

# Submission template

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## 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](mailto: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](mailto:incomeinsurance@mbie.govt.nz).

# Submission on A New Zealand Income Insurance Scheme

## Your name and organisation

Name	Julia Freeman
Organisation (if applicable)	
Contact details	Privacy of natural

## 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?*

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?*

By including Māori at all levels of the process, from the highest levels of design and decision-making through to meaningful community consultation. The system needs to be considered from more than just the standard western, Pakeha view of health and disability. A key way of actually improving outcomes for Māori are to design a system that is more aligned with Te Ao Māori.

3 *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?*

See #2

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

See #2. This can't be answered simply through a submission process, there needs to be meaningful Māori representation embedded into the whole design and establishment of the system.

## 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?*

I don't know much about it, but I guess so. I think there should also be space to include people whose role has been disestablished, but have been offered a different role that is of a lower pay scale and/or is not comparable to the previous role. People get pushed into accepting roles they don't want and are not comparable to their previous role, because they need the money and the alternative is resigning, which then rules them out from receiving certain supports.

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

Yes, although should be considered on a case by case basis. Plenty of employers are not ethical and fair, and it would be really gutting to be unfairly dismissed for 'poor performance' (e.g. no communication about what the issues were and how to improve, not given a chance to improve), and then also be denied the support which help you survive until you find a better job.

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

Yes and no – should be considered on a case by case basis. Life is complicated and in any social support system there needs to be space to listen to a person's individual circumstances before a decision like this is made.

### 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?*

No – workers are always being disadvantaged by things like sneaky contractual stuff, and a change to hours can have a significant and stressful impact on your ability to survive. If you are an employee and suddenly your hours drop from 20 hours to 10 hours, how are you supposed to survive on that with very little notice, especially if you other commitments mean you can't fit in an additional role to make up the extra hours.

The people in our society who are most disadvantaged in terms of income and access to fair employment are the ones who are most likely to have multiple jobs, and to be stuck in roles where the contracts disadvantage them and give more power to the employer.

If income drops significantly that should qualify someone to access support, whether it's a complete loss of a job or not.

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 and no. I think it should be determined based on what their total earnings are. Someone making \$100k a year who drops to \$80k a year is not going to be struggling in the same way that someone earning \$20k a year will struggle if their income drops to \$18k. The less you earn, the more you have to stretch each dollar, and using a flat percentage threshold doesn't account for that.

A drop in income of \$50/week can be the difference for some people of being able to buy enough food that week or not. But if that \$50 less didn't meet the threshold they would still be in a situation of having to rely on things like community pantries and food banks. We shouldn't be expecting our citizens to rely on the hope that others have donated food just so they can survive that week.

A support system needs to be realistic and meaningful, not just based on black and white percentages that are applied across the board with no consideration of people's circumstances.

#### 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

12

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

yes

13

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

Not always. People who are struggling to survive often don't have regular income, and if someone has had a period of really low and unpredictable income (which is why they need the support in the first place) and that is the period that is used to calculate their support then how is it actually helping them to get back on track?

As a bare minimum, it should be based on a fair living wage, with additional income on top of that when previous work indicates that. AGAIN, life is complicated and the system needs to be based on having conversations with individual people to assess what is fair, not just applying blanket rules that can't possibly serve everyone fairly.

#### 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?*

yes

### 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, but needs to be flexible to take into account when employers are the ones to muck around with the hours which then destroys any chance of establishing a regular pattern of work.

17

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

The very fact that they are casual employees means that they don't have the same rights to consistent hours and income, so casual workers are already at the mercy of last minute changes to employment by their employer. A 'regular pattern of work' is exactly the type of thing you can't guarantee as a casual employee, so this concept seems like it will rule out most casual workers right from the start.

### Coverage for self-employed workers

18

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

Self-employed people are already dealing with unpredictable income, and do not get things like holiday pay, sick pay, time off in lieu etc. They are constantly having to survive on unstable income, making it work with what they have, not taking time off because they can't afford it.

Not covering self-employed people would be incredibly unfair, especially those (like me) whose work means that they won't get covered by ACC if they get injured from cumulative conditions like RSI. And then we can't claim things like therapeutic massages on our tax to try and avoid the risk of RSI. We're stuffed either way. There HAS to be support in this type of system to treat self-employed people like they are allowed to be human and get sick and be injured.

Also, if we actually want to encourage homegrown innovation and skills, then we can't disadvantage people who are trying to do that through being self-employed instead of working for a big company whose profits go overseas.

19

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

20

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

21

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

Injuries not covered by ACC, mental health experiences that prevent working/earning at the same level (self-employed people work so hard and have no access to sick pay, holiday pay etc, so they are often at higher risk of burnout).

Events beyond their control like COVID.

22

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

Similar to the ACC levy – calculated individually based on the individual's specific nature of work, hours of work, risk factors etc.

#### 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 claims people can make?*

It depends. Some people are really doing it tough and are literally just dealing with a lot more crappy circumstances than others. They shouldn't be turned away from getting support just because they are always in the position of having less power and others making decisions that are out of their control.

25

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

Not necessarily. Depends on individual circumstances - as long as they can show that they have been doing their best to find appropriate employment during that time and that the barriers are not within their control, there should be space for exemptions to this limit.

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

Tax multinational corporations and millionaires appropriately instead of expecting people who are on a low income and already struggling to 'prove' that they deserve support.

#### 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?*

Not sure. Don't know enough about it to say.

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?*

If they have access to the support they should contribute to it. If they are not eligible for the support then why should they contribute to it? They need that money to cover their own backs since the system won't support them.

#### 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?*

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?*

No. If they are receiving a lot of money from other means (e.g. investments, family trust etc) then that should be included in their income total. Why should people be allowed to keep hundreds of thousands of dollars of income and assets untouched when those who are struggling to buy their kids shoes are ruled out because they just miss the threshold? It's inhumane. Nobody has the right to hoard money.

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



It depends on the specific situation between those partners and how/if income is shared – i.e. if your partner provides you with a safety net or not.

#### 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

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

No. Everyone should have the right to a fair living wage (pro rata for how many hours a week they are available for work), and people who have been abused by employers that pay under a living wage shouldn't also be abused by a supposed support system.

#### 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?*

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?*

No. Give people a freaking break, FFS. If they are constantly restricted to the lowest possible amount of income then they will never be able to actually rise out of financial hardship and will be reliant on support systems for so much longer.

#### 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?*

yes

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?*

In theory, but depends on the situation – should be assessed individually

*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?

Not my place to say, no knowledge about the issues involved. Needs meaningful consultation with people who have used paid parental leave about the potential risks of this rule.

**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?

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

**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

**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, or pay out the equivalent income instead of the full 4 weeks notice.

## Avoiding unnecessary redundancies

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

yes

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

yes

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?*

yes

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

Only if these integrity measures are created with strong participant from people with lived experienced of using support systems e.g. those with disabilities. So-called 'integrity measures' are often created by people who have no clue about the complexities and realities of dealing with support systems, and they end up making life so much more difficult for the people they are supposed to help.

## 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 and no. If people lose work because they keep injuring themselves due to risky recreational activities that are within their control (e.g. skiing, extreme sports) there should be a limit on how many times they can claim, since they are putting themselves in a situation where they know there is a much higher risk of injury that will affect income.

### 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?*

Same answer as question 10. Yes and no. I think it should be determined based on what their total earnings are. Someone making \$100k a year who is not going to be struggling in the same way that someone earning \$20k a year will struggle if their income drops. The less you earn, the more you have to stretch each dollar, and using a flat percentage threshold doesn't account for that.

A drop in income of \$50/week can be the difference for some people of being able to buy enough food that week or not. But if that \$50 less didn't meet the threshold they would still be in a situation of having to rely on things like community pantries and food banks. We shouldn't be expecting our citizens to rely on the hope that others have donated food just so they can survive that week.

A support system needs to be realistic and meaningful, not just based on black and white percentages that are applied across the board with no consideration of people's circumstances.

### 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, but with the ability for individuals to appeal a decision. Not all GPs are amazing doctors who listen to you, take your concerns seriously and have the expertise in every health condition to make the judgement call about how someone is being affected. Lived experienced needs to be valued alongside theoretical expertise.

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

This would be a slippery slope. Employers are not experts in someone's health condition, and an employee should not have to disclose personal details of their health condition to their employer in order to access support.

An employer could provide objective information about what a role requires, but not whether they think someone 'should' be able to do it when they are saying they can't.

**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)?*

No. They are often too weak and allow employers to avoid making accommodations because of the word 'reasonable'. 'Reasonable accommodations' is very vague, and there needs to be much clearer expectations about what employers are expected to provide, so that employees with disabilities are not constantly at the mercy of a decent human for a boss.

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

Listen to the workers, they are the ones who know what they need! Maybe there could be a small fund employers can access to contribute to the 'reasonable accommodations'.

**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?*

yes

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

Statutory requirement

**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?*

No, they should also pay it when an employee has been made redundant and has been offered a replacement role that they have chosen not to accept.

**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?*

If their health and circumstances allow them to

61

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

Yes, although there should be a small buffer for people who earn a substantial income e.g. if you earn more than \$60k, you are expected to accept a role that pays within 90% of your previous income.

62

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

Yes, listen to people's individual circumstances

63

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

In theory yes, but there should be exemptions for e.g. leaving the country for a funeral, to visit a sick loved one etc.

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

#### 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?*

Ooof, another slippery slope. Who determines what is appropriate? Has the potential to be really disempowering and silencing of people with disabilities. And rules around this need robust participants from people with lived experience.

66

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

Same as above.

#### 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?*

Only after they have been given the chance to explain why it was not possible to meet the obligations.

68

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

yes

69

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

Maybe, but cutting off someone entirely from support is incredibly risky. For example, in the case of people who are struggling with addiction, mental ill health etc, this can lead to behaviour that could be labelled as 'repeatedly not meeting obligations'. There needs to be space for people who have made progress or whose circumstances have changed to gain the support they need.

e.g. children are now in school so employment seeking will be easier.

e.g. ended a relationship with a volatile partner so they are now more settled

## 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

71

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

Whoever runs it, there needs to be comprehensive communication and integration with other support services like WINZ, so people are not constantly being told one thing by one entity and another thing by a different entity.

### 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?*

73

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

## Displaced workers: Getting back to good jobs

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

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

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

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

## 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?*

Ask them. Disabilities and health conditions are diverse and the only person who is the expert in their condition is themselves.

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

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

Anybody who wants one to navigate the process.

## Dispute resolution

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



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

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### 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?*

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### 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?*

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### 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?*

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#### 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?*

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

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#### 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?*

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

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

#### 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?*

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

#### 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?*

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

### Other comments

This template is so incredibly involved and long, it isn't particularly accessible.