

WWRC Submission to MBIE on the Income Insurance Scheme

1. After reading about different aspects of our proposed New Zealand Income Insurance scheme, what do you think overall?

The Working Women's Resource Centre (WWRC) supports the scheme overall and its aim of providing protection and security for women workers who have to stop work because of redundancy, disability or ill health. We note that in 2020 NZ women workers were disproportionately affected by Covid job losses and although most of those women are back in work we are concerned the some of the new jobs offer lesser wages and conditions. We think that this scheme will fill current gaps in our ACC and welfare support systems and will go a good way to helping workers live with dignity when facing insecurity.

It won't solve all the existing problems of income inadequacy but would be a step towards it alongside adequate benefits and a Living Wage for all workers. We would not want to see the scheme create two types of unemployed people i.e. those on benefits and those on the Insurance Scheme and therefore strongly recommend that the government meet all the recommendations of the Welfare Working Group.

2. Do you think New Zealand needs the scheme, taking into account what employers and employees will need to pay?

The Covid pandemic, like other economic shocks, disproportionately affected NZ women in the workplace. Many women workers who lost their jobs were unable to go on an unemployment benefit because their partners were working, resulting in significant loss of income for their families. The New Zealand Income Insurance Scheme would enable women to have access to financial support independent of their partner's income. Unlike most OECD countries we don't have such a provision yet and in the future climate change and technological advances will lessen job security and increase insecurity for families. The proposed scheme will lessen the disruption to employees' lives and help them find suitable alternative employment. If women workers don't have an alternative income when they lose their jobs they may be forced to take on jobs with lower incomes and lesser conditions.

We think the employer and employee contributions sound fair.

N.B. this question covers employees but not contractors. How will the administration work for contractors?

3. What do you see as the strengths and weaknesses of the scheme?

Strengths:

- the proposal dovetails well with current gaps in ACC to cover disability, sickness and redundancy. Currently a worker who can't work due to developing an illness or disability is left without her previous income; unlike people who have had an accident.
- provides a source of income for women unable to get an income otherwise
- it future proofs the labour market against shocks such as climate change. Such employment security builds a resilient economy.
- it includes paid and unpaid parental leave in the qualifying period

- sets up a legislative framework for redundancy payments and notice periods in line with international best practice
- covers fixed term, seasonal and casual workers giving these sectors a more secure and therefore stable workforce
- if a woman works several jobs and loses 20% of her income she can use the scheme to top up her lost income. Many women, especially Maori and Pacific, work several jobs.
- Maori workers will benefit from the scheme as they are the most likely to be displaced or made redundant i.e. 21% chance compared to 13% for all other workers.
- the ability to access support for training and rehabilitation up to a period of 12 months will enable women to get out of sunset industries and into sunrise industries.
- the four week payment of 80% of income by employers compared to one week for ACC will be a disincentive for employers to lay off staff leading to more work security.
- self employed and independent contractors are covered

Weaknesses:

- workers will have to pay an extra 1.39% of their income which will affect already struggling families.
- Working for Families and the Accommodation Supplement are based on net income rather than gross so these families will not be able to be compensated for the loss of income they face from the levy payment.
- face from the levy payment. be disadvantaged..
- workers who take breaks from work to care unpaid for others (more likely to be women and/or Maori) will not be covered.
- The scheme is not universal like ACC - a worker has to have been contributing for 6 months before she can access the scheme.
- we have concerns about the practicalities for casual workers proving they have the right to access the scheme (suggest an MBIE funded hotline to support casual staff having difficulties just as ACC currently funds CTU to run an ACC hotline).
- we have concerns about ACC administering the scheme. Will ACC be adequately funded to do so? Will the perceived culture of ACC looking to dismiss claims readily be carried over to this scheme?

4. In what ways do you think the scheme can be improved?

- Women and particularly Maori, Pacific and disabled women are more likely to be represented in low income families. There needs to be a full intersectional gender analysis of the proposed scheme.

- Include a reducing scale for levies depending on income - lower paid workers pay a lower % of their income.
- Include loss of reasonable expectation of income as well as loss of actual income.
- MBIE fund a hotline to support casual staff having difficulties accessing the scheme just as ACC currently funds CTU to run an ACC hotline. Such a hotline needs to be staffed by a good percentage of staff who are Te Reo Maori speakers. Currently Maori access ACC at a lesser rate than the rest of the population so funding has to go in up front to ensure that Maori get a fair share of this scheme.
- The administrators of the scheme must be given a clear brief to facilitate rather than reduce access to the scheme.
- Make the scheme universal - no stand down period