

## Submission on A New Zealand Income Insurance Scheme

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### Submission:

In principle, I support the idea of an income insurance scheme. However, I feel a better system would be to create a 'universal income' that provides for the basics of living to everyone. Those who do not need it could opt out. This would ensure everyone is protected regardless of circumstance, and would foster creativity, art, and people following their passions, which would inevitably lead to more innovation and art, as well as happier people. It would also negate some of the need for difficult-to-navigate welfare processes and funding applications for artists. It would also help us move away from a 'low wage economy'.

However, if the scheme is to be implemented, I would like to make the following key points regarding the scheme:

### 1. Comprehensive Support across all Income Systems

We need a safety net which provides comprehensive support to our families and whānau so that they can get through hard times. While NZIIS will help many working people facing unemployment, I'm concerned adding another tier of income support when there are already gaps in our welfare and ACC systems will lead to people slipping through the cracks. There's still a lot of work to do to ensure these systems work for all.

**A) Welfare reform should come first, before NZIIS is introduced:** 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. One option is to submit that welfare or ACC reform should come first.

**B) 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, I believe 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.

**C) Reinvest in the welfare system:** 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.

**D) Valuing and supporting care work:** Unpaid care work is crucial to the wellbeing of whānau and communities, and believe it is essential that any reforms of the welfare system provide better recognition of care work. But as currently designed, NZIIS will only be available for those who are in paid employment. It won't fully take into account all types of unpaid care work - which is disproportionately done by women, especially wāhine Māori and Pacific women. I think the scheme should include:

- A 'workplace re-entry' eligibility criteria for those who are full-time caregivers but separate from their partners.
- Extend NZIIS cover for those who have to care for a sick dependent, extending the scheme beyond covering personal disability or illness, but to also cover people who leave work to care for dependent whānau.
- Expand eligibility for Paid Parental Leave to align with NZIIS and the duration of payments to 13 months. We should ensure equitable support for people who experience job displacement close to having a baby.
- As noted above – alternatively just implement a universal income scheme to provide for the above.

## 2. Make NZIIS as equitable and inclusive as possible

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. Below are some suggestions which could make the scheme fairer.

### A) Recognise the needs of families and those on the lowest incomes:

- 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%.
  - Introduce a levy-free threshold. 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.

**B) Tiriti and Māori partnership:** Honouring Te Tiriti in our income and welfare systems requires a strengths-based, kaupapa Māori approach, genuine partnership and co-design. The Government must ensure NZIIS governance and administration is capable of delivering kaupapa Māori solutions and partnership with iwi.

**C) Temporary visa opt in/opt out:** As proposed, only New Zealand citizens and residents will be eligible for NZIIS. Migrants are still expected to pay into the scheme through a levy but they will not get any benefits from NZIIS. This is unfair – we should allow these workers to opt into the scheme or opt out of paying levies.

**D) 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 tamariki, are costly to administer and corrode trust.