

From: Privacy of
To: [IncomeInsurance](#)
Subject: re : Submission for New Zealand Income Insurance Scheme
Date: Monday, 18 April 2022 6:36:21 am

18th April 2022

Dear Sir/Madam

I wish to make a submission opposing this proposal for the Income Insurance Scheme.

Key Points :

1. The cost of this will impose more cost in the form of an extra tax on both employers and employees.
2. The proposed cost of this scheme is 1.39% for employees and employers . This is effectively a pay cut to employees of 1.39% and a cost to employers of an extra 1.39%
3. The inflation rate in New Zealand is at a very scary level and this extra cost will help to promote extra wage inflation. The government should be doing everything it can to promote reductions in inflation not encourage more inflation. This extra cost to employees and employers will fuel more wage inflation going forward.
4. In many cases Employees will demand that Employers pick up the employees share of the cost of this levy so in the end the cost will fall back on the employer . There are thousands of businesses struggling now with the effects of Covid and this is just another cost that businesses don't need.
5. We are at full employment now and it looks likely in the foreseeable future that the labour market is going to get tighter with a mass exodus of young people from New Zealand as our borders open up
6. The whole concept of an income insurance scheme lasting for 7 months is flawed. This is what the New Zealand welfare system is designed for and for which we already pay taxes. We have a huge range of welfare benefits available for people who lose their jobs including:
 - unemployment benefit
 - sickness benefit
 - accommodation benefit
 - working for families tax creditAnd there will be more
7. Employees have got the opportunity to take out their own income protection insurance
8. The scheme will be "gamed" on a continuous basis and businesses will suffer the cost of this . No amount of rules will prevent this happening in some shape or form whereby some employees continually access the income Insurance scheme
9. The administration costs of this will be huge . As a comparison 33% of ACC levies are used in administration . The costs of this scheme will be similar if not higher. This means at least 33% of the levies raised will be wasted in the administration process . We already have an administration process in place called Work and Income New Zealand and this does not reduce current employees pay packets or cost employers more

Other Points

1. The consultation process to New Zealand employees has been very low level. Why is there not a national survey on this to employees ?
2. Kiwisaver is a voluntary savings scheme. Why would this be compulsory ?
3. I am keen to be heard in person on this proposed bill

Summary

The Income Insurance scheme should be discontinued

Yours Sincerely
George Collier
Fellow Chartered Accountant
Privacy of natural persons

[REDACTED]

We are now operating under ORANGE level. Masks will still be required for all in person meetings. If necessary, please call to discuss alternative meeting arrangements.