

Submission on A New Zealand Income Insurance Scheme

Your name and organisation

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Organisation (if applicable)	
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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

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?*

Not knowledgeable enough to comment

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

Not knowledgeable enough to comment

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

Not knowledgeable enough to comment

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

Not knowledgeable enough to comment

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, to generic.

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

This question is too generic. The cause of poor performance or misconduct would influence my response. If someone suffers burnout and this results in poor performance or an outburst I would say No. If it was due to bullying behaviour I would say Yes.

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

No. Some people may resign due to a health or mental health issue which prevents them from working to the required capacity. ACC funding for health and mental health varies depending on the situation and family income. Again, this is too generic.

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?*

Depends on the cost benefit ratio which varies for every individual. You can't group all workers like this.

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?*

Again, it depends on the cost benefit ratio for every individual.

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?*

Again, it depends on the cost benefit ratio for every individual.

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

If someone chooses income protection insurance, then yes.

13

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

If someone chooses income protection insurance, then yes.

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?

If someone chooses income protection insurance, then 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?

If someone chooses income protection insurance, then 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?

If someone chooses income protection insurance, then yes.

17

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

Varying employers need of the employee based on predicted and unpredictable business workload.

Coverage for self-employed workers

18

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

I refuse to answer this, it is up to the individual to balance their own risks and priorities.

19

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

Whose right is it to comment on the rights of another. Is this not in breach human rights, inequality, and discrimination.

20

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

No comment.

21

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

No comment. Who is qualified/experienced to answer this for all New Zealanders?

22

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

No comment.

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?

No, if this is a government scheme then 18 months is too long.

Limits on subsequent claims

24

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

If there is then they shouldn't have to pay for insurance anymore. This question is too specific.

25

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

Everyone is unique how can you possibly have people answer this for everyone.

26

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

Yes, make the scheme optional.

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?*

If Non-New Zealanders can get private income protection insurance, then they have every right to whatever you propose too. Again, more discrimination and potential breaches of human rights.

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?*

The scheme should be optional for everyone, period. Anything else is breaching human rights regardless of past precedence in other countries.

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?*

No, people should have the right to chose and manage their own risks.

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)?*

No, everyone’s situation is different what if they have 5 children, one family income and are just getting by.

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?*

Yes, with the exception for those who’s incomes exceed the cap who may have more dependants/responsibilities.

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

Yes, same should be said of mental health support too but that is currently not the case.

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, provided the scheme is optional

34

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

Yes, provided the scheme is optional

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, provided the scheme is optional

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, provided the scheme is optional

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?

No, this is not provided by private insurance schemes.

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.

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?

Yes, provided the scheme is optional

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, provided the scheme is optional

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?*

No, people should be allowed to choose their own risks for their own cost benefit ratio.

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

No, people should be allowed to choose their own risks for their own cost benefit ratio.

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?*

No, private schemes do not offer this.

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

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?*

No, takes responsibility away from the employers

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

No comment but should be similar to current private schemes

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, provided the scheme is optional

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, provided the scheme is optional

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, provided the scheme is optional, though people should be able to choose their own risks, not everyone's needs are the same as implied by this question.

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 every situation is different. Again people should have the right to choose their own risk.

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?*

Which practitioners are recognised? GP's are the go to but what about mental health. Phycologists aren't recognised by the kiwisaver scheme and if that was to be the case here it would be wrong also.

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

Yes, only with permission of the employee first

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)?*

Depends on how well they understand the issue, the flexibility they have and the support they are offered outside of the organisation. Mental health for instance can be hard for some people to understand and adapt to. Its one thing having requirements and another providing support and education.

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

Listen, have support available to them so they can best help. Why there is no government EAP like support system is beyond me.

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, but they should be supported in finding temporary employees

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

An expectation since every situation is different and requirements are too prescriptive

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 because that would pressurise some people to continue working in an unhealthy situation until the employer decides it's the right time

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?*

Definitely not, some people may need to focus on rehabilitation and looking for work may jeopardise this, ironically delaying their return to work further. E.g. if someone left due to social anxiety do you really think it is right to ask that person to go socialise in an interview situation. This question is upsetting and shows a complete lack of understanding of the vast number of individual reasons why someone may lose their job or must leave their place of work. Private insurance does not require this. If this was going to be based on a majority vote then this process is completely wrong. I would personally challenge this with any public or private scheme if it was used to prevent a claim, it is unethical and harmful.

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

Yes, provided the scheme was optional

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

No

63

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

No, provided the scheme was optional

64

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

Who can judge what is a fair time to spend overseas or why? What if they are receiving treatment overseas, recovering from burnout in a tranquil place, learning new skills. This question is too broad and there are too many situations to regulate, so don't start. I think they should be able to take as long as they want.

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?

No. Finding help for mental health in 6 months is a struggle or near impossible. Sure have the ambulances lined up at the bottom of the cliff but don't force people into them by threatening to take away their rights. This is overcontrolling and inhuman.

66

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

No, see question 60.

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?

No

68

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

No

69

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

No



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?*

Definitely not. Their mental health funding requirements do not support equality, e.g. only certain types of abuse are covered, on top of this they require more paperwork from those trying to help people hence limit their ability to help more people. Any organisation that cannot see that problem or care to fix it should not be entrusted with anything else. It should be provided by private providers and it should be optional just like kiwisaver. Private providers already have the resources and knowledge and need to keep costs down due to competition so why think ACC can do it better especially when they have no motive to keep costs down hence charge the tax payer more.

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

No, the government or any of its affiliated organisations be allowed to be the 'sole' provider for this insurance. They have no incentive other than media attacks to keep costs down and be held accountable for bad judgement. Again, this insurance should be optional.

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?*

Make it optional and not have the employer fund it. Industries will only see it as a cost and reduce the next employee payrise by said cost no matter what advice or views people have. Making the employer contribute is only hiding the real cost to the employees.

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

Everyone is an individual regardless of race, so listen to their opinions.

Displaced workers: Getting back to good jobs

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

None, this should not be part of this scheme. Focus on the mental health system, the education system and any other system which is designed to help everyday New Zealanders. Don't create a new one at the expense of the others but do try and get all systems talking to each other and on the same page.

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

Everyone including you, me. It would be nice to have ONE central wellbeing site/organisation who seeks all those individual organisations helping with health, financial, cultural and employment challenges and helps link people to them. Also, could help share resources and knowledge between them and feedback to the government which would keep them more in touch with their people. It seems everyone is looking too closely, in too much isolation and missing the big picture which is hurting everyday New Zealanders, so don't create a new system which yet again misses the big picture.

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

No-one should have a case manager, keep costs down please. Again this scheme should be optional and also be as if it were competing with private insurance.

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

Nothing. Don't breach people's privacy. It is very upsetting to be struggling, have someone investigating someone like a criminal, reminding them of their present perceived inadequacy and placing them under stress.

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?*

Again none, this should not be part of this scheme. See question 74.

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

Again everyone, see question 75.

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

None, see question 76.

Dispute resolution

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

No comment.

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

No comment.

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?*

No comment.

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?*

No people have the right to their privacy and any information shared about them has to have their permission first.

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?*

I disagree with both options. The scheme should not be compulsory. Why is this question worded as if there is no option to object to the scheme being compulsory? If applied and opted in by the employee it should be a levy.

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?*

No, it should all come from the employee. Employees end up by wearing the cost anyway so why hide that fact. Doing so would make it fair to be an optional scheme.

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

No, how is this different from paying for private insurance anyway?

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?*

I don't agree that there should be any compulsory employee levy.

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

Make it optional and probably customisable or risk burdening people who are struggling or simply don't need it. One size does not fit all.

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

No comment

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?*

Yes, and have the same management adjust tax brackets per the change in average wage. Note the tax bands have not shifted in over a decade yet the average wage has increased. But again

this scheme needs to be optional what if they adjust it and an individual can not longer buy enough food each week.

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

No comment

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?*

Yes, just as I agree that individuals should have the right to vary their input/insurance in times of crisis or change of situation. Can have this freedom for the provider and none for the customer.

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

Yes, people should have the right to opt out for any reason 'without question' especially if they can't afford it.

Other comments

I am all for income protection, I have private income protection myself but only to the level I need and to what I can afford. I like the idea of a government supported scheme ONLY IF it is optional just like kiwisaver and there is no employer contribution. Currently I cannot afford kiwisaver so have temporally opted out mostly due to the previous loss, now reduction in, of my wife's income due to mental illness. When given the choice between saving my money in kiwisaver or paying for unfunded treatment up to \$200 a week of unknown duration so that she can have a happy life and get back to full capacity at work when she is ready I choose to spend/invest money in her. When given the choice to put more money into my private income protection insurance or help her, I help her whilst balancing the risk by paying only for the level of insurance I need at my age, in my industry and in my situation with my capital. My wife is now working casually part time and what she earns is a bonus and a blessing, some of which can be put aside for times of need. Both of us would not want her to have income protection insurance right now as we need free access to direct that money where it is most needed right now.

So, considering what I have just written if this scheme started tomorrow, it would cost me a lot more than my private provider, though with more cover which I can't justify. It would also limit my ability to support and help my wife which ironically delays getting her back into stable employment and limits her income which doesn't currently need protection. So, who has the right to tell me that I should part with more money for more insurance that I can't afford right now? Better still who has the right to tell me I am not managing my risks correctly and I should not focus so much on helping my wife.

If this scheme is approved and is compulsory it will severely impact people's ability to manage their own risks especially in a time of crisis which might just push them over the edge. Sure, it is being proposed to help prevent personal financial crisis but the problem is that it is too generic to help everyone in all situations and may do just as much harm as good. Maybe the target majority will benefit but some minorities will suffer which increases inequality.

On a side note: tax brackets should be increased; they have not been adjusted for the rise in average wage in over a decade and as people are now struggling it would be a good time to review them whilst looking at this scheme along with GST on food and health. Extracting more and more 'percent' of a workers income relative to economy changes via PAYE and manging it for them and the supposed greater good is not allowing people financial freedom which includes the right of self-improvement. It further divides the wealth gap including generational wealth gap of individuals. The percentage of tax we are paying now is higher than it was 10 years ago. Hence wealth generated in the past is of more value than wealth generated now, hence biasing passed down money further driving inequality.

I am disappointed that this feedback form asks no questions on whether the scheme should be compulsory or have some level of adjustability, it feels out of touch with some parts of the population. To me it indicates that the feedback sort does not take into account those reluctant to the scheme as if they are unwise or unformed. I can tell you right now I am not unwise nor unformed. I am a senior mechanical engineer 10 years into the industry, have had great financial advice over the years from my dad who is a senior business bank manager. I have been lucky to have had a rather privileged upbringing, my wife was nowhere near as lucky. We have experienced financial hardship and mental health troubles whilst building a home and I have been both unlucky and privileged to gain knowledge of mental health. These mental health problems are routed deep in the past, made worse by lack of support for mental health from childhood into adulthood. I can tell you based on what we have been through what is being proposed is going to harm people in its present form. The scheme will likely be great if it is optional, ideally with some level of individual adjustment, competing against or working with private insurance providers, but if not, it is a bad idea.

My concerns around it being compulsory can be discounted; however, be warned if you are involved in this and things go south for a few people you may be play a part in some peoples suffering whist trying to reduce it for the overall population. It is up to you to choose what part you play. Sure, it may only be a small proportion of the population who could be negatively impacted, but everyone deserves respect and support. We don't want to rewrite robin hood to steal from the perceived weirdos to give to the masses, do we?