

Submission on A New Zealand Income Insurance Scheme

Your name and organisation

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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?*

It is important to make claiming the income insurance available for health reasons, and also for any other non-specified reason, on a no-fault and no-declaration basis. If I choose to claim the insurance, then I can, to manage my own affairs in my own way, after all it's what I paid in, so I can claim it out.

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?*

It's irrelevant to the question, Treaty is about the basic constitution

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

Let's make the income insurance equally available to all regardless of ancestry

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

Let's make the income insurance equally available to all regardless of ancestry

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

It is important to make claiming the income insurance available for any non-specified reason, on a no-fault and no-declaration basis. If I choose to claim the insurance, then I can, to manage my own affairs in my own way, after all it's what I paid in, so I can claim it out. However, there should be limits on how often I can make a claim. For example, not more than once in any 36-month period.

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?*

If the insurance can be claimed on a no-fault, no-declaration basis, then we can avoid all these technical questions. Creating such obligations serve only to control people rather than giving them freedom to organise their own affairs in their own way.

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

The insurance should be available on no-fault and no-declaration basis. What if a worker was being sexually harassed at work by the boss?? Why can't that worker just simply leave and claim the insurance until finding another job? It can be too traumatic to have to prosecute the boss. If you make the employer liable to pay 4 weeks' pay upon the worker leaving, this only makes cause for further conflict and problems between employee and employer.

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

The insurance should be available on no-fault and no-declaration basis. I can leave the job if it is not suitable for me for whatever reason. Why should I be held in the job that I really don't like? But the worker can only claim the insurance for not more than 1 time in any 36 month period.

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?*

Yes.

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 insurance should be available on no-fault and no-declaration basis. Anything more than this makes for extra administration and places controlling obligations on the worker to prove the situation.

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?*

ok

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

No.

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

The insurance should be available on no-fault and no-declaration basis. Anything more than this makes for extra administration and places controlling obligations on the worker to prove the situation.

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, otherwise they will claim it at the end of every apple picking season. Just let them go on to pick kiwifruits.....and then they can do the pruning in the vineyards during the winter...

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?*

The insurance should be available on no-fault and no-declaration basis. Anything more than this makes for extra administration and places controlling obligations on the worker to prove the situation.

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?*

ok

17 *How would these design choices work in practice? What risks can you see with the approach to establishing a regular pattern of work?*

Again, this question betrays a desire to control people instead of giving them freedom to organise their own affairs in their own way,

Coverage for self-employed workers

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

The insurance should be available on no-fault and no-declaration basis. Anything more than this makes for extra administration and places controlling obligations on the worker to prove the situation.

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

The insurance should be available on no-fault and no-declaration basis. Anything more than this makes for extra administration and places controlling obligations on the worker to prove the situation.

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

The insurance should be available on no-fault and no-declaration basis. Anything more than this makes for extra administration and places controlling obligations on the worker to prove the situation.

21

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

The insurance should be available on no-fault and no-declaration basis. Anything more than this makes for extra administration and places controlling obligations on the worker to prove the situation.

22

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

Send them an invoice. If they don't pay in, then they can't claim the insurance. Simple; easy. Minimise the administration required....

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. it should be paid in for at least 12 months, in an 18 month period (if it has to be so)

Limits on subsequent claims

24

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

Yes, no more than 1 claim in any 36 month period

25

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

No. the insurance pay-out should not be for more than 4 months. That's quite long enough to find another job. If they remain unemployed beyond 4 months, then apply for a regular benefit; and not more than 1 claim in any 36 month period

26

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

Refer to the regular welfare benefits scheme, as appropriate

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?

Why should we pay out to those who only have a residence visa? If they want the benefits and privileges of citizenship, let them establish that relationship with the NZ government first, then be eligible for this sort of thing. Otherwise what is there special about being a citizen and demonstrating that commitment to your country? Some of these residence visa holders only want to skive off to Australia just as soon as they can and take everything they can from NZ.....

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?

No, they can't get it so they shouldn't be asked to pay into it. The employers should also not be asked to pay anything extra into this scheme. If it's for the workers, let the workers pay.

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?*

No. it should be paid out at the current "Living Wage" rate. Same rate for everyone.

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)?*

dunno

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?*

The insurance should be available on no-fault and no-declaration basis. Anything more than this makes for extra administration and places controlling obligations on the worker to prove the situation.

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

What is "a partner"?

The insurance should be available on no-fault and no-declaration basis. Anything more than this makes for extra administration and places controlling obligations on the worker to prove the situation.

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?*

The insurance should be available on no-fault and no-declaration basis. Anything more than this makes for extra administration and places controlling obligations on the worker to prove the situation. If they choose to end the insurance pay-outs before the end of 4 month period, then that leaves some entitlement in the kitty for them to use later, if required.

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

The insurance should be available on no-fault and no-declaration basis. Anything more than this makes for extra administration and places controlling obligations on the worker to prove the situation.

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?*

No. It's an insurance pay-out. That's not earned income at all and must not be taxed as such. The insurance should be available on no-fault and no-declaration basis. Anything more than this makes for extra administration and places controlling obligations on the worker to prove the situation.

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?*

You only offer these tax credits because you tax too much in the first place....

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?*

No. it's only for those of 'working age'

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?*

If they are getting super or pension, then they can't claim the income insurance. It's better that way. No double dipping, eh?

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?*

You only offer these tax credits because you tax too much in the first place....

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?*

If you are on ACC then you can't work, right? No double dipping please

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?

No. Employer doesn't need to pay, that would only make a problem and a cause of resentment. Insurance entitlement should not be for longer than 4 months, and not more than 1 claim in any 36 month period

42

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

Insurance entitlement should not be for longer than 4 months, and not more than 1 claim in any 36 month period

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. you can get other support such as student allowance or student loan.

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?

All depends on their contract, I suppose,

Avoiding unnecessary redundancies

45

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

No. that would create unnecessary obligations. Employers shouldn't have to pay for the workers' own insurance scheme.

If the employer is asked to pay 4 weeks wages, that makes another opportunity for problems, tension and conflict between worker and employer, and potential for exploitation. Employers already have enough obligations as it is,

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?*

Sounds ok

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

The insurance should be available on no-fault and no-declaration basis. Anything more than this makes for extra administration and places controlling obligations on the worker to prove the situation.

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?*

The insurance should be available on no-fault and no-declaration basis. Anything more than this makes for extra administration and places controlling obligations on the worker to prove the situation.

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)?*

The insurance should be available on no-fault and no-declaration basis. Anything more than this makes for extra administration and places controlling obligations on the worker to prove the situation.

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?*

The insurance should be available on no-fault and no-declaration basis. Anything more than this makes for extra administration and places controlling obligations on the worker to prove the situation.

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?*

The insurance should be available on no-fault and no-declaration basis. Anything more than this makes for extra administration and places controlling obligations on the worker to prove the situation.

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?*

No. The insurance should be available on no-fault and no-declaration basis. Anything more than this makes for extra administration and places controlling obligations on the worker to prove the situation. How much does it cost to consult a doctor these days? Can I get time off work to go to the doctor's appointment? All such requirements only make more problems and complications for the workers.

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

No. The insurance should be available on no-fault and no-declaration basis. Anything more than this makes for extra administration and places controlling obligations on the worker to prove the situation.

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)?*

Dunno.

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

Leave it alone. They'll sort it out the best way they know,

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?*

You mean they will have to contract someone else for only six months, and then turf that new person out of a job to be able to take back the one who left six months back? Let's simply leave them to sort it out the best way they know how,

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

Let's simply leave them to sort it out the best way they know how,

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?*

No, I wouldn't ask employers to make any bridging payment for workers that are not there working, that's ridiculous,

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?*

No. The insurance should be available on no-fault and no-declaration basis. Anything more than this makes for extra administration and places controlling obligations on the worker to prove the situation.

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

Let them choose how they manage their own affairs, it's not nice to impose unnecessary obligations on them to control them.

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

Just what sort of a controlling moralistic Puritan are you? Why can't you simply leave people alone to manage their own affairs in their own way???

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

What's wrong with a long weekend in Sydney to visit the rellies?

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

No. The insurance should be available on no-fault and no-declaration basis. Anything more than this makes for extra administration and places controlling obligations on the worker to prove the situation.

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?*

Why wouldn't they choose that for themselves? Just because they are a bit sick doesn't mean that they have chicken brains, huh?

66

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

No. The insurance should be available on no-fault and no-declaration basis. Anything more than this makes for extra administration and places controlling obligations on the worker to prove the situation.

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. The insurance should be available on no-fault and no-declaration basis. Anything more than this makes for extra administration and places controlling obligations on the worker to prove the situation.

68

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

No. The insurance should be available on no-fault and no-declaration basis. Anything more than this makes for extra administration and places controlling obligations on the worker to prove the situation.

69

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

No. Let them choose for themselves. But not more than 1 claims in any 36 month period, for only 4 months cover each time.

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?

No. Let ACC focus on their core business. Maybe it needs a new body to manage this scheme. ACC would have conflict of interest...

71

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

A new organisation is best, but it must be fully government owned/supervised and with appropriate worker representation. Perhaps it could be a stand-alone body within MBIE? I'm sure that MBIE would have the expertise to establish this scheme and to avoid all the pitfalls and bad PR-rap that is inherent in the "damaged model" that is ACC today....

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?

Dunno. Appropriate representation might help.

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

Dunno. Appropriate representation might help.

Displaced workers: Getting back to good jobs

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

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

Private agencies, recruitment agencies, charitable organisations,

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

They will decide that for themselves,

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

This is for children, after age 19 it's not really appropriate, they should be able to do it for themselves. If they can't, then refer to Private agencies, recruitment agencies, charitable organisations,

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?*

They can work it out for themselves,

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

Private agencies, recruitment agencies, charitable organisations,

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

They can work it out for themselves,

Dispute resolution

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

Dunno. Specified procedures would help, I'm sure. But the more obligations you impose to control people, then the more disputes you will generate....

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

Dunno.

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?*

There you are again, the controlling moralistic puritan with rewards and punishments!
Just let them alone to sort it out for themselves.

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?*

There you are, the controlling moralistic puritan with rewards and punishments again!

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?*

We should not ask anyone to pay more than what they are already being levied now. If you have to, then take the 1.39% out of the existing PAYE amounts, and channel it directly into the income insurance.

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?*

No. It's the workers' own income insurance. Don't ask employers to pay anything for it.

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

No. The insurance should be available on no-fault and no-declaration basis. Anything more than this makes for extra administration and places controlling obligations on the worker to prove the situation. Only one premium is necessary for the scheme, collected by IRD.

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?*

I've never seen \$130,000 all together in one place before; and you want to ask me about that?

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

We should not ask anyone to pay more than what they are already being levied now. If you have to, then take the 1.39% out of the existing PAYE amounts, and channel it directly into the income insurance. Otherwise, simply reduce the PAYE and tax payable by 1.39%, if you want to do it that way.

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

The insurance should be available on no-fault and no-declaration basis. Anything more than this makes for extra administration and places controlling obligations on the worker to prove the situation. Only one premium is necessary for the scheme.

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?*

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

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?*

Yeah ok, but who defines the crisis?

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

Let's cross that bridge when we come to it,

Other comments

The insurance should be available on a no-fault and no-declaration basis. Anything more than this makes for extra administration and places controlling obligations on the worker to prove the situation.

But not more than 1 claim in any 36 month period, for only 4 months cover each time.

Amount paid out should be equivalent to either minimum or living wage applicable at the time, for a 40 hour week. Thus everyone will receive the same amount.

And don't ask anyone to pay any more tax than they are already paying now. You can take the 1.39% out of the existing PAYE, don't add on any extra levies.