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## SUBMISSION OF NEW ZEALAND POST LIMITED ON THE NEW ZEALAND INCOME INSURANCE SCHEME DISCUSSION DOCUMENT

New Zealand Post Limited (NZ Post) welcomes the opportunity to make the following submission on the New Zealand Income Insurance Scheme (the Scheme) being consulted on. In our submission NZ Post will be specifically addressing the proposal to include self-employed workers in the Scheme.

### 1. Including self-employed workers in the New Zealand Income Insurance Scheme

1.1. The Future of Work Tripartite Forum (the Forum) are seeking views on a proposal in the discussion document to include self-employed workers in the Scheme. The Forum's preferred option is for the Scheme to "*cover self-employed workers who most resemble employees, such as those with a small number of clients.*" According to the discussion document these are defined as "*self-employed workers who have a high degree of dependence (20 percent or more of their income) on one client or counterparty and have no more than five counterparties in any one year.*" The discussion document states that "*this would generally include contractors such as platform workers (for example, ride hailing app drivers), courier drivers, contract cleaners and many labour hire workers.*"

1.2. Outsource contractors and independent contractors have been a constant feature of NZ Post's network for a very long time. In addition to standard couriers, NZ Post uses contractors for transport operations (road and air), rural and provincial delivery, and Express delivery (previously known as Pace). NZ Post does not agree with the assertion in the discussion document that some self-employed workers resemble employees.

1.3. Contractors' ability to operate independently, with minimal supervision and NZ Post-led direction plays a key role in delivering our services effectively nationwide. It also gives contractors the ability to run their own small to medium businesses, ranging from single owner/operator businesses through to larger operations with multiple delivery runs or transport routes, vehicles, and employees.



1.4. An NZ Post courier run may well only be one part of an overall business. We are aware of many other businesses operated by our contractors, including Hells Pizza and Burger Wisconsin franchises, Uber Eats, Super Shuttles and taxis, real estate, property development, mechanics, towing, and many others. However, because of privacy obligations NZ Post does not have visibility as to how much of their income contractors earn from various sources. NZ Post also has no visibility of the revenue of each individual contractor's businesses, including details on the wages and salaries of employees within this business. Any option that required businesses to verify contractors' overall earnings or other work (e.g., for 20% or five counterparties thresholds) would give businesses unreasonable levels of insight into their contractors' other dealings and would be significantly administratively burdensome.

1.5. NZ Post has over 2,400 individual businesses contracted to us for the services outlined above. The types of businesses that provide services to NZ Post vary, including:

- one person one vehicle operations – often with 1-2 permanent part- or full-time workers assisting the owner operator;
- small SME business with 3–7 workers and 2–3 vehicles;
- larger more complex businesses;
- a host business (an existing business such as a local dairy, pharmacy or transport firm allowing services to be maintained in locations where it would otherwise not be economic for NZ Post to provide services).

1.6. In relation to the collection of levies from self-employed workers the discussion document proposes that *“the simplest option would be collecting levies in the same way ACC levies are collected from self-employed workers. This means ACC would send an invoice to the self-employed worker once they have filed their tax return. As such, it would be on the self-employed worker to pay the full levy towards the scheme, but this could create incentives for employers to avoid paying the employer levy by pushing employees into contracting.”*

1.7. If under the Scheme a levy is charged to self-employed workers, then NZ Post would endorse an approach where ACC collects levies directly from self-employed workers. In relation to self-employed workers NZ Post is a client, not an employer, and is neither responsible for collecting levies from contractors or able to process levies, such as ACC levies. If it were decided to set up the Scheme so that contractors would bill NZ Post for



a portion of the levy, this would require us to set up a completely new system and would be highly administrative. In addition to the problems identifying which contractors are included (discussed above), it would require clients to understand in detail their contractors' full business enterprise.

1.8. NZ Post would welcome the opportunity to be part of any discussions if a decision is made to include self-employed workers in the proposed Scheme.

Signed for NZ Post

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**Date: 26 April 2022**