

Submission template

A New Zealand Income Insurance Scheme

This is the submission template for the discussion document, A New Zealand Income Insurance Scheme.

*The Ministry of Business, Innovation and Employment (MBIE), on behalf of the Government, Business New Zealand and the New Zealand Council of Trade Unions, seeks your written submission on the matters raised in the discussion document by **5pm on 26 April 2022**.*

Your submission could be made public

The information provided in submissions will be used to inform policy development on the proposed income insurance scheme, including how it could be improved and how it could affect different groups. We may contact submitters directly if we require clarification of any matters in submissions.

The Privacy Act 2020 applies to submissions and responses. Any personal information you supply to MBIE in making a submission will only be used for the purpose of assisting in the development of policy advice as part of this review. When businesses or organisations make a submission, we will consider that you have consented to the content being included in any summary of submissions unless you clearly state otherwise. If your submission contains any information that is confidential or that you do not want published, you can say this in your submission. Please clearly indicate in your cover letter or email with your submission if you do not wish your name, or any other personal information, to be included in any summary of submissions that may be published.

Submissions and responses may be subject to requests for information under the Official Information Act 1982. Please clearly indicate in your cover letter or email with your submission if you have any objection to the release of any information in your submission, and which parts you consider should be withheld, together with the reasons for withholding the information. Your views will be taken into account when responding to requests under the Official Information Act 1982. Any decision to withhold information requested under the Official Information Act 1982 can be reviewed by the Ombudsman.

How to make a submission

*Please send your written submission on the options and questions in this consultation document by **5pm on 26 April 2022**. You can make your submission (preferably using this submission template) as follows:*

- 1. Include your name, the name of your organisation (if applicable), and contact details. We may contact submitters directly if we require clarification of any matters in submissions.*
- 2. Your submission may respond to any or all of the questions in the consultation paper. Where possible, please include information or evidence to support your views. We also encourage your input on any other relevant aspects of the income insurance scheme in the “Other comments” section.*
- 3. Sending your submission:*

 - a. Attach as a Microsoft Word document or searchable PDF and email to:*

incomeinsurance@mbie.govt.nz (preferred), or

b. Mail your submission to:

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

If you have any questions on the submissions process, please contact incomeinsurance@mbie.govt.nz.

Submission on A New Zealand Income Insurance Scheme

Your name and organisation

Name	Dylan Cliff
Organisation (if applicable)	n/a
Contact details	Privacy of natural persons

Responses to consultation document questions

Chapter 4 – How a new income insurance scheme could achieve our objectives (Pg 30-48)

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?

No, we don't need it. We already have an income insurance scheme, its called welfare. This sets up a secondary welfare scheme. All of the effort and money that in invested in this scheme should just go to increasing welfare payments and making them actually useful for covering people in the event of them losing their job. This entire discussion document essentially admits that welfare isn't good enough, and we need to start discussing it in such terms.

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?

The income insurance scheme will inadvertently affect Māori in the sense that it is based on previous income. Māori are more likely to be in low paying jobs so this scheme will passively discriminate. There is also a risk that Māori do not access the scheme if they don't know it exists. A yearly review should be put in place to ensure that the scheme is being equally applied to Māori and ensure that they are aware of the scheme and can access is when a person qualifies.

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

Tangata Whenua should be involved in the development of the law from the outset to ensure that it is made equal. This should include specific roles for Māori that have veto power ot equivalent so that these views are actually heard rather than being shouted down by some bureaucrat who thinks they know better. Let Māori speak for themselves.

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

I am not Māori so I can not possibly give meaningful feedback on this point.

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

I am not Māori so I can not possibly give meaningful feedback on this point.

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?*

No, all of this language is too bureaucratic and not understandable by a normal person. Why can this legislation not reflect standard New Zealand English vernacular. There is no reason that displacement should be used instead of any other word that people might actually understand like redundancy, it is defined quite specifically so the chosen nomenclature is clearly a choice by someone that wishes to obscure and make the legislation harder to understand by lay people.

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

These should not be conflated together. Poor performance is a judgement call by an employer and may not realistically reflect on an employee's actual work behaviour. Gross misconduct is a crime or other serious wrongdoing. Gross misconduct SHOULD disqualify someone from qualifying. Poor performance should not, as this is a common excuse used by bad employers that may not reflect reality. They should NOT be conflated in the legislation.

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

No, resignation is a choice, and many people who choose to resign do so for a multitude of reasons, for instance, for on-going childcare. Those who are resigning for a job they already have (i.e. they have obtained a new job and are resigning from their old job) would never use this scheme. So, excluding those who have other reasons to resign, such as the need to care for disabled loved ones, or dependants, is not fair to these people, as they have a good reason and should be fairly compensated for such 'work'.

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?*

The basis for income insurance should be evidence that the money they would otherwise get from welfare would not cover their needs. The qualification for the income insurance scheme should be tested against their reasonable living costs, so it should not depend on whether they have more than one job or whether they lose that job in its entirety or not. The insurance scheme should be means tested, and thus should always apply where there is a loss of hours, job etc.

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?*

Yes, but it should be means tested. If you are going to the effort of introducing more bureaucracy then you should at least make them do some actual work. Considering the basic math, if someone loses say, 30% of their income the scheme would top this up by 80%, which means that they are, overall, being paid 94% of their original income. I hardly think that that is appropriate. The threshold should be increased. 20 percent means that someone who loses a small amount of income has basically no change in their lifestyle. This is again, a slap in the face of those on

'standard' welfare who are struggling. This is all a justification for the service to follow the guidance of Option 3 in Figure 3, to cap income insured at 80% of 'normal' income.

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, non-standard workers should be covered, otherwise the legislation is unintentionally discriminatory against those not in 'standard' full time employment. Work is rarely full-time anymore, to think otherwise is to be ignorant of the reality. More and more people work in the 'gig' economy and making sure they have a consistent income stream should be a priority of the scheme.

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

Respectfully, what does that even mean? As someone who has worked in resource management law the definition of future events is incredible difficult to assess. Who will be monitoring this? How will this be quantified or made equitable? It basically reads like a rich person expected to get a raise and didn't, so they apply for income. Why are we considering including this. Should be removed.

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

No, employers are REALLY good at giving people unreliable hours in casual employment agreements or in 'gig' type work. Establishing a pattern of work is very hard to prove, and is commonly manipulated by larger organisation (looking at places like fast food who will roster someone to conveniently not work in the 3 Mondays up till a public holiday so they don't have to cover a day in lieu). No, income insurance should be based on historic income only, not previous hours worked. It will also be easier to administer as this information is more readily available from IRD.

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, this should apply as it would make sure the law is equitable and covers all work arrangements.

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?*

Yes, the term for this should be discussed WITH SEASONAL EMPLOYEES, and not their employers as they are the ones who can tell you the sordid details of unequitable employment arrangements that could result in someone losing their job and income.

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?

What does that last part mean? "Regular pattern of work and a reasonable expectation of future income", who assesses this, the employee? The employer? How does an employee prove this to the scheme provider? This sounds like a recipe for people to get disqualified through no fault of their own and to be buried in paper-work and bureaucracy. It should cover casual employees based on previous income alone and nothing else.

17

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

Read above. Almost impossible to do in any equitable or reasonable way. It would bury someone in paperwork and leave the decision up to a, more likely than not, poorly trained and managed bureaucrat. The "regular pattern of work" should be entirely removed and instead replaced with a income based approach which looks only at the average income by some window (average weekly income over the previous 4-6 months perhaps) before they were "displaced" from their job.

Coverage for self-employed workers

18

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

Self employment is managed by an individual and is difficult to assess. For instance some self employed roles are in the 'gig' economy, that should actually be covered by employment law but employers get around this by gross contract terms and tenure. However, there are also those who have highly seasonal self employment and would potentially take advantage of the system as they are in control of their income. There are this 2 risks:

1. People who are in 'gig' economy work, or working in film for example, are not adequately covered, despite being standard employees.
2. There is a risk of abuse of the system by individuals who have always had highly seasonal work and would use the scheme to "top-up" their income between down times

19

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

Once again, this should be means tested against previous income, as this is easy to do and the information is all held by IRD. With respect to some groups, I cannot say, self employed is too broad an umbrella.

20

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

You can't, the government previously made the law such that you cannot distinguish, you'd have to first repeal the hobbit laws, and nobody has yet proposed that so good luck.

21

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

Health issues, disability, collapse of a particular industry (for instance plumbing is now done entirely by robots)

22

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

Self employed workers should have a targeted scheme based on historical usage of the scheme by those who are self employed. Similar to the way ACC levies are made. It would start at the proposed rate of 1.39% and then increase or decrease yearly based on how much of the 'self-employed' pool is used. That way if those who are self employed are using the scheme more often they will pay for that in their off-time and not be subsidised by others.

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?*

This seems fine.

Limits on subsequent claims

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

Maybe. If I work for 6 months in the past 18 months and I qualify for a maximum of 6 months of assistance (as proposed) there is still a 6 month period with no income whatsoever (above and beyond regular welfare, which this legislation should REALLY NOT REPLACE). Yes there should be a limit, it should be zero because you should just increase welfare payments to actually cover realistic costs of living.

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

As mentioned above this seems fine. Let more people go on welfare and see how awful and underfunded a system that is.

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

The insurance scheme is another social insurance scheme, like ACC. I don't see why we would need to be worried about someone's temporarily low contributions, over their working life they are likely to pay more money in than they get out.

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?

No, of course not. Why would this scheme NOT cover those who are working in New Zealand and otherwise apply. If people pay into the scheme, such as those on working visas, they should be covered by it. To do anything else is to be demonstrably unfair and cruel.

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?

Is this a reference to people moving to New Zealand to work, such as fruit pickers? Or people who move to new Zealand temporarily for other reasons, such as working holiday via holders? Those who pay for the scheme should be able to use it, no question. It should apply to ALL workers in New Zealand. If everyone pays, everyone should be covered, and why wouldn't everyone pay?

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, the replacement rate seems reasonable. It would require belt tightening but otherwise be fair

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)?

The cap on insurable income should be capped at 130,911, but there should not be a cap on leviable income.

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?

No, all income should be considered. The views of the paper that the scheme should cover "personal income" is simply not equitable and, once again, sets up a two tier, unbalanced and unfair welfare system.

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

The purpose of the scheme is to ensure income, but it is behaving, unlike ACC, much like welfare (jobseeker support), in that it primarily applies to those out of work. If it is behaving like welfare, income should be determined in the same way welfare is, i.e. a partner's income SHOULD be taken into account.

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?*

Yes, people should be able to earn some money, but it should not be able to make their income greater than their before insurance income.

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

Yes, though I would make the threshold 90% so that we aren't spitting in the faces of those in welfare.

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

35 *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, insurance scheme income is income, and should be treated accordingly.

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 income is income.

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

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

Veteran's Pension and NZ superannuation are not means tested, however, there is a concern that those who are near retirement, and would otherwise retire, instead have a 6-months of leave subsidised by income insurance. I would suggest that those who qualify for superannuation should not also qualify for income insurance, or that this is means tested based on their personal savings and assets. I.e. someone with a high asset and savings level who also receives superannuation should not also get income insurance.

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?*

Yes, following on from the above, the system should not be used as a way for those who are on the threshold of retirement to get 6 months of additional money out of the income insurance system.

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?

The suggested scheme should be used. Early in the life of a child is crucial for their wellbeing and paid parental leave and these entitlements should be permitted to be used sequentially to allow for recovery from birth and the important early growth months. Particularly given the number of complex and demanding pregnancies that are occurring due to the increase in size of infants.

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?

Bureaucratic nightmare, but I don't see any particular issues. Though defining eligibility will be difficult. What about a situation where someone has an injury and is made redundant because of that injury, but asks their boss (or themselves where they are self employed) to "make them redundant" so they can access both payments? Though I doubt this would ever be a real issue.

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?

Seems pragmatic, but I don't know why you don't just make welfare better rather than investing all this time and energy into something so patently unfair.

42

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

I would say the shorter the better, but 6 months seems pragmatic and acceptable. Ideally we wouldn't need income insurance because welfare would be good enough.

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?

Sure, it incentivises people to train rather than search vociferously for work.

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, employers should be required to give a notice period. Though why this is being suggested here and not under employment law review is a mystery.

Avoiding unnecessary redundancies

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

To encourage employers to not make hasty decision, yes it should be done.

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

Yes, once again, to encourage employers to consider seriously any redundancy or termination of employment.

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?

If the purpose of the bridging payments is to discourage employers from terminating employees then no, only in cases where there is a redundancy and an employee is internally redeployed should this apply. Otherwise the discouragement doesn't exist.

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

Yes stronger integrity measures should be imposed. These should happen regardless of whether this legislation is approved or not.

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?

Yes, absolutely.

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)?

Yes

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?*

Yes.

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, why are the thresholds lower than for the general eligibility (20% loss of earnings). There is no reason that this should be the case, eligibility should be the same as the general eligibility criteria and there is no reason it should be lower. The 50 % reduction is based on the most strict definition (as discussed in the paper) and is entirely unjustified. Loss of earning due to disability should be the only thing determining eligibility.

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?*

Yes, a health practitioner is the most appropriate person to assess disability or capacity to work. Second opinions are always dubious and rarely take into account the full history of someone's capacity. Just look into ACC to see the failure of this system to function appropriately. There is no need to target people with a second medical opinion, as suggested, it just increases burden on the system and creates unfair outcomes through practitioners who's primary purpose is to assess people as fit for work. I don't think that a second opinion is warranted or helpful, would in fact be detrimental to trust in the system and just emulate the trauma that many people face when looking into similar ACC claims.

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

Supporting information could be helpful, but this needs to be VERY CAREFULLY CONSIDERED, given the need for confidentiality in personal medical circumstance.

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

55 *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)?*

In some instances yes, in others, not at all. This is really quite conditional, and depends on industry. Generally, more prescriptive requirements are needed as people get away with some woeful accommodations, particularly in the trades.

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

Don't make employer participation voluntary. It leads to some organisations being incredibly accommodating while others are not at all. Whatever requirements are decided should be mandatory and not open to voluntary participation

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

57 *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?*

The window of time may be argued as generous, but 6 months is appropriate. If the reason for losing the job is not in the employer's control then they should endeavour to do their best. There are already accommodations for people to be on temporary contracts for things such as parental leave, so having 6 months of accommodation, similar to what occurs with parental leave, is entirely appropriate

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

Of course it should. Nothing that is voluntary is ever well attested by all employers, and for this to provide a good benefit to employees it needs to be applied generously across all workplaces.

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?*

The purpose of the bridging payment is to make employers more reticent to fire people because they know it is covered by income insurance. This is not the case with people who are terminated due to health condition or disability. I believe the advice given by the forum in this matter to be sound.

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

Reasonable obligations for people receiving income insurance payments

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

Yes they should, though the monitoring of this should not be egregious as it will lead 'over-monitoring' and be expensive to administer increase unnecessary overhead costs to the scheme.

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

They should not be obligated, unless it is by their own volition, though the magnitude of this would need to be specified, is 90% of their original wage considered "lower" what about those in very well paid highly skilled work, such as at manufacturing plants that close? Would they ever be able to reasonably find a job with similar wages and conditions?

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

No, the insurance scheme is a scheme that you pay for, like insurance, why could you be disqualified for obtaining that which you have paid for. But, if this is the same as the welfare system, it begs the question, why are we implementing a second welfare system?

63

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

They should be obligated to stay, otherwise people would use the system to have, effectively, a working holiday elsewhere. It could also result in people earning money from the scheme and from overseas, where IRD would find it difficult to account for.

64

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

Yes the 28 days seems an appropriate amount of time, though as discussed an extension should be proposed, such as where the care of a dependant is necessary, as people are not likely to be able to apply for work in New Zealand in such circumstances.

Specific obligations for claimants with a health condition or disability

65

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

Is this an income insurance scheme or ACC? This sounds a lot like ACC. If we are administering it as strictly as ACC, why wouldn't we just apply this under their existing obligations?

66

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

The recommendations suggest a hugely bureaucratic process to administer those with disabilities or health problems as well as all those who are out of work. These are similar to obligation under ACC or by Work and Income for standard welfare. Which once again begs the question, why are we recommending a two tier welfare service in New Zealand?

In short to this particular question, no, they have a health problem or disability, it adds extra burden specific to them and is unfair.

Consequences for non-compliance

67

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

I disagree with this bureaucratic heavy process, I don't think it will give value for money and is expressly unfair.

68

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

I disagree with this bureaucratic heavy process, I don't think it will give value for money and is expressly unfair.

69

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

I disagree with this bureaucratic heavy process, I don't think it will give value for money and is expressly unfair.

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

Independent and effective delivery

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

No, I think Work and Income should, because this is WELFARE. Further there is NO discussion of other providers, almost as if the only option was ACC and no other administrative bodies were considered.

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

It should be administered by an existing agency, work and income, and it shouldn't exist, you should just increase welfare payments.

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?

Include those who are young in the process. Largely these processes use older individuals who are seen as 'leaders' with 'proven experience' and younger individuals with valuable ideas are ignored or passed over. This creates a system that is inherently generationally biased towards those who are older and their particular interests.

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

I am not Māori I could not possibly say.

Displaced workers: Getting back to good jobs

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

Apply for jobs for claimants, help write CV's and cover letters, connect those who are being insured with face to face meetings with potential employers. This would be far more effective than these rather useless "return to work plans" which are a bureaucratic nightmare and rarely reflect reality.

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

Certainly not ACC, as they are not equipped, perhaps MSD, but then, why aren't they administering the whole scheme?

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

Those that ask for it.

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

I don't think you should have a return to work plan, I think case managers should actually do real work and assist in writing cover letters and CV's for those not in employment.

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?*

Physical support and assistance to get to health appointments.

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

Support workers who are well resourced to provide physical and ongoing support.

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

Those that ask for it. People will tell you what they need, they don't need to be categorised by someone as if they aren't a real person.

Dispute resolution

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

The proposed resolution process seems fit for purpose, though should be reviewed at times to establish whether it is actually working as intended or whether it is too difficult to access.

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

I think that the points made regarding urgency are warranted and should be a priority, as pointed by the forum.

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?*

Any penalties should be adjusted for inflation, and continue to do so, that this is not considered in penalties automatically is a major error. The penalties need to be realistically large enough to discourage or punish deceptive individuals.

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?*

Yes, information sharing is a good thing and would make the scheme more efficient. The best place for this would be if the scheme was administered by work and income and not ACC.

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, though all income should be insured, and all people should be eligible.

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?

Yes, though I don't see the distinction, as employers are likely to pay people marginally less to accommodate the scheme.

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

No, the scheme should be completely covered by one fee, this makes it easier to administer.

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?

Undecided

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

The cap on amount payable to employees should remain but the cap for levies should be removed. This would reduce pressure on those of lower wages as those with higher incomes pay an equal amount. It also means that everyone pays the same proportion of their income into the scheme, rather than those who have a higher income paying a proportionally lower amount into the scheme. It would further reduce price pressure for all who use the scheme.

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

Experience rating is a good concept, but I agree that initially there are disincentives to its implementation. It should be considered 3-5 years after the law is implemented, however, to establish whether any abuse of the system is occurring..

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?

An independent fund should be established, though there should be a cap on the time period for adjustments, i.e. only adjust every 3 years.

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

Save as you go is the more prudent approach and gives resilience to the fund in the future. It could also allow excess funds to be invested to create an additional income stream, similar in function to the ACC investment fund.

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?

I don't think that this should be the case. Yes uncertain financial situations do arise, however, increasing entitlements in times of crisis would further entrench the idea that this scheme is an alternative and unfair form of welfare, which it is already. It would also mean that wealth inequalities would be further strained as those on high incomes have a buffer for unexpected price pressure, while those on fixed incomes do not. Any change to the scheme should be seriously considered against the fairness of such a scheme.

94

Does such flexibility create risks that require additional mitigations?

Flexibility would create risk, significant financial risk in particular. This could be mitigated against an investment fund, where biannually a portion of excess funds are invested and that this can act as a pool of self-generating returns. These returns, and the capital itself, could be legislated in such a way that it could be entirely consumed in times of need, unlike the ACC investment funds where this is not appropriate.

Other comments

The Scheme appears to be a Frankenstein's Monster of ACC levies mixed with Welfare. The whole scheme as proposed will be a bureaucratic nightmare, just as much as ACC, but has the added penalty of being completely and patently unfair, as people out of work will get different levels of support. This will not make the country more equitable and will instead create additional strain on existing income divisions. What's more the system being proposed is every bit as unwieldy and bureaucratic heavy as any other we currently implement, and would also have all the same inefficiencies as well. Having another top-heavy administration nightmare is not something New Zealand needs, and once again, further entrenches inequality as those who are less educated cannot reasonably navigate the system efficiently.

This is welfare, call it by any other name you want it serves exactly the same purpose as existing welfare systems. Even worse, it's a form of welfare that depends on income, almost as a tacit admittance that the existing welfare system doesn't work as a cushion and that it cannot provide for New Zealander's needs. All of the efforts being put into this system would be far better spent in better funding the existing welfare system and ensuring that it was adequate for the needs of all New Zealander's.

The discussion document as written is not entirely adequate, and does not provide enough justification for decisions made, and even then, it is far too long for any reasonable person to assess or scrutinise fully.

Some suggestions of this legislation go beyond its remit as a Social Income Insurance Scheme and branch into Employment Law. Now I agree that employment law needs to be changed and the

suggestions are sound. But once again, why is this not implemented, tomorrow, on its own. They would provide the same benefit and do not need to be linked to such an unequal piece of legislation.

I have ventured my best to give good feedback, but in the end it all boils down to this, implement the levy, and put all of the money from the scheme into welfare so that it can cover the reasonable costs of living in new Zealand. There is no reason this can't be done, and all of the benefits stipulated in this document would be implemented in a far more equitable way.