

## Submission on the proposed New Zealand Income Insurance Scheme

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Privacy of natural  
persons

While I support the intention of the New Zealand Income Insurance Scheme (NZIIS) to compensate workers who suffer loss of employment due to redundancy, illness or disability, I am concerned that an unintended consequence will be to further disadvantage those people already out of work. Should the proposed scheme go ahead, I also have some specific concerns about how it is structured.

I have worked for the past five years as an advocate for people on benefits. During this time I have seen how broken our social welfare system is and I have been extremely frustrated that the current government has been unable/unwilling to implement the majority of the recommendations put forward by the Welfare Expert Advisory Group. By failing to implement these changes, New Zealand is condemning some of its most vulnerable citizens to a life of poverty, ill-health and poor education. This is short sighted for so many reasons: firstly, it makes people's lives miserable as they struggle to pay for housing, buy healthy food and provide stable living conditions so their children can attend school regularly; secondly, it increases the chances of future negative outcomes (e.g. preventable diseases, low educational achievement, imprisonment). This, in turn, affects all New Zealanders in terms of societal well-being.

I believe that because NZIIS is based on prior income (and only those in paid employment) it will disproportionately advantage those on higher incomes and leave those on low wages in poverty. The flat rate of 1.39% of salary/wages could seem minimal, but in my experience as an advocate for beneficiaries I know what the approximately \$11 that NZIIS will cost someone on the minimum wage will mean. What will that worker have to go without? Food? Rent? A child's school trip?

The NZIIS also risks creating a two-tier welfare system such as happened during the Covid Income Relief Package. The message to people on a benefit is that they are somehow less valued. This means that as a society we are not acknowledging the important role many people on benefits play as they care for young children or aged/disabled family members. It means that as a society we stigmatise people who cannot work because they are too ill or disabled to work. I have seen the impact of the often toxic culture of Work and Income on people's self-esteem. It can cause extreme stress and some beneficiaries

give up trying to advocate for themselves with Work and Income as it is too demeaning. This is not the New Zealand I want to live in.

In terms of the NZIIS itself I am concerned that it:

- disadvantages people with multiple part-time jobs
- Is better for those on higher incomes
- Is better for those without children
- Is not available for people on temporary work visas even though they will be required to contribute to it
- Has not been based on a strengths-based kaupapa with a genuine partnership and co-design with Maori.

In conclusion, I believe the New Zealand Income Insurance scheme needs to be substantially reconsidered if not scrapped totally in favour of a complete overhaul of the social security system in line with the recommendations in the Welfare Expert Advisory Group's report. As it stands the scheme risks creating a two-tier system which sends a message that low-income people are less valued on a moral level as well as a financial one which could unintentionally cause them to slide into further poverty.