

Cait Johnson

Privacy of natural persons

I do **not** agree New Zealand should introduce an income insurance scheme for displacement and loss of work due to health conditions or disabilities.

NZII fundamentally changes—even reverses—Aotearoa New Zealand’s welfare approach from ‘support based on need’ to ‘support based on prior income’; this is a crucial problem with the proposed scheme. Although everyone pays the same flat rate levy, those with high-paying jobs receive far larger payouts than low-waged workers. Circumstances such as the costs associated with a person’s health condition or disability or whether they have children are not taken into consideration. Minimum wage, at \$1.55 less than the living wage, does not provide a liveable income, particularly for those with children or high health costs. 80% of this will not be enough for people to live with dignity. Minimum wage earners and other low-waged workers will also struggle to afford the proposed levies when their wages already may not cover their living costs.

Furthermore, the scheme leaves our most vulnerable people in a broken welfare system. NZII does not include people for whom work is inappropriate or impossible, for example due to caregiving responsibilities (whether for children or others), or due to chronic disability (over six months). It does not cover new parents (who have left their jobs for this reason), nor those who find themselves parenting alone when they’ve left an abusive or otherwise toxic relationship to keep themselves and their children safe and well. It also excludes those entering the workforce for the first time such as school leavers and graduates. Implementing NZII before transforming welfare shows a serious disregard for the lives of these people, leaving many of them in poverty. The Welfare Expert Advisory Group’s recommendations were received by the Government over 3 years ago – and most have still not been implemented, a stark contrast to NZII which is being fast-tracked despite its complexity, size and unknown consequences. <sup>[L]</sup><sub>[SEP]</sub>

Raising benefits to liveable levels for all would mean that no one who has lost employment would have a drop in income that would negatively impact their wellbeing or capacity to live

with dignity. This could happen now, without needing to implement a separate scheme for waged workers.

Other advantages of the NZII scheme could be brought about by transforming welfare. Benefits could be individualised, inline with WEAG recommendations, to reduce “wage scarring” after job loss, ensure that a person’s eligibility for income support after job loss is not affected by their partner’s income, as well as allowing people to leave abusive relationships or start new relationships without their income being negatively impacted.

Another concerning aspect of the proposed NZII scheme is its definition of a “good job”. A good job is defined in this document as one that can provide similar pay and conditions to what the worker received before losing their job. For those with high-paying jobs with good working conditions this means they are only obliged to accept work that is as good or better than their previous job. However, low-waged workers with poor working conditions would be obliged to accept work that is just as bad as their previous job. This model does not allow all workers to find good jobs, only those who had good jobs to begin with.

Another concern is that workers are only able to access the scheme for 6 months within every 18 months. For those in low-waged and precarious employment it is possible they will end up moving between bad jobs, income insurance and the benefit. If the government wants to offer workers stability and wellbeing, raising benefits to liveable levels and removing work obligations would allow *all* workers to find decent work when appropriate.

The discussion document notes that employers may be more inclined to make people redundant with NZII and that employers could pass on the costs of the scheme by suppressing wage increases. These are major concerns for all workers and particularly those in low-waged or precarious work.

The wider economic benefits noted in this document could be achieved through raising benefit levels.

NZII risks recreating the same low-trust model as our current welfare system with its emphasis on “no-fault” job loss, prioritising getting people back into paid work even if they have a disability or health condition, and imposition of work obligations and sanctions. NZII covers “no-fault” job loss: those who experience involuntary displacement, or have a health condition or disability that means they can no longer work. However, there is a risk this will exclude those who leave their jobs due to extremely poor working conditions, or due to workplace bullying or harassment. There is also a punitive element to excluding people who are fired for poor performance or misconduct, or leave their jobs voluntarily. According to the logic of a “user-pays” model, those who have paid into the scheme deserve access to income support regardless of how they lost their job. Moving beyond this logic, everyone deserves to live with dignity.

There should be no sanctions or obligations: The NZIIS currently proposes work obligations and sanctions which mirror those used by MSD. Work preparedness, case management and connection to labour markets will be helpful to many and should be available, but people should not be obligated to perform this out of fear of sanctions. The experience within the welfare system demonstrates that sanctions harm tāmariki, are costly to administer and corrode trust.

As proposed, only New Zealand citizens and residents will be eligible for NZIIS. Migrants are still expected to pay into the scheme through a levy but they will not get any benefits from NZIIS. This is unfair - these workers should be allowed to opt into the scheme or opt out of paying levies.

We want a system designed in true partnership under te Tiriti, aiming for tino rangatiratanga, not a monocultural system devised primarily by high-income Pākehā for Pākehā, as shown in Covid’s ‘two-tier welfare’. A scheme that has been designed without tangata whenua at the table cannot honour Te Tiriti o Waitangi after the fact.

We want a system that truly cares for those in need, not a system that gives more to those who have more.

We want a system that acknowledges caregiving, that prioritises the wellbeing of children and their families, not a system which ignores the “wage scarring” of childbirth, breastfeeding and caring for young children.

We don't want a system which ignores the “wage scarring” of being in a toxic relationship – and which offers no “income smoothing” for those who find themselves sole parents when they've left a toxic relationship to keep themselves and their babies safe.

We want a system that enables chronically disabled people to live in dignity, and to fall in love while keeping their independence, not a system that increases their disability by keeping them below the poverty line and makes them choose between financial vulnerability or loneliness.

We want a system where everybody who has a life-limiting disease is free of the need to work, and has loved ones around them, not a system which will let only a few high income earners have this privilege.

Benefit levels and wraparound support from Work and Income are meant to be the protection and safety net that people go to when they can't work, are moving in between jobs, or have taken time off work to care for their children or sick family members (essential work). Wanting to create the scheme is an admission from this Labour government that current benefit levels are not fit to live on and they'd be right in that respect.

Bringing much needed and awaited change to the welfare space will achieve the intent of the Insurance Income scheme, without the need to create a whole new system. It honours everyone in their different capacities, not just people who have become recently unemployed. Improving the quality of life for people and families that need it the most actually helps to improve it for all of us, and it will strengthen communities in their protection against Covid as well as support us in a long-term just transition.

We would like to see the Labour Government honour te Tiriti o Waitangi, and enhance the mana and uphold the dignity of all by increasing benefits to liveable levels, removing obligations, and

individualising income support (that is, being entitled to income support even if you are in a relationship) and enacting a High Trust Model as the overall service delivery model at Work and Income.

Please hear my call for Livable Incomes For All. I believe that when people and families have all the resources required to make the best decisions, communities transform themselves. We can and should do this for our team of 5 million.