

26 April 2022

Social Unemployment Insurance Tripartite Working Group  
Ministry of Business, Innovation and Employment  
PO Box 1473  
Wellington 6145

By email: [incomeinsurance@mbie.govt.nz](mailto:incomeinsurance@mbie.govt.nz)

## MTA feedback on A New Zealand Income Insurance Scheme

### Introduction

The Motor Trade Association (Inc) (MTA) was founded in 1917 and has maintained over 100 years of trust with the NZ motoring community. MTA currently represents over 3,800 businesses within the New Zealand automotive industry and its allied services. Members of our Association operate businesses including automotive repairers (both heavy and light vehicle), collision repair, service stations, vehicle importers and distributors and vehicle sales. The automotive industry employs approximately 60,000 New Zealanders and contributes around \$3.5 billion to the New Zealand economy.

### Submission

MTA welcomes the opportunity to comment on the proposed New Zealand Income Insurance Scheme.

In preparing this submission, MTA asked its members what they thought about the scheme, a summary of the survey results can be found in the **Schedule**.

In short, MTA strongly opposes the proposed Income Insurance Scheme. The MTA members responding to the survey **overwhelmingly disagreed** (73.3%) with the introduction of the scheme. Additionally, 83.4 per cent of respondents indicated the scheme in its proposed form would be **unaffordable**.

#### *What is the problem that this scheme is trying to solve?*

New Zealand has some of the strongest employment protection laws in the OECD when it comes to dismissals, with a heavy emphasis placed on the process used to dismiss an employee even when good reason exists. We also have an established welfare system to deal with the situations the scheme wants to address.

The consultation document told us that an estimated 115,000 people are displaced each year, however this number is not indicative of the need for an income insurance scheme. New Zealand's

record low unemployment rate proves we have a functioning labour market and that displaced employees are able to find new employment quickly.<sup>1</sup>

There is no need for further schemes aimed at people losing their jobs, New Zealand's low unemployment rate coupled with targeted welfare support for those in need proves this.

### *Businesses are suffering*

Right now, businesses are facing a multitude of challenges. We are seeing significant labour market shortages, new regulations, the lingering impacts of Covid 19 and war in the Ukraine.

MTA members are seeing increased costs at every turn, this is the worst possible time to introduce an income insurance scheme.

83.4 per cent of respondents stated that the scheme would be **unaffordable** for them. MTA is aware some small businesses have taken on loans to pay their employees, and many are questioning whether they will be able to remain in operation. These businesses play a crucial role in ensuring New Zealanders can move around the motu safely, they are an essential service we cannot afford to lose.

In responding to our survey, MTA members told us:

*This type of scheme is a disincentive for people to work*

*There is nothing within this intended policy I agree with. If an employee wants this type of cover, there are options available now. There is no way this is necessary and all it is an extra cost to employers and employees. What is the incentive to find another job if you are going to get paid the proposed amount?*

*Times have become very hard for the work force. Why Tax them further.*

*I feel I will be subsidizing other industries / employers who are having to lay people off.*

*I don't think there should be a compulsory government scheme. We have private income protection insurance and that is our choice.*

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<sup>1</sup> In 2020 the annual unemployment rate for New Zealand was 4.6% compared to the OECD average of 7.2%. In February 2022 the NZ unemployment rate was 3.2%.

Many of our members shared that income insurance should be a personal decision, and one that should be made by the employee. Over 70 per cent of respondents **disagreed** that the levy should be paid in equal share by employers and employees, stating it should be funded by the worker.

Now is simply not the right time to introduce a scheme of this scale. This is a scheme that will impact everyone but only a few will receive the benefits.

Aside from the 'what problem are we trying to solve' question, there are many other unanswered questions about how the scheme will affect existing contractual redundancy provisions or personal income insurance policies which must be given further consideration.

Just because we are outliers in the OECD by not having an income insurance scheme, it does not mean there is a need for one.

A summary of our survey results can be found in the Schedule below, raw data has been attached a separate excel spreadsheet in our email to [incomeinsurance@mbie.govt.nz](mailto:incomeinsurance@mbie.govt.nz).

Thank you for the opportunity to provide comment on the proposed Income Insurance Scheme.

Yours sincerely,

Privacy of natural persons

Greig Epps  
Advocacy & Strategy Manager

The contact person in respect of this submission is:

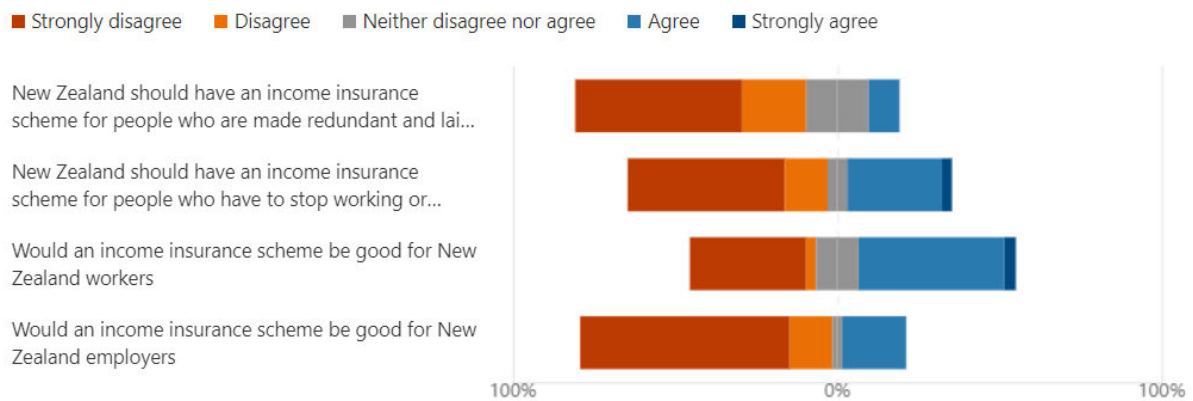
Name: Nicole Chelmis  
Title: Legal & Policy Advisor  
Ph: Privacy of  
Email: Privacy of natural persons

## Schedule – MTA Member Survey Responses

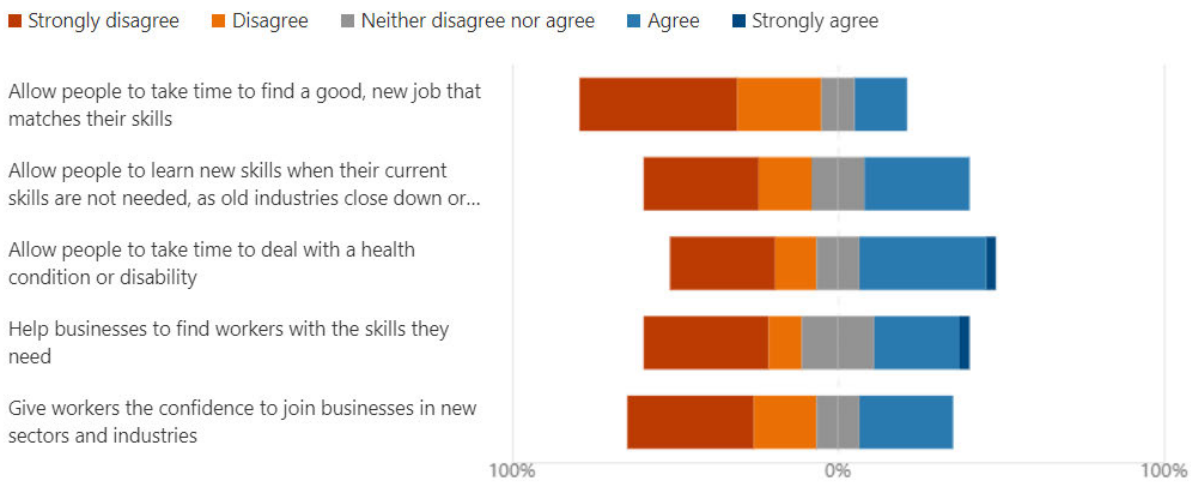
MTA has attempted to canvas its membership on the proposed Income Insurance Scheme. We are finding that small business owners are experiencing a certain amount of “survey fatigue” and it is difficult to elicit responses. Nonetheless, we received 33 responses and we think that the sample is fairly representative of the views of our members.

We used questions from the online MBIE short survey for consistency in responses.

What is your level of agreement with each of the following proposals about the scheme?

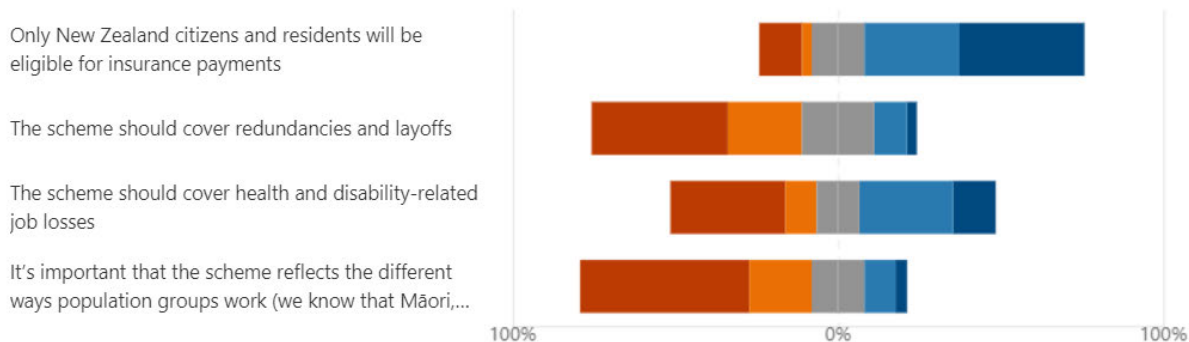


How important do you think it is that New Zealand has an income insurance scheme that provides financial support to:



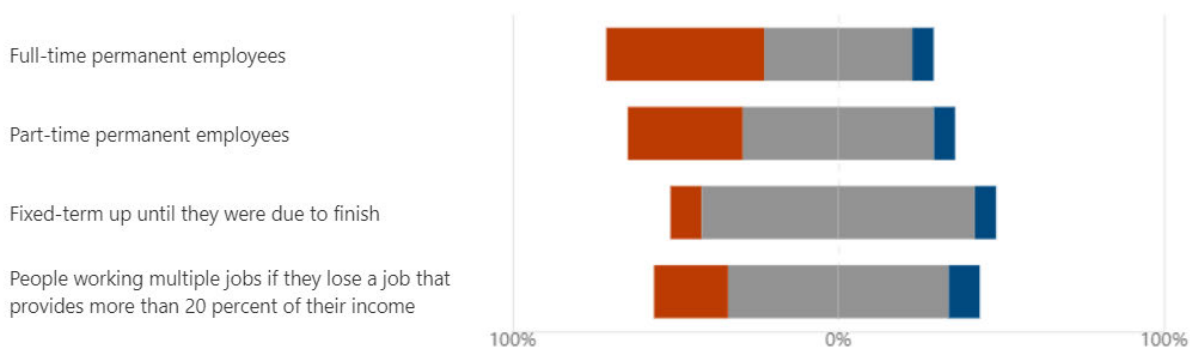
What is your level of agreement with each of the following proposals about an income insurance scheme?

Strongly disagree Disagree Neither disagree nor agree Agree Strongly agree



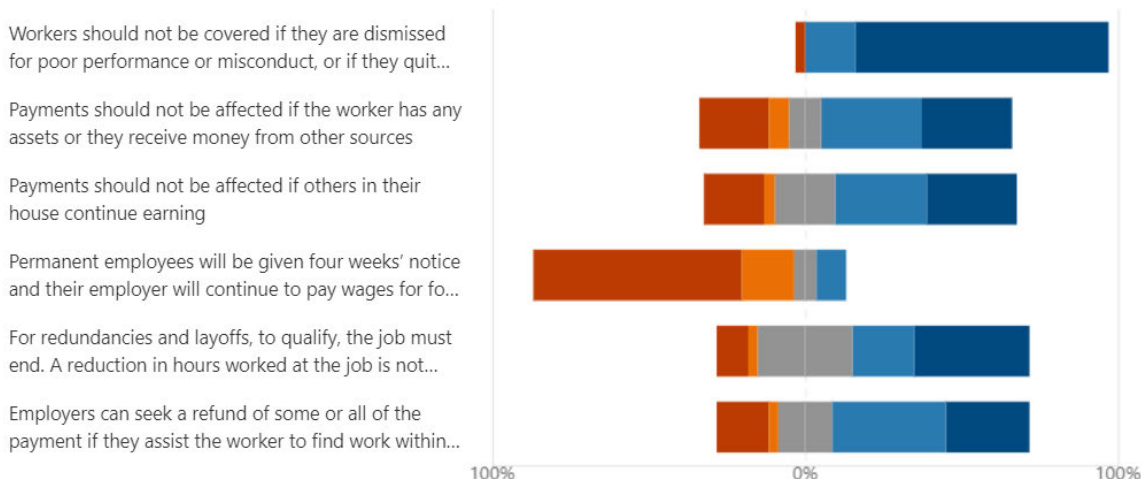
In your view, should the following groups be covered by the proposed income insurance scheme?

Yes No Don't know



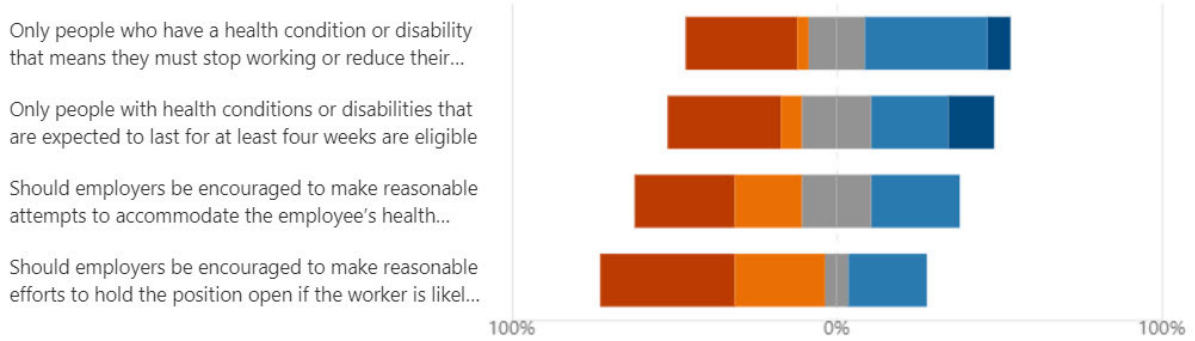
What is your level of agreement with each of the following proposals about the income insurance scheme?

Strongly disagree Disagree Neither disagree nor agree Agree Strongly agree



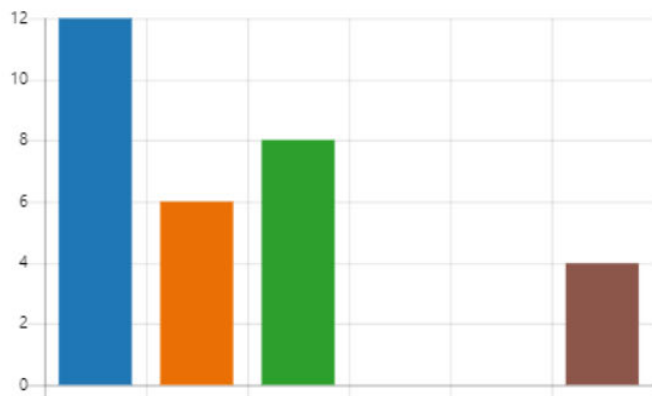
What is your level of agreement with each of the following proposals relating to health conditions and disabilities?

■ Strongly disagree  
 ■ Disagree  
 ■ Neither disagree nor agree  
 ■ Agree  
 ■ Strongly agree



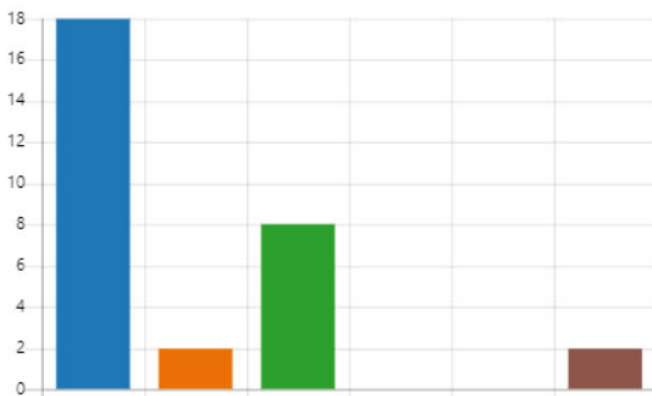
If workers lose their job, is the proposed payment of 80 percent of their usual salary (up to a salary cap of \$130,911 a year):

● Far too high      12  
● Too high              6  
● About right            8  
● Too low                0  
● Far too low            0  
● Other                    4



If workers lose their job, is the proposed amount of time of up to six months of financial support (with a further one month of payments for eligible claimants):

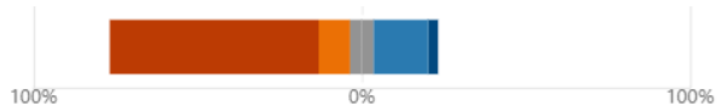
● Far too high      18  
● Too high              2  
● About right            8  
● Too low                0  
● Far too low            0  
● Other                    2



What is your level of agreement with the following statement?

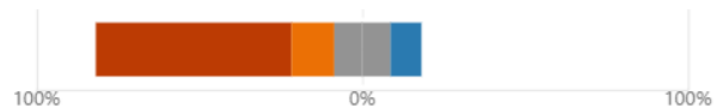
■ Strongly disagree  
 ■ Disagree  
 ■ Neither disagree nor agree  
 ■ Agree  
 ■ Strongly agree

The levy should be paid in equal share by employers and employees



Does New Zealand need an Income Insurance Scheme?

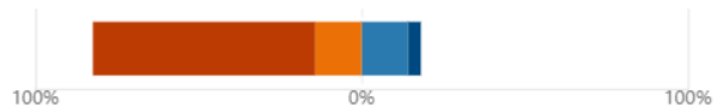
■ Strongly disagree  
 ■ Disagree  
 ■ Neither disagree nor agree  
 ■ Agree  
 ■ Strongly agree



The scheme will be funded by levies on wages and salaries, with both workers and employers each paying an estimated 1.39 percent. Do you think that overall the scheme provides good value for money?

■ Not at all good value for money  
 ■ Not very good value for money  
 ■ Good value for money  
 ■ Very good value for money

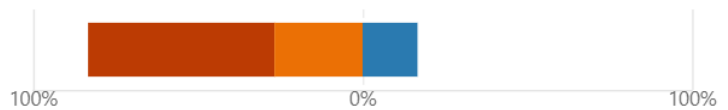
Do you think that overall the scheme provides good value for money?



As an employer you may be paying an estimated 1.39 percent of wages and salaries, how affordable will the levy be for you?

■ Not at all affordable  
 ■ Not that affordable  
 ■ Affordable  
 ■ Very affordable

How affordable do you think the levy will be for you?



What sector are you in?	New Zealand should have	New Zealand should have	Would an income insurance	Would an income insurance	Allow people to take time
Dealer (car, motorcycle,	Strongly disagree	Strongly disagree	Neither disagree nor agree	Strongly disagree	Strongly disagree
Repair (general, collision	Strongly disagree	Disagree	Strongly agree	Strongly disagree	Strongly disagree
Repair (general, collision	Strongly disagree	Strongly disagree	Strongly disagree	Strongly disagree	Strongly disagree
Repair (general, collision	Strongly disagree	Strongly disagree	Strongly disagree	Strongly disagree	Strongly disagree
Service Station;Repair (g	Disagree	Strongly disagree	Agree	Strongly disagree	Disagree
Repair (general, collision	Strongly disagree	Strongly disagree	Strongly disagree	Strongly disagree	Strongly disagree
Repair (general, collision	Disagree	Strongly disagree	Neither disagree nor agree	Strongly disagree	Strongly disagree
Repair (general, collision	Strongly disagree	Disagree	Agree	Agree	Disagree
Dealer (car, motorcycle,	Strongly disagree	Strongly disagree	Strongly disagree	Strongly disagree	Strongly disagree
Repair (general, collision	Neither disagree nor agree	Agree	Agree	Agree	Disagree
Repair (general, collision	Agree	Agree	Agree	Agree	Agree
Repair (general, collision	Strongly disagree	Strongly disagree	Strongly disagree	Strongly disagree	Strongly disagree
Repair (general, collision	Strongly disagree	Disagree	Strongly disagree	Strongly disagree	Strongly disagree
Repair (general, collision	Disagree	Disagree	Neither disagree nor agree	Neither disagree nor agree	Disagree
Service Station;	Strongly disagree	Strongly disagree	Strongly disagree	Strongly disagree	Strongly disagree
Repair (general, collision	Disagree	Agree	Neither disagree nor agree	Disagree	Strongly disagree
Parts/Dismantling;	Strongly disagree	Strongly disagree	Agree	Strongly disagree	Strongly disagree
Repair (general, collision	Strongly disagree	Strongly disagree	Strongly disagree	Strongly disagree	Disagree
Repair (general, collision	Neither disagree nor agree	Agree	Agree	Agree	Neither disagree nor agree
Repair (general, collision	Disagree	Agree	Agree	Strongly disagree	Disagree
Repair (general, collision	Strongly disagree	Strongly disagree	Strongly disagree	Strongly disagree	Strongly disagree
Dealer (car, motorcycle,	Agree	Agree	Agree	Agree	Agree
Repair (general, collision	Neither disagree nor agree	Neither disagree nor agree	Disagree	Strongly disagree	Disagree
Parts/Dismantling;Repair	Strongly disagree	Strongly disagree	Strongly disagree	Strongly disagree	Strongly disagree
Dealer (car, motorcycle,	Agree	Strongly agree	Agree	Agree	Agree
Repair (general, collision	Strongly disagree	Strongly disagree	Agree	Strongly disagree	Disagree
Dealer (car, motorcycle,	Disagree	Agree	Agree	Strongly disagree	Neither disagree nor agree
Repair (general, collision	Neither disagree nor agree	Neither disagree nor agree	Agree	Disagree	Neither disagree nor agree
Repair (general, collision	Neither disagree nor agree	Agree	Agree	Disagree	Agree
Repair (general, collision	Strongly disagree	Strongly disagree	Strongly disagree	Strongly disagree	Strongly disagree
Repair (general, collision	Neither disagree nor agree	Agree	Agree	Disagree	Agree



Allow people to learn ne	Allow people to take tir	Help businesses to find \	Give workers the confid	Only New Zealand citize	The scheme should cover
Disagree	Neither disagree nor agr	Strongly disagree	Neither disagree nor agr	Strongly agree	Strongly disagree
Agree	Agree	Agree	Agree	Agree	Neither disagree nor agr
Strongly disagree	Strongly disagree	Strongly disagree	Strongly disagree	Strongly disagree	Strongly disagree
Strongly disagree	Strongly disagree	Strongly disagree	Strongly disagree	Strongly agree	Strongly disagree
Disagree	Strongly disagree	Strongly disagree	Neither disagree nor agr	Strongly agree	Disagree
Strongly disagree	Strongly disagree	Strongly disagree	Strongly disagree	Strongly agree	Strongly disagree
Agree	Strongly disagree	Neither disagree nor agr	Neither disagree nor agr	Agree	Disagree
Neither disagree nor agr	Neither disagree nor agr	Agree	Agree	Disagree	Disagree
Strongly disagree	Strongly disagree	Strongly disagree	Strongly disagree	Neither disagree nor agr	Strongly disagree
Agree	Agree	Agree	Agree	Agree	Neither disagree nor agr
Agree	Agree	Neither disagree nor agr	Agree	Strongly agree	Agree
Strongly disagree	Neither disagree nor agr	Neither disagree nor agr	Strongly disagree	Strongly agree	Strongly disagree
Strongly disagree	Disagree	Neither disagree nor agr	Disagree	Strongly agree	Strongly disagree
Disagree	Disagree	Strongly disagree	Strongly disagree	Strongly disagree	Strongly disagree
Strongly disagree	Strongly disagree	Neither disagree nor agr	Strongly disagree	Agree	Strongly disagree
Strongly disagree	Agree	Neither disagree nor agr	Disagree	Strongly agree	Disagree
Strongly disagree	Strongly disagree	Strongly disagree	Strongly disagree	Strongly disagree	Strongly disagree
Agree	Disagree	Strongly disagree	Strongly disagree	Agree	Neither disagree nor agr
Neither disagree nor agr	Agree	Agree	Agree	Strongly agree	Neither disagree nor agr
Agree	Agree	Strongly disagree	Strongly disagree	Strongly agree	Disagree
Strongly disagree	Strongly disagree	Strongly disagree	Strongly disagree	Strongly agree	Strongly disagree
Agree	Agree	Agree	Agree	Strongly agree	Strongly agree
Agree	Neither disagree nor agr	Agree	Neither disagree nor agr	Agree	Disagree
Strongly disagree	Strongly disagree	Strongly disagree	Strongly disagree	Strongly disagree	Strongly disagree
Neither disagree nor agr	Strongly agree	Strongly agree	Agree	Neither disagree nor agr	Agree
Disagree	Agree	Neither disagree nor agr	Disagree	Agree	Strongly disagree
Agree	Agree	Disagree	Disagree	Neither disagree nor agr	Agree
Agree	Agree	Agree	Agree	Agree	Neither disagree nor agr
Neither disagree nor agr	Agree	Agree	Agree	Agree	Neither disagree nor agr
Disagree	Disagree	Disagree	Disagree	Neither disagree nor agr	Neither disagree nor agr
Neither disagree nor agr	Agree	Disagree	Disagree	Neither disagree nor agr	Disagree

The scheme should cover it's important that the s					
		Full-time permanent em	Part-time permanent en	Fixed-term up until they	People working multiple
Neither disagree nor agr	Strongly disagree	No	No	No	No
Agree	Neither disagree nor agr	Yes	No	No	No
Strongly disagree	Strongly disagree	No	No	No	No
Strongly disagree	Strongly disagree	No	No	No	No
Strongly disagree	Strongly disagree	No	No		No
Strongly disagree	Strongly agree	Don't know	Don't know	Don't know	Don't know
Strongly disagree	Strongly disagree	Yes	Yes	No	No
Neither disagree nor agr	Strongly disagree	No	No	No	No
Strongly disagree	Strongly disagree	No	No	No	No
Agree	Agree	Yes	Yes	No	No
Strongly agree	Disagree	Yes	Yes	No	Yes
Strongly disagree	Strongly disagree	No	No	No	No
Disagree	Disagree	Don't know	Don't know	Don't know	Don't know
Disagree	Strongly disagree	No	No	No	Yes
Neither disagree nor agr	Strongly disagree	No	No	No	No
Agree	Disagree	Yes	No	No	No
Strongly disagree	Strongly disagree	No	No	No	No
Strongly disagree	Neither disagree nor agr	Yes	Yes	No	Don't know
Agree	Disagree	Yes	No	No	No
Agree	Strongly disagree	Yes	No	No	No
Strongly disagree	Strongly disagree	No	No	No	No
Strongly agree	Disagree	Yes	Yes	No	Yes
Agree	Neither disagree nor agr	Yes	Yes	No	No
Strongly disagree	Strongly disagree	No	No	No	No
Strongly agree	Neither disagree nor agr	Yes	Yes	Yes	Yes
Disagree	Agree	No	No	No	No
Strongly agree	Disagree	Yes	Yes	No	Yes
Agree	Agree	Yes	Yes	Yes	Yes
Agree	Neither disagree nor agr	Yes	Yes	Yes	Yes
Neither disagree nor agr	Strongly disagree	No	No	No	No
Agree	Strongly disagree	Yes	Yes	No	No

Workers should not be c	Payments should not be	Payments should not be	Permanent employees w	For redundancies and la	Employers can seek a re
Strongly agree	Strongly agree	Strongly agree	Strongly disagree	Strongly agree	Strongly agree
Strongly agree	Neither disagree nor agr	Neither disagree nor agr	Strongly disagree	Neither disagree nor agr	Neither disagree nor agr
Strongly agree	Strongly disagree	Strongly agree	Strongly disagree	Strongly disagree	Strongly disagree
Strongly agree	Strongly disagree	Strongly agree	Strongly disagree	Strongly agree	Strongly disagree
Strongly agree	Strongly agree	Strongly agree	Neither disagree nor agr	Neither disagree nor agr	Agree
Strongly agree	Strongly agree	Strongly agree	Strongly disagree	Strongly agree	Strongly agree
Strongly agree	Agree	Agree	Strongly disagree	Strongly agree	Agree
Agree	Agree	Agree	Disagree	Neither disagree nor agr	Neither disagree nor agr
Strongly agree	Strongly agree	Strongly agree	Strongly disagree	Strongly agree	Strongly agree
Strongly agree	Agree	Agree	Disagree	Neither disagree nor agr	Agree
Strongly agree	Agree	Agree	Agree	Agree	Agree
Strongly agree	Strongly disagree	Strongly disagree	Strongly disagree	Strongly agree	Strongly agree
Strongly agree	Agree	Neither disagree nor agr	Neither disagree nor agr	Neither disagree nor agr	Neither disagree nor agr
Strongly agree	Neither disagree nor agr	Neither disagree nor agr	Disagree	Neither disagree nor agr	Agree
Strongly agree	Strongly disagree	Strongly disagree	Strongly disagree	Strongly agree	Strongly agree
Strongly agree	Disagree	Neither disagree nor agr	Strongly disagree	Strongly agree	Strongly disagree
Strongly agree	Strongly agree	Strongly agree	Strongly disagree	Strongly disagree	Neither disagree nor agr
Strongly agree	Strongly disagree	Strongly disagree	Strongly disagree	Disagree	Strongly disagree
Agree	Neither disagree nor agr	Neither disagree nor agr	Strongly disagree	Agree	Agree
Strongly agree	Strongly agree	Strongly agree	Agree	Strongly agree	Disagree
Strongly agree	Strongly disagree	Strongly disagree	Strongly disagree	Strongly agree	Strongly agree
Agree	Strongly agree	Strongly agree	Agree	Agree	Agree
Strongly agree	Disagree	Agree	Strongly disagree	Strongly agree	Agree
Strongly agree	Strongly agree	Strongly disagree	Strongly disagree	Strongly disagree	Strongly disagree
Strongly disagree	Strongly disagree	Strongly disagree	Strongly disagree	Neither disagree nor agr	Strongly agree
Strongly agree	Agree	Agree	Strongly disagree	Neither disagree nor agr	Strongly agree
Strongly agree	Strongly agree	Disagree	Strongly disagree	Agree	Agree
Agree	Agree	Agree	Strongly disagree	Agree	Neither disagree nor agr
Agree	Agree	Agree	Disagree	Neither disagree nor agr	Agree
Strongly agree	Agree	Neither disagree nor agree			
Strongly agree	Agree	Agree	Disagree	Agree	Agree

Only people who have a	Only people with health	Should employers be en	Should employers be en	If workers lose their job,	If workers lose their job,
Agree	Strongly agree	Agree	Strongly disagree	Far too high	Far too high
Neither disagree nor agr	Neither disagree nor agr	Agree	Agree	Far too high	Far too high
Strongly disagree	Strongly disagree	Strongly disagree	Strongly disagree	I do not agree with any o	Far too high
Strongly disagree	Strongly disagree	Strongly disagree	Strongly disagree	Too high	Far too high
Neither disagree nor agr	Neither disagree nor agr	Strongly disagree	Strongly disagree	About right	Far too high
				Far too high	Far too high
Strongly disagree	Strongly disagree	Neither disagree nor agr	Strongly disagree	Far too high	Far too high
Disagree	Disagree	Disagree	Disagree	Too high	Too high
Strongly disagree	Strongly disagree	Agree	Agree	Don't agree at all with th	Far too high
Agree	Agree	Neither disagree nor agr	Agree	About right	About right
Strongly agree	Strongly agree	Agree	Disagree	Far too high	About right
Strongly disagree	Strongly disagree	Strongly disagree	Strongly disagree	Far too high	Far too high
Agree	Agree	Neither disagree nor agr	Neither disagree nor agr	Far too high	Far too high
Neither disagree nor agr	Neither disagree nor agr	Neither disagree nor agr	Disagree	Too high	It is putting too much on
Strongly disagree	Strongly disagree	Strongly disagree	Strongly disagree	The whole idea is ridiculc	Far too high
Agree	Agree	Agree	Agree	About right	Too high
Strongly disagree	Strongly disagree	Strongly disagree	Strongly disagree	Far too high	Far too high
Strongly disagree	Strongly disagree	Neither disagree nor agr	Strongly disagree	Far too high	Far too high
Agree	Neither disagree nor agr	Neither disagree nor agr	Disagree	About right	About right
Strongly agree	Strongly agree	Agree	Agree	Too high	Far too high
Strongly disagree	Strongly disagree	Strongly disagree	Strongly disagree	Far too high	Far too high
Agree	Agree	Agree	Agree	About right	About right
Agree	Disagree	Strongly disagree	Strongly disagree	Far too high	Far too high
Strongly disagree	Strongly disagree	Strongly disagree	Strongly disagree	Far too high	Far too high
Neither disagree nor agr	Neither disagree nor agr	Disagree	Neither disagree nor agr	About right	About right
Neither disagree nor agr	Agree	Agree	Agree	Too high	Far too high
Agree	Strongly agree	Disagree	Disagree	Too high	About right
Agree	Agree	Disagree	Disagree	About right	About right
Agree	Agree	Disagree	Disagree	About right	About right
Agree	Neither disagree nor agr	Disagree	Disagree	No cap.	depends on worker/insu

The levy should be paid	Column	Do you think that overall the	Do you think that overall
Neither disagree nor agree	Strongly disagree	Not at all good value for money	Not at all affordable
Strongly disagree	Disagree	Very good value for money	Not that affordable
Strongly disagree	Strongly disagree	Not at all good value for money	Not at all affordable
Strongly disagree	Strongly disagree	Not at all good value for money	Not at all affordable
Strongly disagree	Strongly disagree	Not at all good value for money	Not that affordable
Strongly disagree	Strongly disagree	Not at all good value for money	Not at all affordable
Neither disagree nor agree	Strongly disagree	Not at all good value for money	Not at all affordable
Strongly disagree	Disagree	Not at all good value for money	Not at all affordable
Strongly disagree	Strongly disagree		Not at all affordable
Agree	Neither disagree nor agree	Good value for money	Affordable
Agree	Agree	Good value for money	Affordable
Strongly agree	Strongly disagree	Not at all good value for money	Not at all affordable
Strongly disagree	Strongly disagree	Not at all good value for money	Not that affordable
Disagree	Strongly disagree	Not at all good value for money	Not that affordable
Strongly disagree	Strongly disagree	Not at all good value for money	Not at all affordable
Strongly disagree	Strongly disagree	Not at all good value for money	Not that affordable
Strongly disagree	Strongly disagree	Not at all good value for money	Not at all affordable
Strongly disagree	Strongly disagree		Not at all affordable
Disagree	Disagree	Not very good value for money	Not that affordable
Strongly disagree	Neither disagree nor agree	Not at all good value for money	Not that affordable
Strongly disagree	Strongly disagree	Not at all good value for money	Not at all affordable
Agree	Agree	Not very good value for money	Affordable
Agree	Strongly disagree	Not at all good value for money	Not at all affordable
Strongly disagree	Strongly disagree	Not at all good value for money	Not at all affordable
Agree	Agree	Good value for money	Not that affordable
Strongly disagree	Strongly disagree	Not at all good value for money	Not at all affordable
Strongly disagree	Disagree	Not at all good value for money	Not at all affordable
Disagree	Neither disagree nor agree	Good value for money	Affordable
Strongly disagree	Neither disagree nor agree	Not very good value for money	Not at all affordable
Strongly disagree	Neither disagree nor agree	Not very good value for money	Affordable