

Submission – NZIIS

Kay Robertson
Privacy of natural persons

Thank you for the opportunity to comment on the proposal. I'm just a regular citizen without expertise in this area, but I would like to add my thoughts and hope you will consider them.

I do not support this idea. I do not want to see this program put into place.

Summary:

NZIIS will create a 3-tier system, a better safety net for those that are better off, less for those on lower incomes and worst for the disabled and those reliant on MSD. Some of the most vulnerable people are left out. I want an equitable system for everyone. This scheme will simply reinforce the pay gaps due to gender and discrimination towards marginalised communities that already exist.

My understanding is that such a system was considered and then rejected back in 1939 when the NZ Social Security Act was first enacted. That was the right decision.

I want a better safety net for all. I am very concerned about the current benefit system in NZ and that it doesn't provide enough for those in need. We've had a K-shaped recovery, now we'll have a K-shaped safety net. We want to protect from undue hardship - what about those who never get out of hardship?

I would like to see a Guaranteed Minimum Income (GMI) and then for those who want to work, a Job Guarantee Program that pays the living wage. The Job Guarantee should be paid by the Government, but administered by local authorities, Iwi/Hapu, and NGOs.

We need to fix the present welfare system first. Current benefits and Working for Families still leaves many in poverty.

I also want to see ACC expanded to become the Agency of Comprehensive Care. Currently ACC covers some things, but let's others fall through the gaps. It should be part of a comprehensive health care system – mental and physical. Currently, ACC covers certain conditions and disabilities. NZIIS will cover if 50% incapacitated for more than 4 weeks. That still will leave gaps in the safety net.

If NZIIS does go ahead:

- Any savings to the welfare systems should stay in the welfare system and go to reducing poverty.
- It should also extend to those who need to leave employment to care for sick dependents.
- There should be a levy exemption for low income earners and they should get 100%, not 80%.
- Migrants should be able to opt in or out.
- Maori should be equal partners in the program design and implementation, as per Te Tiriti.

Discussion:

NZIIS is tied to a person's work. This ignores Marilyn Waring's teachings about unpaid work such

as care giving, much of it done by women.

This proposal also ignores the implications under Te Tiriti o Waitangi as Maori are disproportionately represented in lower-income groups. Whilst appearing to be equitable to workers, NZIIS will actually be highly discriminatory to Maori.

This scheme will simply reinforce the pay gaps due to gender and discrimination towards marginalised communities that already exist.

Under the NZIIS system, the more you earned, the greater your benefit. This is the opposite of progressivity. My understanding is that this would be the most generous insurance scheme in the world, in that it covers up to the top 5% of income earners, ignores assets and spousal income. This is way too generous to the top end of town. At the same time, 80% of a low wage would be insufficient. We need a system that provides sufficiency for all.

Another problem – could create a moral hazard for those on higher incomes. Why bother to save for a rainy day if this program exists? Spend up large instead of being more prudent, eh? Really, the top half shouldn't need a support program at all. If they do, it's because they've mismanaged their money. They should fall back on the same system that everybody gets. Then they might have more appreciation for the plight of those on the bottom.

A 3-tier system could undermine support for the current benefit system. Something like, "I've paid for my support, that lot are bludgers and deserve less." It would damage the cohesiveness of society - which is already looking shaky.

Also, NZIIS looks like an overly complex, bureaucratic system to navigate and yet could be 'gamed' by employers and employees working together. Look at the abuse that happened in the Covid business and wage support programs. Quite a bit of the Government support went to those who didn't need it.

This will be an added expense to those on lower incomes and take money from them that may mean they can't buy enough food or other basics. Migrant works should definitely be able to opt in or out or they will be taxed for a benefit they are not eligible to receive.

Finally, given the current blows to the economy due to Covid, then inflation and now the 'Putin shock', we may well be headed for a crisis. That is not unusual. Black swan events, big business cycles, the vulnerabilities of globalised system are to be expected occasionally. Every once in a while, everything turns pear shaped. Sometimes it's just one sector; sometimes its bigger than that. If it's just the normal business cycle, it will soon pass and people will quickly move to other employment. If it's a big macro problem, then there could be many who lose their livelihoods. We need to be a community that comes together and helps each other to get through whatever comes our way. A system of 'haves less and haves better' is not the way to go. A GMI, a Job Guarantee and Comprehensive Care is a better safety net for difficult times for us all.

It is very stressful to lose one's job and to go through that fear and upset. All workers need support and often retraining. There is also some sectors that will need a 'just transition', e.g. fossil fuels. We need a well designed, comprehensive system that will support everyone equally. That includes those in unpaid work and those that are underpaid due to personal circumstances such as the disabled experience. That is what a caring society should do.

Thank you for your consideration.