

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	Erica Donova
Organisation (if applicable)	
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.

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)

Kawānataanga - Good governance and partnership

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

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

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

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

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?*

In principle yes, however workplace performance does not occur in total isolation from other factors. "Poor performance" may actually be caused by a medical or disability issue.

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

Sometimes workers may feel bullied into resigning from a position, or feel that a job is worsening their mental or physical health and in this

case I would support these workers being provided government assistance.

For example, I used to work in a hospitality job that regularly requested staff work split shifts/work in excess of 40 hours and due to workload we were not supported to take regular breaks. I ended up leaving that job due to medical issues. I had been to hospital three times (query heart issues and twice for stomach ulcers), and also ended up developing chronic fatigue issues. In that case I would have liked to have government support as I felt I had no choice about staying, and had no funds to engage an employment lawyer.

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?

1 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?

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

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

Yes

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

Yes

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

Yes

Coverage provided for fixed-term and seasonal employees

1 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

1 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?

Coverage provided for casual employees

1 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

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

	Coverage for self-employed workers
1 8	<i>What risks do you see with covering, or not covering, people in self-employment?</i>
1 9	<i>Are there some groups of self-employed who should and should not be covered?</i>
2 0	<i>How can we practically distinguish between contractors who resemble employees, and those with a high degree of independence?</i>
2 1	<i>Because a self-employed person cannot technically be made redundant, what types of events would be appropriate 'triggers' for insurance payments?</i>
	Illness/health issue likely to cause a certain length of time out of work?
2 2	<i>How do you think the levy should be collected from self-employed workers?</i>
	A modest minimum contribution period
2 3	<i>Do you agree with the proposed minimum contribution period of six months over a period of 18 months preceding the claim?</i>
	No
	Limits on subsequent claims
2 4	<i>Do you agree limits should be placed on the number claims people can make?</i>
2 5	<i>Do you agree with limiting claims to a total of six months within an 18-month period?</i>
	No, as life and trajectory of illness aren't always linear.
2 6	<i>Could the risks associated with a low contribution history be managed in other ways?</i>

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

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?

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

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

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

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

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

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

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?

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?

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

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?

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

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?

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

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

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

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

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

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

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?

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

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

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

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

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?

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

Yes, as they know the person best. The trouble is for individuals that do not have a regular GP, or those who are on under two year work visas who are not eligible for New Zealand healthcare. They are unable to enrol with a GP.

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

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)?

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

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?

Yes

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

Statutory

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?

No

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

This is not a clear cut situation – some may be able to look for work, but for some being asked to do that would not be beneficial and may set their recovery back further.

As someone who has dealt with WINZ, I was not helped by their job-seeking service, and this would have been even worse if I had more severe health issues than I currently.

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

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

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

Yes

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

Yes,

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

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

The key is where they are able to, this should not be a hard and fast rule.

Services for rehabilitation also need to keep up with the times – such as telehealth. As a person with even a ‘mild’ disability, sometimes going to appointments is overwhelming. Also some people may not drive, or may not be able to drive for a period of time due to their medical condition.

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

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

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

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

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

A entity working alongside ACC,

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

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

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

Who should provide that return-to-work support?

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

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

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

Who should provide that support to return to work?

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

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

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

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

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

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

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

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

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

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

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

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

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

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?

Does such flexibility create risks that require additional mitigations?

Other comments

As a person with disability and a Nurse, I feel like this is long overdue. ACC has been helpful for some, however it's services have become more and more tough to access. This is due to the co-pay needed for people to pay, and also availability of services being limited eg concussion rehab. We have seen patients strung along for weeks after referrals have gone out, and certain things GPs are not even able to refer for, as ACC needs to sign things off. It's interesting that Doctors

are having to essentially ask people less qualified than them for sign off for a treatment or test they think is medically needed.

I am concerned if the insurance scheme is not set up correctly then these issues will just be replicated on a wider scale. The scheme would need a strong foundation, input from clinicians and those who live with disabilities. Otherwise we run the risk of people who are not medical trained would be essentially making decisions on who 'deserves' assistance.

It will be vulnerable people missing out on care that the welfare state is meant to provide.