

31 March 2022

Social Unemployment Insurance Tripartite Working Group
Ministry of Business, Innovation and Employment
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By email: incomeinsurance@mbie.govt.nz

Social Unemployment Insurance – Submission on Discussion Document

I have read the Discussion Document and would like to make two points.

First, I support the proposal to enable eligible income insurance claimants to also receive New Zealand Superannuation or the Veteran's Pension.

An increasing number of people remain in paid employment past the age of 65, and their labour market participation will become increasingly important as the dependency ratio continues to change as our population ages. I note that the Forum does not propose a cap to the duration for which insurance can be received alongside New Zealand Superannuation or the Veteran's Pension. I also support this approach.

Second, I do not support the proposal that income insurance and Paid Parental Leave (PPL) should not be accessed at the same time.

Women generally face poorer outcomes in retirement, so it is important to consider women's experiences in the labour market, and their ability to save for their retirement.

In discussing the potential for someone to be eligible for both PPL and income insurance at the same time, given both aim to replace income, I see that reference is made to the 'one or the other' rule. When discussing the potential to receive ACC weekly compensation and income insurance, it is proposed that claimants could access both payments but with a cap to ensure that they will not be better off than their pre-injury and displacement income. A woman receiving PPL is not generally as well off as before she took leave. When the current maximum 'cap' of \$621.76 (gross) was set last year, the median average was \$1,093.

One example you provide is for someone who has a health condition during pregnancy that reduces their capacity to work, to access insurance initially, and then access PPL after the birth. As shown above, this is likely to result in a decrease in income. We know that less than 1% of PPL recipients

are male, so this would result in a financially poor outcome for women and may represent a form of discrimination on the basis of sex. An alternative proposal would be for women to be able to choose whether they receive income insurance or PPL.

Another example you provide is where a person is made redundant while in receipt of PPL. In the same way, if a woman was required to take PPL instead of income insurance during this time, she would likely be worse off and this may also represent sex discrimination.

I trust these comments will be useful as you progress the work to finalise the income insurance scheme. I am happy to discuss them further if required.

Yours sincerely

Privacy of natural persons

Jane Wrightson

Mana Ahungarua / Retirement Commissioner

