

[Canadian] National Steering Committee for Career Development Guidelines and Standards, 2004.

Career Development is a core support to ensure success of the scheme. The administration cost of the scheme need to be set in such a way that the major portion of the costs are able to be used for the intended purpose with sufficient funds for the career development component with sits at the centre of the success of the scheme.

#### Accountable and effective governance

72 *How could employer and worker perspectives best be incorporated to strengthen the income insurance scheme's delivery for New Zealanders?*

Not clear about the aims of this question. No comment.

73 *How could Māori perspectives best be incorporated to ensure the income insurance scheme is delivered equitably and with aspiration?*

Consultation and engagement with hapu and iwi, co-design, access to appropriate resources and delivery options.

#### Displaced workers: Getting back to good jobs

74 *What practical support should be available to insurance claimants to return to work?*

Access to career development professionals as case managers to support all claimants in exploring career and education options, and learning/applying job search and application skills. This service would be individualised to create a return-to-work plan. There may be access to group learning facilitated by professional career development practitioners as part of a programme. Referral to other services, such as mental health services or digital skills training would be incorporated into the case manager role.

Current research supports the intervention of a career development professional as the most cost-efficient and effective provider from the outset, leading to shorter, and more sustainable, interventions. The more quickly a claimant is engaged in the process and the more quickly they can obtain work, the better the outcome for the claimant and the scheme's funding. The 2020 Career Development Association of Australia commissioned meta-analysis found that displaced workers who received career development support from qualified practitioners, re-entered work 2.67 times faster in the 6 months following job loss than those operating without support – the research and evidence are most certainly there.

75 *Who should provide that return-to-work support?*

Trained and experienced providers of career development services belonging to a New Zealand based professional body already exist: Full and Professional Members of the Career Development Association of New Zealand (CDANZ). These CDANZ members are the current providers of services to ACC claimants for career development contracts, and the organisation has also partnered with TEC/MSD as sole providers to the Direct Careers Guidance Service now funded by MSD to develop and deliver services nationwide, online and in person. CDANZ members also supply career services to MSD in other areas.

With relevant qualifications and experience, underpinned by career development theory, CDANZ members adhere to the CDANZ Professional Standards which incorporate: the CDANZ Code of Ethics, Competency Framework, Continuing Professional Development Requirements, and a formal complaints procedure. Our members have police checks bi-annually and those working in government contracts hold individual professional indemnity insurance.

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76 *What type of claimants would need an employment case manager, and who could self-manage?*

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All claimants would be partnered with a professional career practitioner upon approval of their claim, who would assess their requirements and support them to obtain their education and/or back-to-work goals.

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77 *What do you think a 'return-to-work plan' should include?*

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1. Situation assessment using a standard process outlining the programme recommended for the individual. Options would be based on specified programmes, to be developed. Options would depend, in part, on whether the individual is claiming on the grounds of redundancy or health/disability.

- The assessment would include a comprehensive review of transferable skills, education, and experience, as well as claimant's own assessment, aspirations, and preferences. It would include a review of the claimant's ability to make formal job applications, ie digital competency, including access to computer, Microsoft software, social media engagement, current digital personal brand, as well as current CV review, assessment of other employability gaps or opportunities (e.g. access to transport, childcare).

2. Creation of comprehensive individualised back-to-work plan based on regional employment opportunities and the claimant's preferences/aspirations.

The plan may incorporate any or all of the following, based on packages/programmes developed for simplicity and efficiency in costing and pricing:

- career counselling to work through feelings of grief and rebuild confidence, explore options and possibilities, utilising career theory and models of practice and the reality of regional labour force opportunities, agreeing actions and timeframes.

- undertake career assessments to develop self-efficacy and career identity, towards clarifying career options; support and coach claimant in career option research (online and face-to-face)

- coaching claimants to navigate education options

- coaching claimants to develop, and use, good decision-making skills

- coaching in strategic job search and networking, informational interviewing, utilising

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social media, current connections, and how to approach potential job leads (the vast majority of jobs are not obtained through the formal job application process in New Zealand)

- drafting CV's and cover letters tailored to desired role(s), including training in amendments for later tailoring, keeping in mind new technologies such as Automated Tracking Software (ATS: HR filtering software)

- interview preparation and negotiation skills

- referral to other approved skilled providers, eg personal counselling, digital skill development.

3. Plan delivery and reporting – to be developed in a streamlined way to meet the needs of delivery organisations and clients, ie claimants.

### Health condition and disability claimants: Getting back to good jobs

78 *What practical support should be available to income insurance claimants with a health condition or disability to return to work?*

Same/similar as currently available to ACC claimants but developed for different requirements.

79 *Who should provide that support to return to work?*

Led by a professional career development practitioner (case manager) who would work with a multi-disciplinary team to support back-to-work goals, as takes place now in a variety of ACC back to work contracts, eg "Back to Work", Initial Occupational Assessments, Job Search, and others.

80 *What type of claimants would need a case manager, and who could self-manage?*

All claimants would be partnered with a professional career development practitioner (case manager) when approved for insurance, who would support them to obtain their education and/or back-to-work goals.

### Dispute resolution

81 *Do you agree with the proposed four-step dispute resolution process for the scheme?*

No comment.

82 *Are there specific aspects to the scheme's dispute resolution you think should be considered?*

No comment.

### Scheme integrity and enforcement

83 *Do you agree with the proposal to establish an effective offences and penalties framework to protect the scheme's integrity?*

Yes

### Information collection and sharing

84 *Do you agree with the proposal to develop information sharing agreements and sharing arrangements with employers, other agencies and service providers?*

The emphasis on any agreements needs to be on protecting the claimant and their privacy. The intention is to support claimants; the concern is that an adversarial relationship could develop to become “them vs us”. The concern about using ACC as the key agent in this proposal is the negative perception of ACC held by some New Zealanders. In order for the career development professional to work with the client a relationship of trust is an imperative, including confidentiality – a core of the CDANZ Code of Ethics.

### Chapter 11 – Funding income insurance (Pg 135-144)

#### Most funding would come from compulsory levy payments on income

85 *Do you agree the income insurance scheme should be funded from compulsory levies on the income that is insured, rather than from general taxation?*

Yes – it needs to fund itself.

#### Levy payments would be shared by employers and workers

86 *Do you agree that levy contributions should be equally split between the employee and employer?*

Unsure. Seems sensible, however there may be other factors at play.

87 *Do you agree that levies for health conditions and disabilities and for redundancy should be set separately?*

No.

#### Both the employee and employer would be charged at a flat rate

88 *Do you agree that employees should be levied at a flat rate on income below \$130,911?*

Agree that aligning with ACC guidance makes sense.

89 *Do you have any other suggestions for how the employee levy should be structured?*

No, however a flat rate regardless of income makes sense based on the proposal documentation.

90 *Do you agree that experience rating would not be an appropriate design setting for the employer levy?*

Agreed.

#### Levies would adjust smoothly over time, with independent fund management

91

*Do you agree that an independent fund with a stable levy-setting system should be established to finance the income insurance scheme?*

Yes

92

*Do you favour a Pay As You Go or Save As You Go funding approach?*

Unsure.

#### Building in scheme adaptability, while protecting levy sustainability

93

*Do you agree that the legislation for the income insurance scheme should provide the flexibility to vary entitlements and eligibility in times of crisis, over and above the proposed income insurance scheme?*

Unsure

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*Does such flexibility create risks that require additional mitigations?*

Unsure

#### Other comments

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