

From: Privacy of
To: [IncomeInsurance](#)
Subject: Submission in conditional support of the income insurance scheme
Date: Friday, 22 April 2022 4:37:13 pm

To whom it may concern,

I am writing in conditional support of the proposed income insurance scheme. While I am in favour of such a scheme, I believe welfare reform is a more important, yet politically less popular, issue that needs resolving first or simultaneously. The ongoing neglect of our welfare system is going to cost us greatly as a country further down the line. Countless studies show that a comprehensive welfare system benefits a nation as a whole.

Yet in NZ, welfare changes have been slow and piecemeal. Many families who rely on benefits or Working for Families are living in poverty, and this is harming the wellbeing of them and their children. Tāmariki Māori, Pasifika and disabled children in particular are living in deeper poverty and hardship. Whānau with experiences with Work and Income or ACC understand that there is still urgent work that must be done to ensure these agencies support the most vulnerable in our communities. It is critical that with the roll-out of NZIIS we do not lose sight of the urgent need to reform the welfare system. This is particularly important for those who are unable to work in paid employment. Any savings in the welfare system from the introduction of NZIIS should stay in the welfare system and be used to help pull families out of poverty.

With respect to income insurance, I would like to see equitable support for all health conditions, regardless of cause or date of onset: NZIIS will offer income insurance to those who experience disability or health conditions while employed where they are 50% incapacitated from work for more than 4 weeks. In comparison, ACC offers cover for life and complete rehabilitation services for those with covered conditions and disability. Instead of having a patchwork of coverage and different schemes for different conditions, ACC should simply be extended to cover all work-impairing health conditions and disabilities, irrespective of the 'cause'. This should include cover for people who are currently out of work because of a health condition or disability, to avoid entrenching inequitable support.

Regarding the proposed NZISS, the design of NZIIS needs to be inclusive of Māori, Pasifika peoples, women, migrants and low-income whānau so everyone benefits from it in an equitable way. NZIIS will be funded through a flat levy of 1.39% each on both employers and employees. Those on the lowest incomes might not be able to afford to pay an additional levy. In addition, the lowest paid workers will get the least from NZIIS. I believe NZIIS should implement the following a sliding scale of payments, so that low-income whānau would receive 100% of previous income back under NZIIS, rather than 80%.

I further believe a levy-free threshold should be introduced. For example, those earning below the full-time minimum wage do not have to pay levies but still get NZIIS. Pay for this by providing that the levy is taxed on all earned income above the threshold, not capped at \$130,911, for a progressive scheme that helps those most in need. Costs of the scheme should be managed by reducing the maximum payments under the scheme for high income earners.

Finally, I think it is important that it has 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

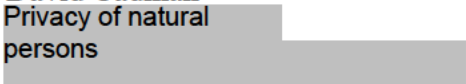
and should be available, but people should not be obligated to perform this out of fear of sanctions. The experience within the welfare system demonstrates that sanctions harm tāmariki, are costly to administer and corrode trust.

Kind regards,

David Cadman

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David Cadman
Privacy of natural
persons

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