

## Submission on the NZ Income Insurance Scheme proposal

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I am a senior lecturer in History at Te Herenga Waka Victoria University of Wellington. My research focus is the histories of working-class people in Aotearoa New Zealand, including twentieth-century unemployed workers' movements. I agree that people in paid employment should have the right to redundancy; disabled people and those with non-accident related long-term illness should be supported with liveable incomes; people should have access to no or low cost quality training and tertiary education to move into new jobs that underpin an environmentally sustainable future – but this scheme is *not* the way to do it.

The Income Insurance Scheme proposed will lock in and reinforce the existing structural inequities in the system. Because the scheme is not universal, there are so many rules to police for each individual who buys into the scheme, and it will produce another punitive bureaucracy to oversee it.

Many New Zealanders, particularly women, Māori, Pasifika and new immigrant workers are in low-paid precarious work: part-time, casual (fluctuating hours), contract and temporary work; many are underemployed through no choice of their own. There is significant churn in the labour market, and job tenures are short; people have multiple jobs to make ends meet.<sup>1</sup> Three-month contracts are common in the gig economy. All of these factors either rule out this scheme as a possibility for such workers (1.39 percent of wages may not be affordable and 80% of their wage may not be the minimum wage) or make proving eligibility very difficult.

Another key problem is the eligibility criteria for the scheme and punitive rules for receiving redundancy payments are complex, and will require case management of every individual. Insurance will be withheld if workers only lose hours but not the whole job, they quit their job, or employers describe performance or conduct as poor. Insurance payments will be cut if workers are not seen to be applying for work, they do not take a job offered when they have the skills for it, and only certain kinds of retraining will be accepted. Workers will have to go to some lengths to prove disability or that long-term illness prevents them only working 50% of their allotted job hours. These kinds of barriers will ensure punitive attitudes emerge in the new bureaucracy that oversees this scheme. We have enough punitive attitudes at MSD and ACC already.

I strongly suggest we fix the social welfare and employment systems we have, run by the government and funded by taxes, so they work for everyone:

- Address the low wage economy by implementing Fair Pay Agreements.
- To ensure those currently receiving benefits do not continue to be hamstrung by poverty, implement the reforms recommended by the Welfare Experts Advisory

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<sup>1</sup> Bill Rosenberg, 'Insecure Work in New Zealand', *Labour History Project Bulletin*, 71, November 2017, pp.14-25, <https://lhp.org.nz/wp-content/uploads/2021/12/LHP-Bulletin-71-Nov-2017.pdf>.

Group in 2019. Entitlements should be universally available and set at a liveable income parallel with the minimum wage. Welfare benefit entitlements should be individualised and non-punitive.

- Every waged and salaried worker should be entitled to four weeks redundancy pay if they are made redundant; this entitlement should sit alongside minimum wage rights.
- ACC coverage should be extended to all those with disabilities (from birth) and who develop health issues that are non-accident related; the Ministry for Disabled People should oversee this work.
- As part of climate justice initiatives currently underway, the government should get back into job creation: a Department of Green Works that provides free training/tertiary education for jobs that underpin an environmentally sustainable future would be a fantastic initiative.

In 1930, a punitive job insurance scheme for individuals was put in place by the United Government and it was a miserable failure.<sup>2</sup> The first Labour Government created the 1938 Social Security Act to care for all people from the cradle to the grave, and repair the poverty created by the previous government. Now is the time to do so again.

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<sup>2</sup> See Tony Simpson, *The Slump: The Thirties Depression: Its Origins and Aftermath*, Penguin Books, 1990, pp.41,64.