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**From:** Leo Shen Privacy of natural persons

**Sent:** Friday, 29 April 2022 7:56 am

**To:** Tracey Black Privacy of natural persons

**Cc:** Geoff Simmons Privacy of natural persons

**Subject:** Feedback in regards to the proposed NZ income insurance scheme [UNCLASSIFIED]

Kia ora Tracey

Thank you again for reaching out in regards to the proposed New Zealand Income Insurance Scheme. Please find below feedback from Toi Mai and Ringa Hora. Between our two workforce development councils we represent a wide collection of industries including - Creative, Technology, Entertainment, Hairdressing & Barbering, Makeup Artistry, Skincare, Journalism, Radio & Television Broadcasting, Gambling, Sports & Recreation, Advisory Services, Aviation, Cleaning Services, Business Services, Contact Centres, Financial Services, Hospitality, Local Government, Real Estate, Retail, Security Services, State sector, and Tourism & Travel.

Across Toi Mai and Ringa Hora, we cover over one-third of workforce in New Zealand and it is well documented that many of these industries were adversely affected by the Covid pandemic. Although we absolutely support the need to create a stronger safety net for all New Zealanders building on the existing social welfare system, nevertheless, we continue to have a few questions and concerns about the proposed scheme, specifically:

1. Based on overseas evidence people often take longer to return back to work under income insurance schemes, the common theme to success seem to be centred around the people's access to suitable training, upskilling and job search schemes – it will be great if further details can be included around how the “case management” part of the proposed scheme can integrate with the education system and incentivise the uptake of training/career transition.
2. It is unclear how the scheme will work for those self-employed individuals or those with flexible hours as the scheme currently does not have a set minimum of maximum payment and it is possible that lower income workers in the services sector would not benefit from the scheme. It may also be beneficial to carry out some scenario modelling to estimate the relative contribution/investment of the proposed scheme.

Further, for the self-employed individuals although the scheme will work well for those who can no longer work due to illness, but it will unlikely benefit those whose work simply dried up due to sector wide challenges – this in turn creates further equity challenges between those who are employed and those who are self-employed.

3. Considering the inflationary pressures and the upcoming Fair Pay Agreements changes – the proposed levy and the four weeks 80% wage may create additional pressures for businesses as it looks to recover from the Covid pandemic in the last two years. This is particularly the case for businesses dealing with sector wide shock/recession where employers have limited opportunities to support their employees to transition into another job.
4. It is unclear how the proposed scheme will integrate with the wider social welfare support and transition in between the different schemes and whether there may be some unintended consequences. For those workers needing access to other social welfare

support - the benefit standdown period, abatement rates, access to student allowance, family tax credit, social housing income related rents have traditionally posed significant challenges for lower income employees in our sector – ideally we would like to avoid creating additional barriers being created by the proposed scheme.

Further, referencing lessons from the benefit system, people often fail to declare their change in circumstances in a timely manner or being clear around their obligations in declaring the different sources of income while they transition from one job to the next – this is typically made worse by people taking on temporary jobs while they search for permanent work. As a result people often incur unintended system driven debts to the Crown and further complicates their transition.

5. Noting that people will be encouraged and supported in their job search and in a case of non-compliance, people will be given notice and time to meet their obligations. If they fail to do so, insurance payments may be temporarily stopped – it is unclear how and who will be enforcing these obligations and whether there will be opportunities to formally connect with the vocational system through this process.

Thanks again for the opportunity for input, we are more than happy to work with you and contribute to the ongoing development of the proposed scheme and if you have any questions please feel free to get in touch with Geoff (Creative Sector) and I (Service sector).

Ngā Mihi

Leo

**Leo Shen**

General Manager Strategy and Advice