



Social Insurance

March 2021

IN CONFIDENCE - NOT GOVERNMENT POLICY

New Zealand Government



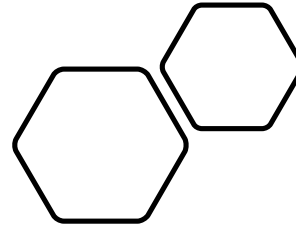
NEW ZEALAND COUNCIL OF TRADE UNIONS

Te Kauae Kaimahi

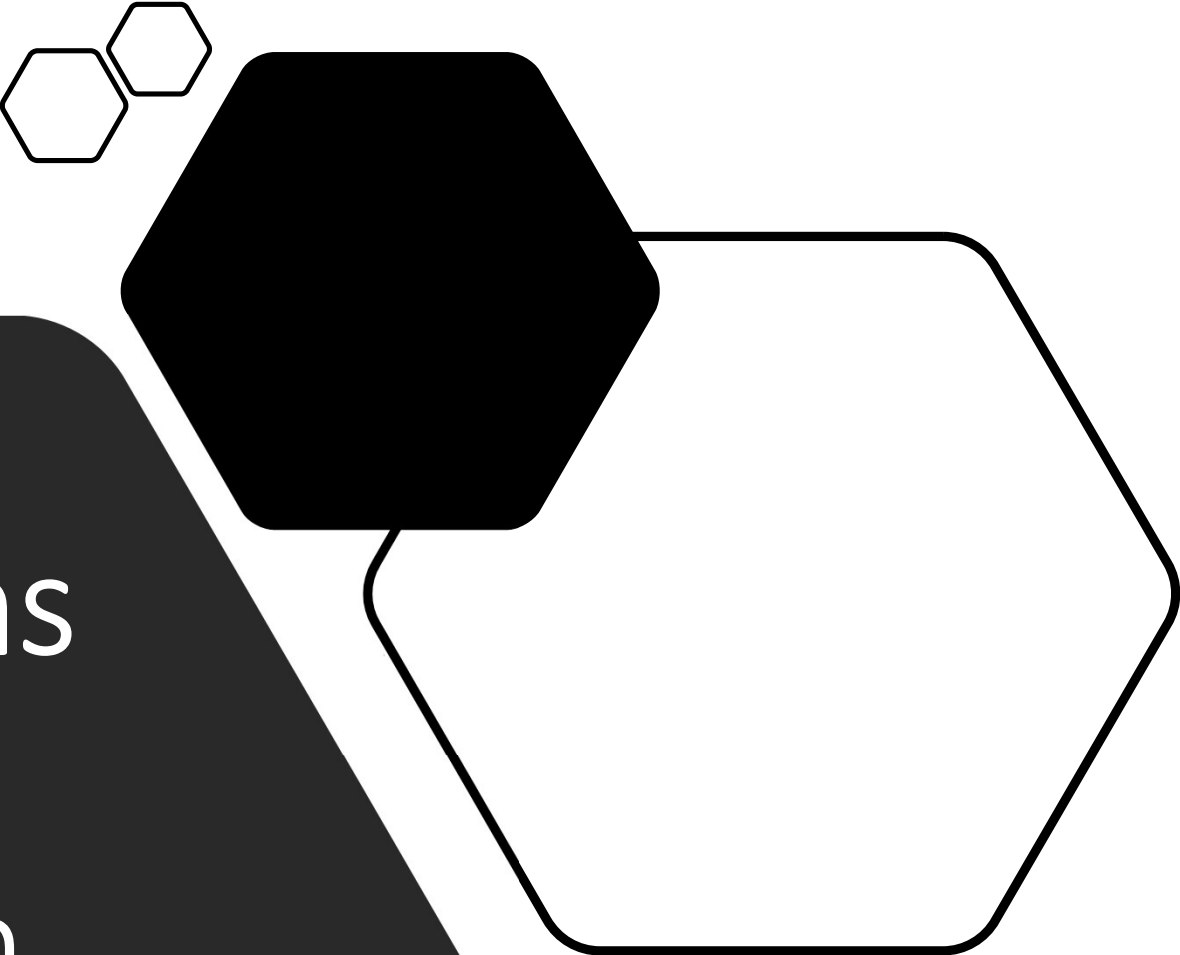


GROWING PROSPERITY AND POTENTIAL

Purpose of this session

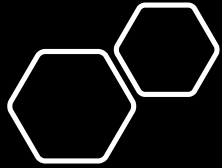


- To clarify the key elements of the Social Insurance model for further investigation
- To reach agreement on the terms of the Social Insurance Working Group, its timetable, and its make-up
- To discuss management of this policy area from this point forward
- This slide pack provides a starting point for a Forum discussion on the key elements of the Social Insurance model.
- The aim of this session is to confirm as many key decisions about the shape of that scheme as possible.

A decorative graphic consisting of several hexagons. At the top left, two small white hexagons with black outlines are positioned. Below them, a large solid black hexagon is partially overlapping a larger white hexagon with a black outline. The white hexagon is positioned to the right and slightly below the black one.

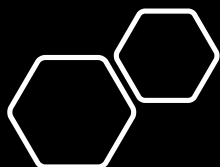
Key Questions A Starter for Conversation

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Social Insurance Tripartite Working Group

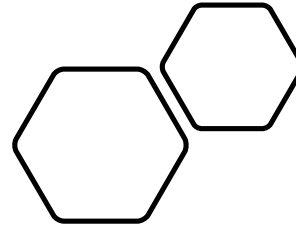
- Principles:
 - A genuinely tripartite process
 - Will require co-design throughout the process
 - Agreed Terms of Reference
 - Regular and Milestone Reporting
- Mechanisms:
 - A dedicated group of Officials and Social Partners tasked with rapid policy development
 - Regular reporting to a dedicated governance group made up of Senior Ministers and Social Partners. Will make decisions on options for presentation to the Future of Work Forum
 - Cabinet to make final decisions on recommendations from Future of Work Forum



Proposed Timetable

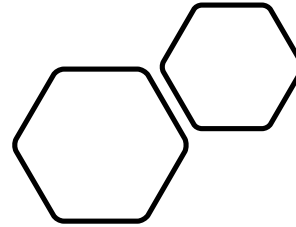
Milestones (overall scheme)	By when
Co-design of Discussion Document and Cabinet approvals to consult	August 2021
Public consultation launch	September 2021
Public consultation closes	December 2021
Submissions analysis and final policy design work	January 2022
Cabinet decisions and commencement of work on implementation	February 2022
Drafting of legislation	July 2022
Introduction and first reading	August 2022
Select Committee process	September 2022
Passage of legislation	April 2023
Implementation/Go Live	May 2023

Who is covered?



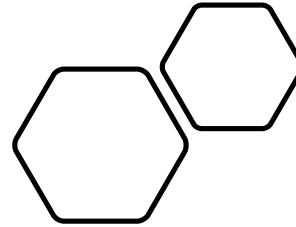
- All workers in so far as is possible.
- Work will concentrate upon the practical issues of bringing in groups with non-standard work patterns, and the self-employed

What is covered?



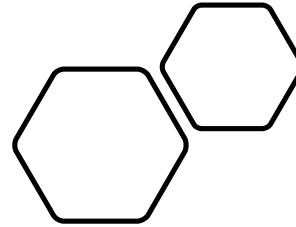
- *For Core Programme*
 - Job loss due to disestablishment of job by employer, employer going out of business, unlawful action by employer or dismissal during a 90-day trial
 - Job loss due to a health condition or disability
- *Future Work*
 - Eg. Temporary reductions in employment or work hours (such as during the COVID-19 lockdowns) – called in Europe short-time work, or furloughing

For how much?



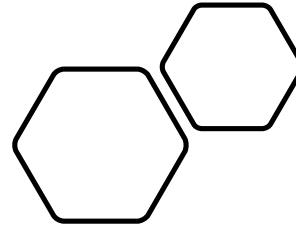
- Income Protection
 - Income Support
 - Proportion of previous wages or salaries equal to 80%
 - Minimum payment of minimum wage
 - Maximum income payable consistent with ACC weekly compensation maximum
 - How should income be treated for the purposes of tax and social security? (eg all income is taxable, and is income for Social Security Act purposes)
- Support Services
 - Anticipated Active Labour Market Programmes – not part of this tripartite process (but will need to be explored)

For how long?



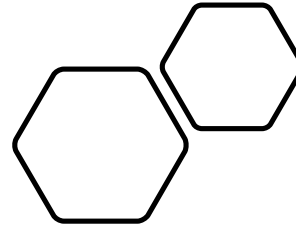
- *For Core Programme*
 - For a defined period of time (eg around 6 months or 12 months)
 - Extendable if undertaking approved education/training and/or rehabilitation in the case of health conditions and disability

Entitlement?



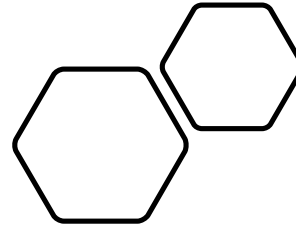
- No minimum contribution or membership time requirement to qualify for payments
- Individual to the worker without means testing of the worker or household
- Access to Active Labour Market Support from day 1 of income support payments

Who Pays?



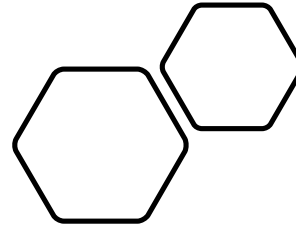
- Employer levies based on total payroll (with potential industry-based experience rating)
- Employee pays a levy on gross salary/wages
- Common fund – not individual accounts
- Government contribution to:
 - Start-up capital to scheme
 - maintain viability of the scheme at times of high job loss
 - fund active labour market programmes
 - recognise savings to the Crown in the rest of the welfare system

Who Delivers the Scheme?



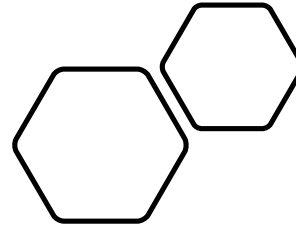
- The Accident Compensation Corporation, extended and with new objectives
- Does not seek to deliver scheme through market mechanisms
- Governance of the scheme should be tripartite, and include Māori representation

What additional services?



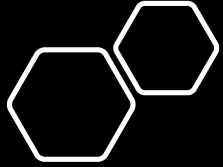
- This scheme should interface with other schemes such as Active Labour Market Programmes, and health services. Propose linking people with existing (and developing) services to support return to good work.
- Works in conjunction with RSLGs and WDCs to identify new skills needs and training
- Personalised career advice, assistance with job applications and searching; relocation assistance; job experience; redeployment
- Rapid response to significant redundancy situations in conjunction with employers and unions
- Provided by the Corporation, through other central or local government agencies, unions, iwi, or accredited providers
- Education and training to equip people for new careers or upskill in their existing occupation
- Future work on what gaps remain in our suite of existing support services and developing a plan on how best to address them to improve outcomes.

What obligations exist?



A mutual commitment

- For our society and government, through the Corporation, to provide effective support to workers through change and bad times, treating them with dignity and empathy
- For workers, to actively search for work that suits their skills and experience, take part in programmes that will assist in that, or be engaged in training and appropriate rehabilitation services, where these are available and where return to work is a possibility.



Any Questions?

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