

Submission of  
**Union Greens**  
to the  
**Ministry of Business, Innovation, and  
Employment**  
on  
*A New Zealand Income Insurance Scheme: Our  
Proposals*  
26 April 2022

**Introduction**

- 1) Union Greens, as a network of the Green Party of Aotearoa New Zealand, welcomes this opportunity to respond to Ministry of Business, Innovation, and Employment (MBIE) on *A New Zealand Income Insurance Scheme: Our Proposals*.

Union Greens is a rōpu of members who work for and belong to Unions. We accept Te Tiriti o Waitangi as the founding document of Aotearoa New Zealand and we commit to the Charter of the Green Party of Aotearoa New Zealand.

<p><b>Ecological Wisdom</b>  The basis of ecological wisdom is that human beings are part of the natural world. This world is finite, therefore unlimited material growth is impossible. Ecological sustainability is paramount.</p>	<p><b>Tikanga Toi Potapotae</b>  Ko te pūtake o te tikanga toi potapotae ko te tangata he wāhanga no te ao tūturu. Ko te ao nei he tāparepare, waihoki, kīhai e taea kia tupu haere mō ake tonu atu Me ukauka te tikanga toi potapotae koia rā te tino taumata.</p>
<p><b>Social Responsibility</b>  Unlimited material growth is impossible. Therefore the key to social responsibility is the just distribution of social and natural resources, both locally and globally.</p>	<p><b>Kawenga Pāpori</b>  Kīhai ngā rawa o te ao e tipu haere tonu. Waihoki, ko te mea nui kē ko te kawenga pāpori, e whiwhi ai tēnā ki ōna tikanga anō ki ērā rawa, ki te wā kāinga nei, ki tāwahi ranei o te ao.</p>
<p><b>Appropriate Decision-making</b>  For the implementation of ecological wisdom and social responsibility, decisions will be made directly at the appropriate level by those affected.</p>	<p><b>Whakarite Tōtika</b>  E oti tika ai ngā tikanga toi potapotae, me ngā kawenga pāpori, ma ngā whakarite tōtika a ngā hunga e pā pūmau tonu ana ki ērā take, arā, ki ngā hua hoki a ērā whakarite.</p>
<p><b>Non-Violence</b></p>	<p><b>Aukati Whakarekereke</b></p>

<p>Non-violent conflict resolution is the process by which ecological wisdom, social responsibility and appropriate decision making will be implemented. This principle applies at all levels.</p>	<p>Me aukati te whakarekerekere, e kitea ai te huarahi tika, e eke ai ngā tikanga toi potapotae, ngā kawenga pāpori, tae noa atu ki ngā whakarite tōtika, e tau ai te rangimarie. Ko tēnei huatanga e pā ana ki ngā tairanga katoa.</p>
--	---

We also accept the responsibilities and actions that result from our nation's signing of the UN Declaration on the Rights of Indigenous Peoples.

- 2) Union Greens supports with reservations the proposed Income Insurance Scheme. As Union members we are supportive of the work the New Zealand Council of Trade Unions (NZCTU) has been doing to improve the lives of workers. Our submission goes further to support the rights of beneficiaries and we urge further action to support the 42 recommendations from the Welfare Expert Advisory Group.

As a network, we support the position of the caucus of the Green Party of Aotearoa New Zealand.

### **First, Welfare.**

- 3) As workers, we act side by side with our whanaunga who are unemployed. We have deep concern over the potential two-tier system that could be developed as a result of the proposed Income Insurance Scheme. On the one side are those who are current 'jobseekers' or 'clients' or Work and Income New Zealand (WINZ) and the Accident Compensation Corporation (ACC) respectively. On this side, the beneficiary rates are low, the system complicated and distrustful. On the other side are those who would be entitled to the Income Insurance Scheme, who for a period of at least six months will receive at least 80% of their former income.

The scheme entrenches inequality and risks taking our attention away from the much required improvements to our welfare system.

While the proposed scheme is positive for some, it will not be equally applied. Union Greens strongly argues for a focus on welfare reform. Additionally, the values and motivations behind the scheme could be extended to the WINZ and ACC systems. The focus on improving the safety net and giving access to opportunities to study should become a core part of the supports that 'beneficiaries' and 'clients' receive.

- 4) The proposed Scheme does not substitute for any of the 42 recommendations of the Welfare Expert Advisory Group (WEAG), which focused on:
- i) a need to restore trust in the welfare system,
  - ii) improve access to and increase the rates of main benefits and abatements,
  - iii) improving access to employment supports and work,

- iv) improving the health and wellbeing of people with health conditions and disability
  - v) working more closely with Tāngata Whenua, Pasifika communities and migrant communities (especially those of refugee backgrounds) to make the welfare system responsive to the needs of these communities – and proactively so.
- b) A number of the recommendations were urgent when the report was released in 2019. They are critical now.
- 5) The Income Support Scheme 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.
- 6) Instead of having a patchwork of coverage and different schemes for different conditions, the Union Greens believe ACC should 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.
- 7) It has been suggested that the Scheme will reduce the number of New Zealanders accessing WINZ when they have been made redundant by effectively providing an alternative to the jobseeker benefits for at least a six month period. Union greens is concerned that this may lead to a slippery slope. This should not be cause for an argument that the Welfare System should reduce supports for WINZ or current beneficiaries. In fact we argue the opposite must take effect.

Any savings in the welfare system from the introduction of the Income Insurance Scheme should stay in the welfare system and be used to help pull families out of poverty.

### **The Scheme.**

- 8) Union Greens supports that this proposal will provide income support for people facing job loss, that it will have broad coverage and will protect against the effects of wage scarring caused by redundancies. Workers who are on casual employment arrangements, fixed term employment or contractors should not be denied access to the scheme. We celebrate the intended coverage as many workers on the above employment arrangements may be on these arrangements for reasons that are unjustified. Fixed-term, casual and contracting arrangements actively limit the rights of workers in the workplace to be equal participants. Often the above arrangements are used as trial periods or cost-saving measures, while these are unjustified, they also limit the ability of workers to a secure future and opportunities for growth.
- 9) Union Greens supports the proposal to cover 80% of the salary of a worker who is entitled to the Scheme. However, for workers who are on the minimum wage or

close to it, we strongly recommend that for a worker who is on the minimum wage, or close to it, and is made redundant, they receive a payment that is equivalent to the minimum wage up to 100% of their earnings prior to being made redundant.

a) Union greens supports a Living Wage. We are deeply concerned that a payment of 80% of salary for someone who is on or is close to the minimum wage would further entrench inequalities. A payment that is less than the minimum wage is unethical.

10) Union Greens supports the training opportunities that are attached to this scheme. With a Just Transition in mind, we are aware that the jobs we do now may not be the jobs that we do in 50 years time. A number of our industries will have to close or transition to enable a zero-carbon future.

Workers affected by these changes should have access to quality public tertiary education and re-training opportunities that will allow workers to stay and contribute to their hapū, Iwi and communities while not being worse off for these necessary changes.

11) While the levy of 1.39% is proposed to be paid by both workers and employers, and employers will have an additional cost of 4 weeks redundancy payment, the scheme would go further in discouraging unnecessary redundancies by moving the full cost of the levy to the employer.

a) We also note that those on the lowest incomes might not be able to afford to pay an additional levy while also receiving the least from the scheme.

b) We agree with the Greens that the scheme could implement:

i) A sliding scale of payments, so that low-income whānau would receive 100% of previous income back under NZIIS, rather than 80%.

ii) 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.

iii) 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.

### **Areas for improvement.**

12) Migrants, international students and RSE workers should have full access to the Scheme. Migrants are still expected to pay into the scheme through a levy but they will not get any benefits from it. The above categories of migrants should be allowed to either opt out of the scheme and forfeit the payment of a levy or if their employment is cut short, receive payment at 80% until the original end of their employment or visa, whichever comes first.

13) The Income Insurance Scheme proposes that work obligations and sanctions which mirror those used by WINZ. 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. We share the view

of the Welfare Expert Advisory Group that trust must be built in our welfare system.

- 14) Union Greens is concerned that the Scheme will be administered by ACC. While we agree that it is positive that a structure can be set up quickly, ACC has racist, disableist and sexist practices that need to be addressed.

### **Conclusion.**

- 15) The proposed Income Insurance Scheme will have some positive benefits for workers who are made redundant or who are affected with health conditions while employed. However, this submission from Union Greens strongly recommends that changes be made to improve the welfare system first.
- 16) This scheme may potentially create a two-tier welfare system. Those currently on welfare should not be forgotten with the inception of this scheme. As Union greens we reiterate that any savings in the welfare system from the introduction of the Income Insurance Scheme should stay in the welfare system and be used to help pull families out of poverty.
- 17) We support the recommendations from the Welfare Expert Advisory Group and suggest that if the recommendations were urgent in 2019, they are critical now.
- 18) The intent of the Scheme to give time for upskilling and training opportunities to those who have lost their jobs should be extended to current beneficiaries, who deserve a welfare system that is proactive, reflective of their needs and the needs of their communities, that supports them when they need it and that is based on trust.
- 19) We request that workers on the minimum wage or close to it receive up to 100% of the wages they had received in order to ensure they are not being 'supported' with less than the minimum wage. We also request that migrants either receive access to the scheme or opt out of it. Finally we hope that ACC improves their practices, for the benefit of ACC recipients and those who will benefit from the scheme.
- 20) If the opportunity arises, we are able to present the submission in person:  
[union.greens@greens.org.nz](mailto:union.greens@greens.org.nz)