

Submission on A New Zealand Income Insurance Scheme

Name	Working Together Group Representatives: Mohammed Jada and Ismail Waja	
Organisation	Working Together Group <ul style="list-style-type: none"> ● IRD Registration Number: 98-502-882 ● Charities Commission Registration Number CC 11124 	
Contact details	<i>Please copy <u>both</u> emails below on all correspondence:</i>	
	Mohammed Jada <i>Policy Advisor/Coordinator: WTG</i> email: Privacy of natural	Ismail Waja <i>Team Leader: WTG</i> email: Privacy of natural

Responses to consultation document questions

Our overall concerns and comments:

The protection of the unemployed, (due to any type of partial/full loss of employment or due to health reasons) is a noble concept as it provides a safety net for all people in these circumstances. It is part of the caring society to ALL people in NZ, that the NZ government should encourage as fundamental to its core values espoused in the Constitution of New Zealand, specifically that relating to the Human Rights Act 1993 and the NZ Bill of Rights Act 1990, amongst others.

We submit that ideally, the scheme should be funded through the current tax system as this already caters for funding of the NZ fiscus. If the argument or proposition is that a separate tax funding system is proved to be better (this is still to be ventilated and debated, mind you) – then it is our view such a separate tax should be **ring-fenced** and not form part of the general reserves available to government to spend on other areas of expenditure of the fisc.

In other words, the working paper proposed percentage levied on wages of the employee and the same amount to be contributed by the employer – such funds collected should **only** be used to alleviate the circumstances that *NZ employees* may find themselves in.

The working paper references that Maori will be provided specific treatment as part of the scheme in that board representation and oversight roles are to be designated in this regard. The aim, as we understand it, is such that minority groups will be able to have an active involvement in the monitoring and direction of the scheme. This stems from the Treaty of Waitangi forming part of the constitution of New Zealand.

We submit that furthermore, the New Zealand Bill of Rights Act 1990 protects the civil and political rights of all New Zealanders, including the rights and freedoms relating to the **Non-discrimination and minority rights** and **the Right to justice**.

The communities that we serve largely follow ethical investment principles set out by the Islamic (and Christian) faith – these principles align mainly with the current stated ethical policy of the proposed fund manager (ACC) in that investment sourced from funds through the scheme should not be directed to entities involved in the trade or support of harmful substances (e.g. tobacco and drugs), arms manufacturing, etc.

One major concern however from our community view, is that reserves collected by the scheme should not be exposed to the accumulation of interest and that the investment where these funds are applied to are similarly not invested into funds that are highly leveraged and/or incur excessive interest costs, or are invested in entities that derive their principal source of revenues from interest related securities (for e.g. lenders of finance).

From our communities' perspective, should any employee receive assistance from the proposed scheme, then such assistance would be tainted by being invested in interest related investments. This leaves our community in an **ethical dilemma** in that whilst the proposed scheme has been funded from their hard earned wages (sweat off their brow as one would say) – the receipt of any assistance from the scheme would **not** be able to be used by such employees as such proceeds would be *tainted* with interest derived proceeds. This is specifically forbidden by religious principles of the communities that we serve (notably this prohibition exists in all major religious text of monotheist religions).

It is important that minority groups are not discriminated against, especially as it is their very own contributions from their wages (and employer contributions) that will be invested and applied by the fund manager(s) of the proposed scheme.

WTG Proposal:

Our proposal is that, similar to the recognition of the valid concerns for the Maori community, a meaningful undertaking should be made to evaluate the following for incorporation into the architecture of the proposed scheme:

1. Employees (and employers) who wish their contributions to be ring-fenced into investments that are ethical such that these would help to mitigate the dilemma noted above – should be allowed to designate the type of fund that their contributions should be allocated to.
2. The range of funds for investment by ACC (or other fund managers), should include specific funds that would cater for our communities' investment principles such that funds would not be applied to any investment in entities that are principally debt derived/highly leveraged, incur interest or are involved in usury related activities.
3. Consideration should be given to allow a range of investment options to be selected by employees, so that their contributions are applied according to their choice of investment. It should not solely be left to ACC (as the proposed fund manager/administrator) to select the application of funds. As noted above, whilst the principal of ethical statements set out by ACC is laudable, it is not comprehensive enough to alleviate the concerns of our communities.
4. An oversight/monitoring function should be afforded to members of our communities who wish to exercise diligence and due care into the application of investment funds. This could be as a non-executive role whereby a community representative is co-opted to such an oversight committee, or – as the case in some countries offshore – *separate* fund managers who specialise in such ethical investments are sourced to manage such funds and report to the Board/oversight committees of ACC/the selected scheme administrator.

It is important to note that we are not requesting an 'Islamic fund' – this is rather a fund that aligns with ethical investment principles that also incorporate religious perspectives. Such a fund would be open to any/all employees to designate their contributions, regardless of their religious belief or otherwise. The key is to actually provide a choice for all of NZ people to have a say in where their employment contributions should be directed.

In the event that there is no accommodation for the concerns we have raised, for whatever reason, we submit that employees should not have compulsory contributions deducted. For the very reason that such employees may find themselves (ethically and morally) in a dilemma, such employees should (in the absence of an alternative as noted in the above proposals) – be able to opt out of the contributions to the proposed scheme. Precedence for this already exist in the Kiwisaver opt out carve outs.

The same should apply to any employee that may not be satisfied with the allocation of fund managers/investment choices made by fund managers. It should not be compulsory or mandatory to have employee contributions deducted should an employee not want to do so. The obvious collary to this is that such employees (who opt-out) would themselves be responsible for their own personal circumstances and would rightfully be excluded from having any benefits of the proposed scheme.

We are conscious that the best scheme is one that has maximum participation and one that is inclusive in its investment choices to its beneficiaries. We are happy to participate further in expanding the above proposals for consideration in the proposed scheme.

Kind regards

Mohammed Jada
Policy Advisor/Coordinator: WTG
Privacy of natural

Ismail Waja
Team Leader: WTG
Privacy of natural

WTG: who we are

WTG is a project-based community-oriented entity helping New Zealanders since 2003. WTG is registered with the IRD (Registration Number: 98-502-882) and with the Charities Commission (Registration Number CC 11124). It has a bottom-up approach where it is firmly connected to the grassroots strata of the community in providing some of the essential services to the needy within its community as well as the greater community around us.

WTG runs two long-standing well-established projects: **Helping Hand (HH)** – *which assists families in need on a monthly basis to meet their basic expenses who are trying to make ends meet to survive regardless of their religious affiliations* and **Muslim Funeral Service (MFS)** – *which provides free funeral services required by families in the event of death, thereby relieving some of the stress and trauma associated with losing a loved family member. This includes the provision of transporting the deceased and performing the religious body-wash and shrouding (kafan) wrapping, as well as conducting the Final farewell prayer and interment.* Notably, the WTG was called on by the NZ Government to set up, organise and supervise the preparation of the 51 deceased for burial following the tragic Christchurch murders on 15 March 2019. WTG also has a number of other service projects.

Previous Government Submissions by WTG:

[Review Submission on the Legal Framework for Burial and Cremation in New Zealand](#) (Dec. 2013).

[Submission on the End of Life Choice Bill 269-1](#) (Feb. 2018)

[Submission on the Abortion Legislation Bill](#) (Sep. 2019)

[Royal Commission of Inquiry into Christchurch Submission Document & Presentation Document](#) (2019)

[Ministry of Health Consultation on Death, Funerals, Burial and Cremation](#). (Jul 2020)

Working Together Group Incorporation No. 1921658. Charities Commission Registration No. CC 11124
P O Box 272 1202, Papakura , Auckland 2244. Website: www.wtg.org.nz Email: info@wtg.org.nz

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?*

Yes, provided it is inclusive and incorporates a choice for employees to designate which fund their contributions should be applied to. If any of the funds are not aligned with the employees' ethical/moral beliefs, then the employee should have the ability to opt-out.

Examples have been provided above for the concerns our community have that will result in an ethical dilemma should investments be made in entities that are highly leveraged/involved in interest based derivative investments.

Proposals for inclusive offerings have also been set out and we welcome the opportunity to engage further in these discussions to find workable solutions that would cater for the needs of our communities.

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?*

By providing a choice for investment funds to be designated by the respective employee, and also a choice for an employee to 'opt-out' should the employee not want to be part of the proposed scheme. There should not be any compulsion or mandatory deductions of contributions of the earnings of employees.

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

Refer to the proposals suggested in the overall comments above to address our communities' concerns. We submit that the same/similar proposal would be available to all communities, including Maori or any other community.

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

See above response

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

See above response – please involve ALL communities in the design of the architecture of the proposed scheme. If we work together, we will find optimal solutions that will be inclusive for everyone.

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?*

Yes, any incident where an employee is no longer employable – through no fault of their own, regardless of their health condition – should be accommodated by the proposed scheme. It is a safety net that will allow for dignity in uplifting people in times of need.

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

This is a very subjective area, and the reason why employment law is so well expanded!
If the scheme is to be a safety net for ALL employees, then excluding such cases would not be equitable. Perhaps a portion of the employee's contributions could be refunded to the employee in these cases. A calculation/formulae/methodology should be designed to calculate the level of refund to be made, such that it maintains the dignity of the scheme overall.

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

Again, this is a very subjective area. For example, an employee resigning after exhausting all other efforts available to them from say, a toxic work culture, or an unethical work culture - would be discriminated against if they could not apply for the safety net of the proposed scheme. A similar refund calculation of their contributions (as noted above) may be better in these instances.

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?*

For reasons of equity, any exclusion of a person who has partially lost their job/limitation to loss of a particular number of jobs – should by default have a refund mechanism in place for such a person's contributions. A similar refund calculation of their contributions (as noted above) may be better in these instances.

In the alternate if this exclusion is made a rule, and participation in the scheme is OPTIONAL with the person having being explained the full impact of a resignation/job-loss/etc – then it is a scheme that they would have opted into and would be bound by the scheme rules. Having a choice to opt out is FUNDAMENTAL to the design of an equitable scheme in instances where no refunds of contributions are prescribed.

1 *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?*

See above comment on voluntary opting out of the scheme, and also on refund of contributions for purposes of equity.

Displacement and non-standard employment – a principle-based approach

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

Yes – a safety net should be ALL INCLUSIVE – if not, then employees should be given the choice to opt-out.

1 *Do you agree that income insurance should cover the ‘loss of reasonably anticipated income’?*

Yes, provided that the formulae should be made simple to understand and to apply and should be certain and fully explained to employees, prior to them opting in to the scheme.

1 *Do you agree that income insurance entitlements should be based on an ‘established pattern of work’?*

Yes, provided that the concept and its application is made simple to understand and to apply and should be certain and fully explained to employees, prior to them opting in to the scheme

Coverage provided for fixed-term and seasonal employees

1 *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?*

As long as there is an option for employees to opt-in (and importantly to just as well opt-out) then this should be ok.

1 *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?*

See above comment on voluntary opting out of the scheme, and also on refund of contributions for purposes of equity.

Coverage provided for casual employees

1 *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?*

See above comment on voluntary opting out of the scheme, and also on refund of contributions for purposes of equity.

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

If casual employees have the ability to opt-out of the scheme (and thus retain more of their wages of course), then this issue is a non-starter and would not apply.

If they are able to opt-in, then they should be aware of any limitations placed on compensation from the scheme such that they can make an informed choice.

Coverage for self-employed workers

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

If the scheme is mandated, then this issue will arise of course. Having the ability to opt-out of the proposed scheme would be equitable for those workers who are self-employed and do not want to be part of the scheme. If they do opt in to the scheme, then an extra level of diligence would need to be designed, such that rules are in place to cater for unethical practices by self-employed persons wanting to 'game' the system.

Having the choice to opt-out is a key recommendation.

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

See above comment.

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

Inland Revenue already has guidance on who is an independent contractor – this should be considered in the design of the proposed scheme.

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

Diligence would be required to evaluate the bona fides of the person claiming the benefit. Having a dispute resolution, objection and appeal process built in to the design for such circumstances would help with impartiality and recourse options to both the scheme and the employee.

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

Annual payments based on submission of declaration forms.

A modest minimum contribution period

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

No - this would not be equitable.

Limits on subsequent claims

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

No - this would not be equitable. Case management of frequent claims where this is a history of unusual high claims history would need to be flagged for additional diligence before claims are paid out.

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

If this were to be applied, a potential year (12 months) would be at risk where the employee falls outside of the safety net of the proposed scheme. If this rule is in place, then the employee should have the right to opt-out of the scheme at inception (if they opt-in then they would need to comply with the rules).

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

not sure – would need further deliberation

Coverage for New Zealand citizens and residents

2 Do you agree with limiting coverage of the proposed income insurance scheme to New Zealand citizens and residents?

If this were to apply, then the concomitant conclusion should be that those not eligible should NOT be required to contribute to the proposed scheme of course!

However, if we are a caring and inclusive nation for ALL people IN New Zealand, then we should accommodate ALL workers regardless of their residency/citizenship status.

Giving the employee the choice to opt-in IS EQUALLY IMPORTANT as the choice to opt-out.

2 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 – this is not ethical and is not equitable. If a person works and opts in to the scheme, then their contributions entitle them to the benefits of the scheme.

Income caps and income replacement rates that match the accident compensation scheme

2 *Do you agree with a replacement rate set at 80 percent?*

This is subjective and not enough information is on hand to answer this at this point.

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

Fairness would dictate that there is no cap set, as the contribution is based on a percentage of the employee's income (not any fixed amount).

Only personal exertion income would abate (reduce) insurance entitlements

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

This is subjective and not enough information is on hand to answer this at this point.

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

Yes – each employee is subject to their own individual circumstances (their partners or dependents should not impact the determination on a stand-alone basis).

Abatement rates would ensure a claimant is not financially better off as a result of their loss of work

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

This is rather a question of employment law to remedy and not the proposed scheme. Once a person is employed and has their wages clipped for contributions, they should be able to benefit immediately as it is not expected that a person opts-in to the scheme knowing that they will involuntarily lose their job.

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

This is subjective and not enough information is on hand to answer this at this point.

Insurance would generally be treated as income, to determine eligibility for welfare and student support

3 *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?*

The question is whether the payment by the scheme is to be treated as a grant (like many businesses received during covid support payments) or not.

Having considered the aim is to provide a temporary safety net for employees from hardship, it very well may qualify to be considered as being of a 'grant' nature. In this scenario, the payment should NOT be subject to tax.

If it is subject to tax however then any contribution made by the employee should be excluded income for tax purposes and thus exempt from personal taxation. This is more equitable.

3 *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?*

No – this is discriminatory. Employees who have contributed a portion of their earnings should not be prejudiced.

Insurance claimants could also receive New Zealand Superannuation or the Veteran's Pension

3 *Do you agree that income insurance claimants could also receive New Zealand Superannuation or the Veteran's Pension?*

Yes.

3 *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

Where eligible, insurance claimants could choose whether to access Paid Parental Leave or income insurance and may receive both sequentially

3 *Do you agree that income insurance and Paid Parental Leave could be accessed sequentially but not at the same time?*

No

Insurance claimants could also receive ACC weekly compensation where it covers a different income loss

4 *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

A sufficient base entitlement period

4 *Do you agree with a base insurance entitlement length of six months, plus a four-week bridging payment paid by the employer?*

Only if the employee has the right to opt-out of the scheme and the scheme is not mandatory.

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

This is subjective and not enough information is on hand to answer this at this point.

Extending the maximum period in specified circumstances

4 *Do you think the scheme should allow extensions to the base period of income insurance entitlements for training or vocational rehabilitation?*

Yes

Enhancing the income insurance scheme with notice periods

4 *Do you agree that employers should give at least four weeks' notice to employees, and the insurer, before redundancy takes effect?*

Yes

Avoiding unnecessary redundancies

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

No. They should be paid their normal notice period in terms of Employment Law.

4 *Should bridging payments be applied to all workers, including those not eligible for income insurance?*

No. only payments to those that opt-in to the scheme

4 *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?*

No – the scheme should de-link the obligation for employers to fund bridging payments. The employer’s contributions entitle the employer to expect the scheme to fund any payments. Penalties should be levied on non-payment of contributions by employers.

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

Yes, of course – we are dealing with human nature, so we need to be respectful yet have a healthy dose of professional skepticism.

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

4 *Do you agree there should be no restrictions on the types of conditions covered by the scheme?*

Yes

No restrictions on the working arrangements covered by the scheme

5 *Do you agree that all work arrangements should be covered (assuming other eligibility criteria are met)?*

Yes

Coverage for loss of at least 50 percent of capacity to work, for at least four weeks

5 *Should the scheme cover partial loss of earnings due to a health condition or disability reducing work capacity?*

Yes

5 *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?*

This is subjective and not enough information is on hand to answer this at this point.

Claimants' medical practitioners would assess work capacity, with final eligibility assessed by the scheme administrator

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

Yes – an independent objection and appeal recourse mechanism should be made available to provide recourse.

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

Yes, of course – this is elementary.

Employers would remain responsible for taking reasonable steps to support an employee to continue working

5 *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)?*

This is subjective and not enough information is on hand to answer this at this point.

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

This is subjective and not enough information is on hand to answer this at this point.

Employers would be expected to make reasonable efforts to keep a job open where a return to work within six months is likely

5 *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?*

No – that is why the proposed scheme is there!

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

Of course not.

The scheme would generally meet the full cost of income replacement once a claim is accepted

5 *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?*

This is subjective and not enough information is on hand to answer this at this point.

Chapter 9 – Insurance claimants’ obligations (Pg 113-120)

Reasonable obligations for people receiving income insurance payments

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

Yes – subject to health conditions of course

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

Yes

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

Yes

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

yes

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

Yes, but the period should be extended to 60 days, with ability to extend based on medical evidence.

Specific obligations for claimants with a health condition or disability

6 *Should claimants with health conditions or disabilities be subject to obligations to participate in rehabilitative programmes and other support, where appropriate?*

This should be optional not mandatory

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

Yes, within reason

Consequences for non-compliance

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

This is subjective and not enough information is on hand to answer this at this point.

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

Yes – but this should be based on a very high hurdle of evidence

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

This is subjective and not enough information is on hand to answer this at this point.

Chapter 10 – Delivering income insurance (Pg 121-134)

Independent and effective delivery

7 *Do you think it is best for ACC to deliver the income insurance scheme alongside the accident compensation scheme?*

See our comment under general comments above. As long as the respective government agency is inclusive and is resourced to adequately provide the service, with sufficient governance and oversight represented by all sectors of society.

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

See above comment

Accountable and effective governance

7 *How could employer and worker perspectives best be incorporated to strengthen the income insurance scheme's delivery for New Zealanders?*

By providing a choice to opt in (or to opt out), as well as a choice to designate which type of fund employees' contributions should be allocated to. See proposals noted in general comments above.

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

See our comment under general comments above.

Displaced workers: Getting back to good jobs

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

This is a function for WINS, let's not duplicate functions in government entities please.

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

See above comment

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

This should be available to any that would want a case manager – nobody should be precluded.

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

Counselling, mental health programmes, community part-time jobs to keep people active and help with placing people with recruitment agencies.

Health condition and disability claimants: Getting back to good jobs

7 *What practical support should be available to income insurance claimants with a health condition or disability to return to work?*

This should be referred to the health department.

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

See above.

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

See above comments.

Dispute resolution

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

See below

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

1. Dedicated timelines and ease of access to information on Internal reviews needs to be in place, otherwise it could lead to a bureaucratic process that may be unjust.
2. The costs for conciliation should be minimal, as employees would already be financially disadvantaged. Ideally this process should be fully funded by the scheme.
3. Reasons why claims are needing to be resolved by a Formal review (and not by the earlier two steps), should be provided to an oversight committee for regular monitoring and intervention – the third step should really be on an exception basis.
4. Costs to appellants need to be considered – it is not effective to have high legal charges borne by employees in order to seek justice on their specific cases. Funding should be available to any

who seek to lodge court application and it would be good to set up principles and qualifying criteria where such funding could be accessed or made available to employees.

Scheme integrity and enforcement

8 *Do you agree with the proposal to establish an effective offences and penalties framework to protect the scheme's integrity?*

Yes, unfortunately this needs to be done for integrity purposes

Information collection and sharing

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

yes

Chapter 11 – Funding income insurance (Pg 135-144)

Most funding would come from compulsory levy payments on income

8 *Do you agree the income insurance scheme should be funded from compulsory levies on the income that is insured, rather than from general taxation?*

See our general comments and proposals.

The scheme should NOT be compulsory.

Levy payments would be shared by employers and workers

8 *Do you agree that levy contributions should be equally split between the employee and employer?*

Yes, and limited to 1% each.

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

No

Both the employee and employer would be charged at a flat rate

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

A flat rate should be charged regardless of income cap. Or might as well use a %, but no cap.

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

Employees should have the option to designate a portion (or all) of their contributions to their choice of fund manager. See proposal at beginning of document.

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

The overall architecture for the levy should be simplified and easy to understand. Having other determinative factors such as experience etc is adding complexity to the design.

Levies would adjust smoothly over time, with independent fund management

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

Yes – see our proposals at the beginning of this document.

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

Pay as you go.

Building in scheme adaptability, while protecting levy sustainability

9 *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?*

If one loses one's job, its already a crisis!

No – the rules should be clear on what events would act as *force majeure*

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

See our comment under general comments above flexibility in choice and inclusiveness will help to ensure successful participation by all people in NZ.

Other comments

See our overall comments and proposals at the beginning of this submission document.