

This submission is presented on behalf of Unions Manawatu, the local affiliates council of the New Zealand Council of Trade Unions. Unions Manawatu brings together unions representing workers in Manawatu, Horowhenua, Rangitikei, Tararua, and Whanganui. There are approximately 25,000 unionised workers across these diverse districts with substantial presences in health, education, distribution and warehousing, agriculture, dairy, horticulture, government, construction, and transport.

This social insurance policy represents a step forward for workers' conditions in Aotearoa. As is mentioned in the tripartite discussion document, the lack of such a scheme leaves New Zealand behind many other nations in this regard. The formation of this scheme is of particular note for its progressive nature as it allows the workers through their unions to have a democratic say over their redundancy conditions. Having a strong union voice leading the implementation and administration of such a scheme gives workers the ability to fight back against unfair changes to the scheme, against any possible attempts to remove the scheme, and to set the terms in any future amendments to their benefit. It is an unfortunate fact of the modern period that the union movement in Aotearoa is weak and suffers from low participation rates. This scheme represents a unique and intelligent response to this situation by the CTU as it fights with the resources it has to do the best for the value creators in New Zealand.

There are many great points in this proposal that should be supported wholeheartedly by the CTU affiliates and by the working class movement in New Zealand as a whole. While the scheme is initially for 7 months, there is discussion on point 43 around extending the entitlement for claimants whose training will run longer than the 7 months. This is a great idea on many levels; it helps workers to leave twilight industries, it creates a mechanism for increases flexibility in New Zealand's economy, it creates a mechanism for rapid economic restructuring without destroying families, communities, and lives; this also allows for people who may have not taken full advantage of their educational opportunities earlier in life to restart in confidence and gain a more saleable skillset. With the correct pressure from the union movement this mechanism can progress the much needed restructure of New Zealand's education sector.

Wage scarring has a massive effect on New Zealand and if we experience large scale lay-offs during the regular recessions and depressions the plague capitalism every 7-11 years (euphemistically and cynically referred to as the "business cycle") this has run on effects for the State's ability to fund infrastructure and take debt (which will be paid by the workers through tax). Putting aside a kete of money makes a lot of sense. It helps workers pay their bills during a downturn in their own economic lives, it smoothes the income shock which allows both workers and the state to plan more securely over the longterm, and it helps to confine the effects of a recession to the relevant sectors of the economy and prevents the run on effects of a generalised depression. There is however, a negative effect of this. What this in essence means, is that the employed class of New Zealanders is being used to bail out the employing class of New Zealand. The employee does not choose when their employer will go bust, nor do they control the vagaries of the economy that cause recessions so to ask them to bail out those who do have control is a huge slap in the face.

The counter argument to the above point that will come from the business community is that the business owner pays their fair share (50%) of this scheme. This however, is inaccurate. As the scheme is designed the business owner can reclaim the GST portion of their share – an option not available to the workers – which means that the worker pays more for their economic salvation than the employer who has much more influence over the economy. To counter this disparity of outcomes, the scheme should be funded either by a raise on the business income tax, or by the removal of businesses to claim back GST on this one purchase.

Having an entity administer the scheme as a body separate from ACC is the best option for its administration. As all Aotearoa knows, ACC is notoriously difficult to deal with and is rife with problems. Keeping this scheme separate allows the new entity to be tailor designed, fit for purpose, and have a governing structure that maintains worker representation through unions in place at the highest decision making level of the organisation. The governing body should also have permanent representation for all the various layers of Maori society to ensure that treaty obligations are met and built into the very fabric of the scheme. Without worker representation in the governance of the insurance scheme is the only way to make sure that the money paid into it by workers is maintained in their interests.

Unions Manawatu as the local affiliates council of the Council of Trade Unions supports the implementation of a social insurance policy for workers who have lost their job through no fault of their own. We believe this scheme will bring benefits to all strata of our society and is a good progressive step in the history of the labour movement.

1 Do you agree New Zealand should introduce an income insurance scheme for displacement and loss of work due to health conditions or disabilities – absolutely

2 How can we ensure the proposed income insurance scheme honours Te Tiriti o Waitangi? - ensure adequate levels of Maori representation in the design of the scheme and in the roll out of any subsequent legislation that impacts the scheme. Ensure that it is not just Iwi leaders who are represented but the working class Maori as well through their union networks

3 What are the opportunities for partnership and Maori representation in the proposed income insurance scheme's governance and operations? Maori representation on the board. Ideally the governing board should be as democratically accountable as possible. Especially as this is an institution tasked with looking after workers' money

4 How can we ensure equity of access, participation and outcomes for Maori in the proposed scheme? Making the health conditions as broad as possible is a good start as respiratory illnesses and dietary illnesses are so heavily inflicted on the Maori population. Ensuring that Maori workers are not discounted from any training that might interest them, ensure against unconscious bias in what retraining is offered to Maori (similar problem to what Maori kids face in schools)

5 How can we reflect and embed te ao Maori in the proposed income insurance scheme's design? - (get others' input)

6 Do you agree with the scheme defining displacement as the involuntary loss of work due to the disestablishment of a job? Yes

7 Do you agree with excluding poor performance and gross misconduct as reasons for claiming the scheme? Yes

8 Do you agree with excluding resignation as a reason for claiming insurance? this should depend on the reasons for resignation. Resignation under duress or pressure from bullying should be covered by the scheme.

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 they hold? No, all 3 options can be included – partial loss is already accounted for with the health conditions of the scheme

10 Do you agree that insurance would be payable only where income loss was greater than a minimum threshold such as 20% of total earnings, counting income from all of their jobs? Yes

11 Do you agree that it is important to provide income insurance coverage to non-standard workers, where practical? Yes

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

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

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

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

16Do 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

17How would these design choices work in practice? What risks can you see with the approach to establishing a regular pattern of work? The certification relying on the employer creates too much grey area for an employer to avoid responsibility

18What risks do you see with covering, or not covering, people in self-employment? Nothing beyond what has been outlined

19Are there some groups of self-employed who should and should not be covered? No

20How can we practically distinguish between contractors who resemble employees and those with a high degree of independence? By their accounts. Many clients vs few clients

21Because a self-employed person cannot technically be made redundant, what types of events would be appropriate 'triggers' for insurance payments? Sudden large loss of income

22How do you think the levy should be collected from self-employed workers? Gross income at the end of the year

23Do you agree with the proposed minimum contribution period of six months over a period of 18 months preceding the claim? Sure

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

25Do you agree with limiting claims to a total of six months within an 18-month period? Prefer 6 and 12

26Could the risks associated with a low contribution history be managed in other ways? Ensuring employment is stable and sustainable would be better. If this scheme is aimed at aiding unstable employers in new and risky industries to attract labour then there could potentially be people who end up caught between the 6 and 18 month window. Some form of vetting of businesses may need to employed by MBIE

27Do you agree with limiting coverage of the proposed income insurance scheme to New Zealand citizens and residents? Absolutely not!

28To 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? WH visas can be left out, however temporary work visas such as WTR and Essential Skills have been promised a stable career in New Zealand and contribute constructively to our economy. Furthermore, excluding them from the scheme will create an extra cost of business to hiring citizens and residents and will lead to suppressive effects on their job prospects. A business going under is not the fault of the temporary worker and it is very bad faith to ask them to bear the huge stress and cost of either going home or going through the VOC process on their visa. It seems simple enough for INZ to create a redundancy bridging visa to support this insurance policy. Essential skills and WTR applicants come here being promised a stable life and this exclusion rips the rug out from underneath them and damages New Zealand's reputation overseas. It is easy to make this scheme available to what will become the EAW visa and to work to residence visas.

29Do you agree with a replacement rate set at 80 percent? Yes

30Do you agree with a cap on insurable (and leviable) income set at the same rate as the accident compensation scheme (currently \$130,911)? Yes

31Do you agree that only the insurance claimant's personal exertion income should affect their insurance entitlements? Yes

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

33Do you agree that someone should be able to earn some income from paid employment before it affects their entitlements to income insurance? Yes

- 34 Do you agree that income insurance should abate 'dollar for dollar' when earned income and insurance combined reach 100 percent of previous income? Yes
- 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
- 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? if a family's income drops into the bracket in which WFF applies they should be entitled to it. Also Student loan repayments should be abated over the course of the redundancy to aid the effect of that 20% wage scar - clearly their degree has not helped them in this time
- 37 Do you agree that income insurance claimants could also receive New Zealand Superannuation or the Veteran's Pension? veteran's pension yes, super no. If people want super they should retire - this would allow us to raise super payments having fewer retirees claiming
- 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? no as in the scheme's own wording they would only be receiving it for 7 months anyway so it's already time limited
- 39 Do you agree that income insurance and Paid Parental Leave could be accessed sequentially but not at the same time? Yes
- 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
- 41 Do you agree with a base insurance entitlement length of six months, plus a four-week bridging payment paid by the employer? no to ensure adequate time to train it should be 12 months
- 42 Would you support a longer or shorter length of base insurance entitlement? longer. 7 months is not long enough to train for a new industry or appreciably upskill. 12 months is a more suitable time frame. After lockdowns the risk of people languishing is pretty low, workers are a little sick of the same four walls of home and generally people like to feel productive - work is an important social circle as well.
- 43 Do you think the scheme should allow extensions to the base period of income insurance entitlements for training or vocational rehabilitation? absolutely. This will have great benefits for New Zealand's economic flexibility
- 44 Do you agree that employers should give at least four weeks' notice to employees, and the insurer, before redundancy takes effect? Yes
- 45 Do you agree that employers should pay former workers for the initial period of unemployment for four weeks? Yes and at 100%
- 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? Yes
- 48 Do you consider that stronger integrity measures are necessary to manage the risk of spurious claims to the income insurance scheme? Yes
- 49 Do you agree there should be no restrictions on the types of health conditions covered by the scheme? yes, as long as the health practitioner and worker can agree that work in their condition of health is not viable then that should settle the matter
- 50 Do you agree that all work arrangements should be covered (assuming other eligibility criteria are met)? Yes
- 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? Should be from 75% reduction in work capacity

53 Do you agree that the claimants' health practitioner should be the main assessor of work capacity? Yes

54 Do you agree that, where appropriate, employers could provide supporting information to inform the claimant's work capacity assessment process? yes. there should also be an ability for the health practitioner or a nominated entity to carry out an independent assessment of the work environment - say a portion of a day guided by the worker

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)?

56 How could employers be supported to help workers with health conditions or disabilities to remain in or return to work? Cover the above with Gerard

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

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

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? Yes, however the scheme should cover that extra month to the full 7

60 Do you agree claimants should be obligated to look for work or prepare to return to work while receiving insurance? Yes

61 Do you agree that claimants would not be expected or required to accept offers of employment that provide lower wages or conditions? Yes, however they still only have 7 months...

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

64 Do you think a period of time, such as 28 days, should be allowed for travel overseas, for example, to support ill family? Yes also to help them find work overseas

65 Should claimants with health conditions or disabilities be subject to obligations to participate in rehabilitative programmes and other support, where appropriate? yes, these schemes should be decided upon by the relevant industry union/s

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 this framework should be decided upon by the relevant union/s. Further, case managers' KPIs should not be based around getting claimants back to work quickly or in bulk. The KPIs of the scheme provider should be decided by the unions in CTU and those outside of CTU, and should be geared to this system providing the best service to the workers, not just a rush back to work model as exists in MSD

67 Do you think financial penalties should be in place for people who do not meet their obligations while receiving insurance payments? Yes

68 Do you agree that payments could be fully suspended in cases of serious, intentional noncompliance with obligations? Yes

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

70 Do you think it is best for ACC to deliver the income insurance scheme alongside the accident compensation scheme? this would require a massive overhaul of ACC's culture and internal ethic as it has been a source of agitation for recipients of its "service"

71Would the income insurance scheme be better delivered by a government department or a new entity? this would take longer but gives the ability to build an entity that is tax funded rather than the levy fund. Thich makes it possible to extract all revenue from businesses rather than workers. It also gives us the benefit of being able to build a structure that is based around delivering the scheme for workers not employers and creates a supportive return to work scheme rather than a coercive RTW. If this entity can create better outcomes for the workers, then ACC can be absorbed into it and become a better service provider.

72How could employer and worker perspectives best be incorporated to strengthen the income insurance scheme's delivery for New Zealanders? Permanent union membership on the board

73How could M?ori perspectives best be incorporated to ensure the income insurance scheme is delivered equitably and with aspiration? cultural training for case managers, understanding how this scheme will effect Maori forms of social organisation (particularly around the entrenchment of capitalism in their land), Maori working class representation on the board - comes in under CTU board members, delivering the service in a way that respects workers' interests over employers'

74What practical support should be available to insurance claimants to return to work? negotiation training, verifying employers' reputations, provision of physical and mental therapy if required, extensions on the scheme for longer term training to enter new industries

75Who should provide that return-to-work support? should be provided by the scheme itself not purchased from outside - contracting makes it too opaque when trying to hold the provider to account

76What type of claimants would need an employment case manager, and who could selfmanage? young and vulnerable groups would need help more along with older people whose skills may not be so relevant anymore

77What do you think a 'return-to-work plan' should include? compassionate case managers who will genuinely listen to workers' concerns about a potential employer, mental health training for case managers to be able to understand how those issues can impact a workers' re-entrance into work, see 74, mental health support for case managers if they are facing difficult and fraught cases

78What practical support should be available to income insurance claimants with a health condition or disability to return to work? See 77

79Who should provide that support to return to work? Scheme provider

80What type of claimants would need a case manager, and who could self-manage? See 76

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

82Are there specific aspects to the scheme's dispute resolution you think should be considered? will there be back pay for an insurance entitlement if the dispute takes longer than 7 months? will the worker be required to repay any bridging benefit to MSD? what sort of representation will be given to workers during the dispute stage

83Do you agree with the proposal to establish an effective offences and penalties framework to protect the scheme's integrity? yes, this framework should include an audit to make sure that an employer is not using accounting or bargaining tricks to shirk their share of the levy

84Do you agree with the proposal to develop information sharing agreements and sharing arrangements with employers, other agencies and service providers? Yes

85Do you agree the income insurance scheme should be funded from compulsory levies on the income that is insured, rather than from general taxation? no this scheme should be paid entirely by profits from business. Workers should not have to bear the risk of a situation they do not create. If businesses want to maintain capitalism they can pay for it. The scheme should be paid either by a levy fully paid by the employer or by a raise in the business income tax.

86Do you agree that levy contributions should be equally split between the employee and employer? No. Workers do not choose redundancy or the wider economic conditions that make loss of employment so hazardous. Workers take on the risk every day that their employer is

running a company in the most sustainable manner and have no say over when or how redundancy will come along. All the power over those decisions is in the hands of the class of business owners and their state; therefore, they can take on and pay for the risk.

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

88Do you agree that employees should be levied at a flat rate on income below \$130,911? yes

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

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

91Do you agree that an independent fund with a stable levy-setting system should be established to finance the income insurance scheme? Yes

92Do you favour a Pay As You Go or Save As You Go funding approach? Save as you go. Raising the levy during a recession will only lead to resentment from workers and business, and may result in greater risk of non-compliance from businesses, or the scrapping of the scheme entirely

93Do you agree that 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

94Does such flexibility create risks that require additional mitigations? Correct oversight and transparency to the public