

# Submission on *A New Zealand Income Insurance Scheme*

## Your name and organisation

Name	Matthew Baird
Contact details	Privacy of natural persons

## Other comments

I started filling in the submission template but I found it to be too focused on the fine detail of the proposed NZIIS rather than asking the big picture questions. In my view, the scheme as proposed raises some serious questions.

Fundamentally, why are we adding another safety net scheme rather than fixing what we have?

### **Welfare and ACC reform must come first.**

The NZIIS as proposed is vastly more complicated than it needs to be. Much of the complexity comes from trying to balance interactions with other schemes. Let us work on improving and plugging the holes in the current welfare system instead of further complicating an already complex set of partially overlapping support schemes.

Welfare changes and improvements have been slow and piecemeal. Many families who rely on benefits or Working for Families are living in poverty, and this is doing serious harm to them and their children. Whānau with experiences of Work and Income or ACC understand that there is still urgent work that needs to be done to ensure these agencies support the most vulnerable in our communities.

### **We need simple, comprehensive support.**

To those who are unable to work in paid employment, this scheme will make them feel like second-class citizens. Why do they 'deserve' less if they have a chronic illness/disability compared to someone who has to leave employment due to illness?

There are also those that are unable to work and simply not covered by existing schemes (I know some). It is morally wrong to trap them in poverty due to inadequate support.

Everyone contributes to society in different, valuable, ways. This is not limited to paid employment.

### **We also need to value and support care work.**

Care work is absolutely essential to the wellbeing of whānau and communities, and to maintaining a functioning society.

Any reforms in the welfare system need to provide better recognition of care work, especially as this is disproportionately performed by women.

### **The proposed NZIIS**

I realise that the NZIIS will most likely progress in something very close to what has been

proposed. Here is some specific feedback on the proposal:

**Recognise the needs of families and those on lowest incomes**

The proposed funding model is via a flat levy. This is extremely regressive and would put additional burden on those on lowest incomes who are already struggling so much.

Instead, it should be a sliding scale of contributions (much like income tax) with a levy-free threshold (e.g. full-time minimum wage). At the top end, there should be no cap for paying the levy, as those are the earners most able to afford to contribute to the scheme.

**Everyone benefits when people are supported.**

Those on the lowest incomes should receive 100% of their previous income, not 80%, as that is a massive hit that could have serious consequences to their health and wellbeing.

I believe the proposed payment cap of \$130,911 is far too high and further entrenches the divide between rich and poor. \$100,000 feels like an absolute upper limit. If high income earners feel they need more than that, there will presumably still be private income insurance schemes.

**Te Tiriti and Māori partnership.**

Any government work such as this requires a strengths based, kaupapa Māori approach, to ensure it is capable of delivering appropriate outcomes in partnership with iwi.

**Temporary visa holders.**

These workers should be able to opt-out as they will not currently receive any benefit from the scheme. The alternative would be to include them in the scheme as well.

**Sanctions and obligations.**

The experience within the welfare system has demonstrated that sanctions harm tamariki, corrode trust, and are expensive to administer/audit.

Thank you for reading.

Ngā mihi nui,

Matthew