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PIE Submission on the [Social Security Amendment \(ACC Interaction\) Bill](#)

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This submission is made in haste due to the very tight timeframe and the process of urgency adopted. This is unfortunate departure from acceptable policy making processes especially given the symbolic important of this bill.

The submission based on policy work that PIE does to promote better social policy for the 21st century. I am an experienced policy analyst and agree with all the other submissions that this bill is highly damaging to many vulnerable people and a regressive step. It should be thrown out.

I argue from a wide perspective of the role of the welfare state and ACC that this bill takes us further in the wrong direction and embeds outmoded, contradictory, complex and unfair 20th century welfare assumptions. To that end I offer to talk further with interested parties but will not request a select committee oral submission.

This submission addresses the proposed amendment (see appendix) requiring the Ministry of Social Development (MSD) to reduce a person's benefit upfront where that person **or their partner** receives weekly loss of earnings compensation from the Accident Compensation Corporation (ACC).

1. Risk transfer to households

By requiring upfront reductions, including for supplementary payments, the amendment ensures that where ACC payments are delayed, disputed, or variable, households bear the immediate loss. The new approach prioritises cost saving by MSD over well-being of vulnerable people. This change is highly damaging in individual cases as argued by the other submissions from those who work with affected clients. It takes NZ further away from achieving a well-functioning modern welfare system.

2. The amendment is not merely technical

The Bill is presented as preventing "double payment." However, it does more than tidy up drafting. It makes a deliberate policy choice to treat **individual injury compensation as household income for welfare purposes**, and to reduce or extinguish another person's entitlement to a benefit accordingly.

But worse, the amendment reinforces the requirement for **Ministry of Social Development** to:

- reduce a person's "specified benefit" by the amount of ACC weekly loss-of-earnings compensation,
- before the benefit is paid,
- where the ACC payment relates to the same period.

That is a direct offset, not a taper or abatement. This treatment implies that **ACC is a welfare payment** itself, not just a replacement of earned income. It is conceptually unsound.

3. It collapses two distinct principles

Weekly compensation paid by the Accident Compensation Corporation is not a welfare benefit. It is:

- individual,
- earnings-related,
- compensation for personal injury.

Disability and other main benefits administered by the Ministry of Social Development are:

- means-tested, subject to abatement against joint income
- flat-rate,
- designed to provide a basic income floor.

Reducing one person's disability support because their partner receives injury compensation collapses these distinct purposes. Compensation for one individual's injury is treated as if it were general household income capable of replacing another person's entitlement. But the offset is dollar for dollar so even worse, the ACC payment is not treated as income but welfare.

3. The wider structural issue: enforced financial dependency

The amendment reinforces a broader structural problem in New Zealand's welfare system.

Under current rules, a disabled person can lose independent income support because a partner works. This Bill extends that logic further by equating injury compensation not just with employment income which is bad enough but as a welfare payment itself with the dollar for dollar offset.

The result is:

- draconian erosion of individual financial autonomy,
- increased dependency within relationships,
- disproportionate impact on women, who are more likely to be secondary earners or benefit recipients.

Clearly the policy proposed in the bill penalises marriage. By contrast, New Zealand Superannuation is individualised. A retired person may receive the married rate of NZS regardless of the income of spouse, whether ACC or not.

Thus a disabled spouse may lose her independent income because of her spouse's income or ACC, but once she turns 65 she is automatically entitled to the full married rate of NZS that restores her previous disability income as income in her own right.

It is time to modernise the overall treatment of marital status. We had moved a little in the right direction by the [final, hard-fought abolition of the spousal deduction](#) where there is an overseas pension paid. This was hailed by MSD as the first step to modernisation of the welfare system with respect to relationships. This bill is an unfortunate lost opportunity to reexamine the role of marital status in determining policy direction.

5. Conclusion

A wider reform to the couple-basis of the welfare system is long overdue and this bill takes us backwards and should be withdrawn. It is not simply about preventing overlap. It represents a policy choice to subordinate individual injury compensation to household-based welfare rules, and to reinforce financial dependency within couples.

Parliament should carefully consider whether:

- compensation for injury should be treated as interchangeable with ordinary income or as a benefit itself; and whether
- disability-related support should remain contingent on a partner's circumstances.

A more principled approach would preserve the distinction between individual compensation and individual need, rather than merging them for administrative convenience.

At the very least, pending wider reform, a lumpsum back-payment of ACC, should not be diminished by a partner's past gross benefit or any supplementary welfare payments made to the couple.

Appendix

New purpose clause inserted into section 198

"The purpose of this section is to require MSD, *before a specified benefit payable to a person (P) is paid*, to reduce the rate of that specified benefit that would, but for this section, be payable to P, in order to prevent the situation that is the occurrence of both of the following:

- (a) P receives, in respect of a period, the rate of the specified benefit that would, but for this section, be payable to P; and
- (b) P or P's spouse or partner receives, in respect of all or part of the same period, amounts of weekly loss of earnings compensation."

Key points in the wording

- "before a specified benefit ... is paid"
- "reduce the rate of that specified benefit"
- "P receives ... the specified benefit"

This language **cannot** be read as limited to supplementary assistance.

Duty clause (also about the benefit)

The bill also inserts a new heading before subsection (2):

“Duty to reduce rate of specified benefit by amount of weekly loss of earnings compensation”

Again, this is explicitly about:

- **rate**, and
- **specified benefit**.

Where supplementary assistance is mentioned (separately)

Supplementary assistance appears **only later**, in a distinct clarification clause:

“This section does not limit—

(a) section 252 of the Accident Compensation Act 2001 ...; or

(b) section 198A of this Act (how section 252 ... affects entitlement to, and rate of, specified supplementary assistance).”

This does **not** confine section 198 to supplementary assistance.

It merely says: *“what we are doing to benefits does not override the separate rules for supplementary assistance.”*

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