

Clubs New Zealand Submission – A New Zealand Income Insurance Scheme

To the Social Unemployment Insurance Tripartite Working Group
Ministry of Business, Innovation and Employment
PO Box 1473
Wellington 6145

Clubs New Zealand welcomes the opportunity to present this submission on a New Zealand Income Scheme.

Clubs New Zealand can be contacted via:

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Introduction

Clubs New Zealand Incorporated (Clubs New Zealand) is a not-for-profit, member led association representing more than 300 clubs around the country including Community Clubs, Cosmopolitan Clubs, Workingmen’s Club, Sports Clubs, and Returned Servicemen’s Associations (RSAs). Collectively our clubs employ more than 3,000 people and are a home away from home to over 300,000 club members.

Clubs New Zealand Submission

Clubs New Zealand does not support an income insurance scheme for New Zealand.

Clubs New Zealand does not believe that an income insurance scheme is required.

We understand that the proposed scheme is comparable to existing overseas models, however, the workplace relations landscape in these countries is arguably not as strong as that of New Zealand, and it is those “weaker” landscapes that necessitate an income insurance type scheme.



Worker's rights in New Zealand are incredibly strong, this means the redundancy and dismissal process is much tougher. In overseas examples where these schemes are in place, it is much easier to initiate redundancy and therefore, the risk to employees of "shock" redundancy is higher.

We do not believe that such an insurance scheme will result in higher productivity, and it is the view of our member clubs that it is simply another tax that they cannot afford. Recent studies that have been carried out into similar overseas schemes appear to confirm, that the measurable impact of insurance pay-outs is to encourage redundant workers to take a break from employment. This is contrary to the intent of the scheme, which is to enable workers to find meaningful work following redundancy.

There is little evidence to suggest that such insurance schemes improved employment outcomes, at least when measured by pay rates.

We hold concerns that the insurance scheme would encourage workers to "wait it out" until the perfect job came along. With the security of 6 months off at 80% of their normal pay, there is little incentive to get back into the workforce quickly. This is particularly concerning for the hospitality industry which is categorized as a high turnover industry already suffering from extreme labor shortages.

The speed at which this scheme is being expedited is also concerning. Any policy that is developed at speed is open to unintended consequences and this one is no exception. Under the current timeline, that aims to see this policy introduced in 2023, we do not believe that the working group will be able to pay due consideration to the feedback of submitters and if required make changes.

It Is Clubs New Zealand's current belief that the scheme as described would be easy to manipulate and open to dishonesty. This already suggests that more work is needed.

Clubs New Zealand is confident that existing disability and health conditions are appropriately covered under the existing benefit schemes and that existing employment and specifically redundancy provisions, ensure that employees are provided adequate notice.

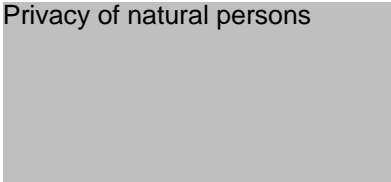
One of the arguments for implementing such a scheme is to provide certainty, particularly after the events of Covid. What businesses and families do not need right now is further levies. The reallocation of paychecks into another scheme that the majority of workers will never need to access (roughly 3.6% of New Zealander's are made redundant, laid off or have to stop working due to health or disability per annum), is unreasonable given the sky rocketing cost of living. Families are already having to make tough decisions regarding the use of their paychecks, it would be unwarranted to burden them further at this time.

For our clubs, the reality is the same. The cost of doing business is increasing daily, we have just seen another minimum wage increase, sick leave allowances have been increased. Supplier costs are increasing, rising inflation and banking restrictions to name a few are all strangling our not-for-profit clubs, after two years of uncertain trading in the midst of a pandemic.

For those reasons we cannot support the introduction of an income insurance scheme for New Zealand.

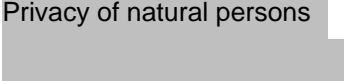
Thank you for the opportunity to submit. Please contact us if you have any further questions.

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