

Kia ora MBIE,

As an organisation with a specific interest in advocating for the rights of young workers under the age of 35, we appreciate and value the proposed New Zealand Income Insurance Scheme (NZIIS). As we primarily work with low-income, precarious, and inconsistently employed workers, we appreciate that the coverage provided is not tied to a single employer, and not tied to amount contributed. We also appreciate the job loss coverage for those experiencing health issues, extending to mental health as this is a strong and growing concern for young people. We therefore appreciate chapter 6's section on non-standard employment and answer strongly yes to discussion questions 11-17. Another commendation we have for the scheme is the four-week bridging payment to be provided by employers, as many of the young people we work with have very weak or non-existent redundancy clauses in their contracts, which this element of the scheme would deal to.

As an organisation, we are happy or indifferent with the rest of the scheme as outlined in the rest of the discussion document with a few exceptions, and with a final provision. The first exception is that we believe the base claim period of 6 months should be extended to 1 year to match some of the stronger examples of schemes offered within the OECD. The reason we give for this is tied to one of the strong features of the scheme: The emphasis the scheme has on empowering people to find decent work. Young people are exposed to some of the worst working conditions and lowest wages across the labour market, and often are forced to rapidly switch between low-income workplaces with poor working conditions and low levels of unionisation. 6 months we believe may be long enough for skilled, experienced, well-networked workers, but is not long enough for low-income young people who tend to not have such affordances. We believe the claim period should be extended to 1 year for all workers, no matter what age however to account for those who may also experience similar disadvantages within the labour market. Finally, and crucially we believe this should be extended due to research showing that more generous and universal approaches to social welfare, including social insurance, lead to better social outcomes for all members of society; with some research identifying it as is the single most important societal-level structural factor affecting the quality of human life.ⁱ

This same reason brings us to our provision that the NZIIS be rolled out hand-in-hand with welfare reform, with the 2018 Welfare Expert Advisory Group recommendations as a guide. Recent welfare reforms barely scrape the some of the minimum recommendations set out by WEAG in 2018, which is pitiful considering it being close to half a decade since this proposal was made, and costs of living have increased significantly since then. The changes that have occurred since 2018 have been slow and piecemeal, especially considering the onset of COVID-19. Many families who rely on benefits or Working for Families are living in poverty, and this is harming the wellbeing of them, their children and working-age rangatahi. 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. What this would look like for us would be raising benefit levels to match, or come very close to matching the rate received by NZII claimants previously working full-time at the minimum wage. This figure resembles the upper recommendation set out by WEAG in 2018, which is more than reasonable considering the age of these recommendations.

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, which is the case of many of the precarious low-income rangatahi we work with who dip in and out of paid employment for reasons beyond no-fault job losses and require support. Through our analysis and discussion, we have noted that NZII will be likely to mean less workers will need to

access core benefits, reducing MSD's costs. We believe that this fiscal surplus should be re-invested back into the welfare system, being used toward implementing the maximum WEAG recommendations as discussed previously. Any savings in the welfare system from the introduction of NZIIS should stay in the welfare system and be used to help pull low-income young people and their families out of cycles of poverty.

With our suggestions and provisions adhered to, we as an organisation are in full support of the NZIIS policy proposal.

Ngā mihi

Young Workers Resource Centre

ⁱ Radcliff, Benjamin. *The political economy of human happiness: How voters' choices determine the quality of life*. Cambridge University Press, 2013.