

Submission on the NZ Income Insurance Scheme

YOUNG GREENS OF AOTEAROA NEW ZEALAND

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In summary:

We do not support the proposed income insurance scheme in Aotearoa. However, if steps are taken to introduce legislation creating income insurance, there are key changes we need to see.

The Young Greens are the youth network of the Green Party of Aotearoa New Zealand. We are a rōpu of like-minded young people who are passionate about progressive politics and honouring Te Tiriti o Waitangi.

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We need to overhaul the welfare system in Aotearoa. An income insurance scheme should not be a part of that.

This scheme fundamentally changes income support here in Aotearoa. It would make income support measured based on prior income, instead of need - and we do not agree with this.

Everyone, no matter their prior or present circumstances deserves a liveable income.

We know people feel precarious when out of work, and that is a big issue. It is because there is not a strong welfare system to fall back on.

The 'user-pays' ethos of NZII is a distraction from resourcing the welfare system to be fit for purpose.

Welfare reform must be prioritised ahead of an income insurance scheme. Let's ensure everyone has a liveable income to fall back on - no matter the situation.

“...we do not recommend changing our social welfare system to a social insurance model...”
Welfare Expert Advisory Group, [Whakamana Tāngata](#).

The recommendations of the Welfare Expert Advisory Group have not been fully implemented. Included in their report was this quote against a social insurance model. Aotearoa does not need an income insurance scheme.

Changes must be made to the income insurance scheme

Income Insurance does not include people for whom work is inappropriate or impossible. For example due to caregiving responsibilities (whether for children or others), or due to chronic disability (over six months). Caregivers are disproportionately women, particularly wāhine Māori.

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 Pasifika women. The scheme must include:

- A 'workplace re-entry' eligibility criteria for those who are full-time caregivers but separate from their partners.
- Extend cover for those who have to care for a sick dependent, extending the scheme beyond covering personal disability or illness, but also cover people who leave work to care for dependent whānau.

This income insurance will only be offered to those who experience disability or health conditions while employed where they are 50% incapacitated from work for more than 4 weeks. This is not good enough, and completely disregards born disabled people.

Rather than creating an additional income insurance scheme, ACC should be expanded to cover healthcare for all those with disabilities or health conditions, regardless of cause, duration or date of onset.

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We need to solve our crises of housing and poverty before we offer high-earning workers high long-term payouts.

The additional support that the scheme offers, over and above current entitlements, is:

- **better for non-parents/caregivers** than for parents/caregivers
- **better for high-income earners** than for low-income earners
- **better for workers with one employer** than workers with multiple part-time jobs.

Yet all those people will be paying the same flat levy rate. [MBIE](#) acknowledges: “This interaction with the current welfare system may make the system somewhat regressive.”

This is exactly what we think - is it regressive.

The flat levy proposed would disadvantage those on the lowest incomes. Full-time minimum wage employees would be \$11.12 out of pocket from their weekly gross earnings, which for many in Aotearoa, is the difference between making ends meet, or not. The support low-income whānau receive may not be substantially more than they would otherwise get from Working for Families and the welfare system, making the scheme somewhat regressive. Those on the lowest incomes are often students, people of colour, disabled people, young people and other marginalised communities. A bracketed or progressive levy would be better - the higher income earners should be contributing more and towards all other workers.

For minimum wage employees who become out of work, they would only be receiving 80% of the minimum wage with this scheme. The minimum wage is not a living wage, and not enough to live on. Providing people only 80% of this is inequitable and will push poverty further. Furthermore, those who suffer a job loss regardless of their prior income or tenure may be forced to desperately take lower quality work with a lower income, there is nothing in this proposal to stop wage scarring.

There should be zero sanctions and obligations alongside income insurance. The ones proposed, mirror the sanctions and obligations of MSD. People should not be obligated to give time out of fear of sanctions. We know from the welfare system that sanctions harm families. We do not need to reduce the trust of our working communities in the same way our welfare system has done.

Finally, it is unacceptable that migrants are not included in this scheme. All employees will be contributing to a levy for the income insurance scheme, yet only citizens and residents will receive the insurance if they are out of work. The migrant and holiday workers contribute so much to Aotearoa and it is inappropriate they are left out, especially when we know there is little other support for them to fall back on, with the gaps in our welfare system. We must not entrench exploitation.

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We finally wanted to provide feedback on the way submissions could be given on this scheme. A discussion document with 94 questions is inaccessible for many people - and while a survey option is great, there is no way to save one's progress and go back to it later. An accessible way to give feedback, so the people who will be affected most by such a scheme/decisions are easily able to, is important.

We do not support an income insurance scheme in Aotearoa.

Ngā mihi,
The Young Greens of Aotearoa New Zealand