

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	Michael Playle
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, the rationale makes sense in terms of offering a 'protection period' between employment for people who are made redundant. However, extending this to people who are unable to work because of illness is a significant extension of the proposed Scheme. The challenge is the relationship with the social welfare system, ACC and the inherent inequities it creates. Unfortunately, this proposal is being considered in isolation of the broader social support system. Ideally, New Zealand should be taking a more holistic view of the income support it offers across the system. At the moment we are creating separate (and siloed) systems that will create confusion and an unfair playing field based purely on causation of loss of employment.

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?*

Difficult concept because 'insurance' is not necessarily a word that is referenced in Te Ao Māori. The Scheme will need to understand that a large proportion of clients in vulnerable employment are likely to be Māori. There may also be a need to develop Maori providers who have the expertise in job placement and have a network of Māori businesses where claimants can be placed and supported.

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

Opportunity for Maori to be involved in governance of the scheme.

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

Certainly, opportunities to engage with Māori providers and Māori businesses to support placement opportunities and career development for Māori

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

Difficult concept because 'insurance' is not necessarily a word that is referenced in Te Ao Māori. The focus may need to be more towards 'care and recovery' than insurance.

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. However, the definition of what is involuntary loss of work will need to be well defined. The challenge with Schemes like this is that there will be significant disputes around the boundary lines that determine whether a person is 'in' or 'out' of the Scheme. The problem will be is that over time the scheme will naturally expand and people successfully challenge the boundaries (similar to ACC) or as Governments make tweaks to boundary lines to address perceived inequities. Expect overtime for the Scheme to expand and for it to become increasingly more costly and more and more people are covered

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

Yes, but again, overtime, the Scheme will probably cover this group as people successfully challenge boundary rules where it would be unjust to exclude them because the reasons for dismissal because of poor performance are decided to be unjust. For example, if a person is dismissed because of misconduct, and that decision, was overturn at the Employment Court, would the person be eligible for the Scheme if it was no longer viable for the person to return to work?

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

Yes, but overtime this may be included where there are circumstances where people are forced to resign when infact they have been made redundant.

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?*

It will need to cover all situations where there is involuntary loss of work and I assume some form of abatement will need to apply – this is where the Scheme will become technical and complicated as it tries to accommodate the multitude of different employment arrangements and

loss of income scenarios – expect the Scheme to become as complex as ACC based on what is proposed.

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?

The problem with setting thresholds is that you create another arbitrary boundary that will be litigated through the courts and eventually overturned. The key will be getting a clear definition of what constitutes are loss of 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, because excluding them will be challenged and eventually they will have to be admitted. In the same way that self-employed were eventually included into the ACC Scheme.

12

Do you agree that income insurance should cover the ‘loss of reasonably anticipated income’?

No, because it is too subjective, open to abuse and will make the Scheme overly complex. It would also create a difference with ACC compensation that does not take into account future earnings potential. Nice in theory but has all sorts of practical challenges with this approach.

13

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

It’s more about establishing a pattern of earnings. For salary workers who have an established period of earnings the entitlement calculation is relatively straightforward. The challenge will be establishing entitlement for non-permanent employees and deciding whether earnings are divided by the period worked or whether prior periods of non-earnings are taken into account. Similar, for non-permanent workers, the Scheme will also need to consider whether if not for the redundancy, would the person have continued to work uninterrupted for the period. These are challenges that ACC regularly faces when calculating non-permanent weekly compensation.

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, abatement may have to apply though. The assessment of post-displacement earnings will be a key policy question in Scheme design in the same way post-incapacity earnings are managed at ACC.

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, similar to ACC

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, it will need to mirror ACC.

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 difficulty will be confirming with employers/prospective employers a regular earnings pattern and in particular future earnings – nothing different to the way ACC does it.

Coverage for self-employed workers

18

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

Difficult to sustain a justification for not including particularly when weekly compensation is covered by ACC.

19

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

Self-employed who earn passive income.

20

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

Inland Revenue will show PAYE earning schedule payments v IR3 tax returns. A key to the success of the scheme will be its ability to access IR earning schedules and tax returns. The challenge though is IR concerns over protecting private tax information.

21

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

Business closure, deregistering for GST, financial statements, annual wash-ups could apply – there are a number of factors that demonstrate a s/e business has closed

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

The Scheme will need to invoice self-employed unless it can be collected via tax returns.

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, creates unnecessary scheme complications and not necessarily consistent with principles social insurance scheme. Under a social insurance model, the payment of levy should not be a factor in determining access to cover and entitlements. What is proposed here, more aligns with private insurance. The problem though is that initially the government will need to underwrite scheme costs and levy reserves build up.

This issue is a key policy question if the scheme is to be designed on social insurance principles.

Limits on subsequent claims

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

No, again there needs to be some clear principles agreed around the concept of social insurance. This would also create additional scheme complexities and be different to ACC

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

Would mean a difference with the way ACC provides cover. Gets back to being clear on the intent of this social insurance scheme. There is merit in limiting the length of entitlement payments certainly as this will be a big determinant of the liability and therefore levy. Again, it depends on the principles the Scheme wants to adopt. ACC has no limitations but has a significant liability because of long-term claims

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

Under a social insurance system like the one proposed the government is the underwriter. A key policy decision is whether the payment of levy will impact access to cover and entitlements under the scheme – important decision to make.

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?*

Yes

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?*

Yes

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, but it’s worth considering whether that rate should reduce overtime to create a stronger work incentive effect – similar to what happens in Australia workers compensation schemes. You could start higher (90%) in the first four weeks and gradually reduce to 60% after six months

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, key concept of social insurance

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, passive income should be excluded

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

Yes, entitlements are to the individual

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, the key is that post displacement earnings don't exceed pre displacement earnings.

34

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

Yes

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, it's subject to PAYE

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 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, but this is a tricky area and is a constant area of challenge between ACC comp payments and superannuation. There probably needs to be a short period where claimants receive both if displacement occurs near or after retirement age. The relationship between income payments and superannuation will impact the liability.

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, again the outstanding claim liability will be important here.

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

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?*

Yes, that makes sense particularly in terms of keeping the Scheme affordable for ley payers and the length of entitlement will have a significant impact on the liability and levy rate.

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

It really depends on what levy New Zealanders are willing to pay. There is merit in modelling a three month entitlement period. A key concept is also Scheme simplicity. The proposal runs the risk of creating a very complex scheme.

A simpler approach could be to pay a lump sum amount upfront (three months) with fewer checks and balances in the process knowing there will be winners and losers.

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, this increases the liability and opens the Scheme up to challenge by claimants seeking to extend entitlements. It also creates added complexity.

The intent of the Scheme does not appear clear here. It looks like it was initially intended to primarily deliver income protection payments to people made redundant, but want's to include sickness and rehabilitation as well without fully thinking about the implications of the expansion.

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?*

In theory yes, but this could leave a group of workers exposed if employers fail to give notice

Avoiding unnecessary redundancies

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

No

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

No

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

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

The scheme will need to be based on good faith, clearly some integrity measures and controls will need to be in place, but the problem will be whether the scheme has the capacity to follow up on spurious claims given the likely volume of claims the scheme will manage. The Scheme will have to build into the liability and accept a level of fraudulent claiming

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 - Depends on the costs of the scheme and the levy that people are willing to pay. The issue will be the cover of physical v non-physical conditions. The fact that entitlement is capped at 6months reduces the liability risk so perhaps there should be no limitations in order to reduce scheme boundaries

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. The challenge will be determining the % reduction – adds complexity to the scheme

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?*

In reality, health practitioners will be used to determine incapacity – like ACC, but they do not have the capability, capacity or understanding to a able to accurately assess to what degree the incapacity impacts a person's ability to work based on their work-type. Requiring medical certification for access to entitlements will place further pressures on GP

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

Yes, but the questions will be who makes the final decision that the person cannot work?

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 theory yes, but in reality no when looking at whether the Scheme will have the capacity to ensure that employers are supporting return to work.

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

Financial incentives to cover loss of productivity when employees return – easier said than done though

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?*

In theory yes, but this places another compliance cost on employers that is likely to be challenged and not adhered to. Question would be whether the government could enforce this rule?

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

Would need to be statutory – inconsistent with ACC and there could need to be resources set aside for enforcement. Depends on whether the Scheme has the capacity and capability to enforce.

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?*

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, if the person has the capacity to return, but some claimants will not be able to look for work because of their condition

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

Yes

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

Yes

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

Yes, but this will be challenged and overtime the Scheme will have to accept ongoing payments where there is a legitimate need to travel

64

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

Some exceptional circumstances policy will need to apply

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?

Yes, if they are able

66

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

Yes, but will the agency enforce and suspend claimants that don't?

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, entitlements would need to be suspended. The problem you will get though is that it will just be easier to 'run' the payment of entitlements out for the six months rather than having to deal with the admin burden of suspending payments

68

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

Yes, but again because the payment is only for six months the agency may just keep the payment going as the easier approach

69

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

Yes, but the period of entitlement is so short that suspension may not work in reality.

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?*

Yes, systems and processes already in place and you reduce significant start up costs that would be faced with a new enterprise

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

A simpler income protection scheme that paid a lump sum payment to cover income loss could be administered by IR or Work and Income.

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?*

Workers and Employers represented in governance of the scheme

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

Maori are included in the governance of the scheme

Displaced workers: Getting back to good jobs

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

The actual income protection is the practical support as it reduces the financial burden. Most claimants will self-return to work. Limited evidence of the benefit if return to work programmes, particularly thinking about the limited timeframe for entitlements.

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

The income replacement is the support

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

Perhaps claimants with serious health conditions, but I'm not sure dedicated case management is the answer. There needs to be more of a focus on digital self-management giving people the tools rather than offering dedicated case management support.

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

That would be up to the individual

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?*

Access to support tools that encourage self-management

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

Digital self-management tools could be provided by the Scheme

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

Given payment is only for 6-12 months, all claimants should self-management. Longer-term claimants should be managed by Work and Income as they will transition there after the entitlement ends

Dispute resolution

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

Keep to simple and incentivise early resolution and fewer opportunities to dispute

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

Try are remove as many avenues for dispute as possible or else the Scheme runs the risk of being litigious as ACC

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?*

Only if the scheme is resourced to enforce the framework

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, Inland Revenue will be important as well as Work and Income for those transitioning off the Scheme

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

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

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

No – keep it simple

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?*

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

Whether it's bundled into the ACC levy

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

Yes, because limited evidence to suggest that experience rating works or has a strong impact on employer behaviour

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

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

Hard to say – both have pros and cons. Ideally, you would want the Scheme to be fully funded so that it could cover all liabilities which should be kept in check given that entitlement periods are limited.

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?*

No because legislation can be quickly changed if needed in a crisis. Unless entitlements are outlined in regulations – then changing regulations would be relatively quick

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

Other comments

The proposed scheme has merits, but the challenge will be justifying the discrimination that it will create when comparing access and entitlements with other government support mechanisms. The example would be two people with the same incapacity (spinal injury), one caused by injury, the other by disease. Both have the same incapacity and need but the injured client has access to the ACC scheme where entitlements are limited based on the degree of incapacity. The other claimant has access to time-bound entitlements that end after 12months despite still being incapacitated and in need.

There is also the affordability question – are New Zealanders willing to pay the levy for the cover they receive? A number of New Zealanders will see this as an additional tax burden for which they may receive no direct benefit. It will be a challenge to convince New Zealanders to take on this extra cost when currently faced with rising costs generally.

The Scheme is a good idea, but probably now is the wrong time to introduce it given the social and economic environment we live in.