**Getting New Zealanders Working**

* **Revamp and expand the Flexi-wage programme to support up to 40,000 more New Zealanders into work or to set up a business**
* **Doubling the average targeted wage subsidy available to support New Zealanders to retain jobs and get into work**
* **Ring-fenced funding to support people to start a new business**

Labour will provide targeted support to people receiving a benefit or at risk of losing their job by paying a flexible wage subsidy to employers. This could offer additional support to struggling businesses, and will support those most affected by the economic recession and act as a strong incentive to employ those who are most at risk of long-term unemployment.

We’re expanding a proven programme to respond to the impacts of COVID-19. Cost-benefit evaluations show this scheme generates $7 in benefits for every dollar invested.

**Flexi-wage**

Flexi-wage is a wage subsidy programme that assists employers to hire people who are at risk of long-term unemployment and receiving a benefit. The subsidy is targeted and flexible, commensurate to the type of business or the needs of the person being employed.

The Flexi-wage programme currently supports people into work who are at risk of long-term unemployment, and are receiving a benefit or at risk of losing their job, by paying a flexible wage subsidy to the employer. Last year 6,000 employers received a Flexi-wage subsidy for the person they hired at an average of $3,500 per candidate.

**Expanding Flexi-wage**

Labour will increase investment in the Flexi-wage programme to increase the average subsidy and enable up to an additional 40,000 people to take advantage of the programme, by:

* Investing an additional $300m to increase the average subsidy to $7,500 and enable up to 40,000 people to take advantage of the programme. The maximum subsidy will remain $22,000.
* Amending the scheme to provide greater flexibility for employers and employees.
* Ring-fencing $30m to support recipients to start a new business or help become self-sufficient in an existing business through the Flexi-wage Self Employment programme.
* Providing $10m in operational funding for the Ministry of Social Development to administer the expanded programme. There is an additional $1m for business outreach to ensure businesses are able to consider whether it is right for them.

**Supporting businesses to hire and retain workers**

Thanks to our strong health response, we’re coming out safer and stronger than many other countries. Our Wage Subsidy Scheme protected jobs and businesses from the worst impacts of COVID-19. However, the global effects of the pandemic are having a large effect on our economy, and not every job is able to be saved.

By building on a proven programme we are able to offer additional support to struggling businesses and create a strong incentive to employ those who are most affected by the economic recession. Economic downturns often impact our lowest paid and most insecure workers the greatest. We also know that those without formal training qualifications, those over 50, disabled people, and Māori and Pacific workers will disproportionately bear the brunt of economic downturns – they are often in industries where job losses are most common and are the last industries to recover.

Labour believes these impacts can be offset by effective job training and active labour market programmes. That’s why Labour has supported more New Zealanders into work and training through Mana in Mahi, Te Ara Mahi, free apprenticeships, and more places in Trades Academies. And that’s why Labour will significantly increase Flexi-wage to enable up to 40,000 people to gain or retain employment.

**This plan builds on existing programmes underway**

The Ministry of Social Development currently administers a number of Flexi-wage programmes. In 2019, 6,000 employers received a Flexi-wage subsidy for the candidate they hired at an average of $3,500 per candidate.

**Flexi-wage (Basic/Plus)**: Flexi-wage is a hiring subsidy paid to employers to hire disadvantaged job seekers. The subsidy can be for up to one year and be no more than $22,000 in that year. The level and duration of the subsidy depends on the characteristics of the person and the requirements of the position. The person must stay in employment for at least the duration of the subsidy.

**Flexi-wage Self Employment**: Flexi-wage Self Employment provides financial assistance for people on income support to start their own business. This includes grants to cover capital costs or the initial establishment of the business until cash flows are large enough to support the person. The Flexi-wage Self Employment subsidy can be given on its own, or in conjunction with the Self-Employment Start-up payment.

**Flexi-wage in Training**: Flexi-wage Plus is an additional training subsidy with the option of using some funding for other assistance that employers need, such as training, mentoring or in-work support. This can be used to subsidise training required by people on a Flexi-Wage basic subsidy.

**Flexi-wage Project in the Community**: Flexi-wage Project in the Community is a subsidised voluntary community-based work experience programme. The programme is designed to allow people to experience project-based work where they can develop work habits and general on-the-job skills through community or environmental projects that would not otherwise be undertaken. Flexi-Wage Project in the Community can cover support and mentoring, but not training. A wage subsidy can be paid per person per week up to the annual maximum of the current adult minimum wage (at 30 hours per week).

**Cost**

The direct funding for each placement is negotiable and varies depending on the type of business or the person being employed up to a maximum of $22,000. Labour will increase the average subsidy to $7,500 for 40,000 places. This will cost $311m, including a $10m allocation to administer the scheme and an additional $1m for business outreach to ensure businesses are able to consider whether it is right for them.

Fewer businesses than expected have utilised the Wage Subsidy Extension. This underspend allows Labour to invest in programmes like Flexi-wage within current budget parameters.

**Examples**

People can be disadvantaged for a variety of reasons including limited skills or work experience, low confidence, age or other discrimination. Two examples of how Flexi-wage will work are below.

**Example one:** A person has been on a working age main benefit for 6 months and has previous employment experience in retail. A job comes up in office administration which the person is interested in, however they have no experience in this type of work. They are an older worker and have found that some employers are reluctant to take them on in a field they are not experienced in. The work broker will work with the employer to determine if the person would be appropriate and could offer the subsidy to support the employer to take on someone with no experience in this type of work.

**Example two:** A person has been on a benefit for 8 years. They have previously been in study which they were unable to complete due to a health condition, and have been on a benefit since. They are now ready to move into work but have found that their health condition means they have struggled to get into employment and employers have not always been able to take steps to allow them to participate in the workplace. They also have no previous employment experience. A job has come up in manufacturing which they are interested in. The employer is open to the candidate but has concerns given their lack of experience and their health condition. The work broker will work with the employer to provide a subsidy that offers them security to give this person a go.

**Example three:** A person on a working age main benefit develops a business plan for a new landscaping business. This person speaks to a Ministry work broker about their new business plan and an independent vetting agent prepares a report on the proposal. The person receives the Self-Employment Start Up, a lump sum payment (or several payments) up to a total of $10,000 (GST included) to purchase the initial tools required. They also receive a weekly subsidy through Flexi-Wage Self-Employment based on the person’s weekly living expenses and the expected cash flow of the business.

Please note: Due to the flexibility and discretionary nature of Flexi-wage each case is different and depends on the characteristics on the person seeking work and the employer. The scenarios are illustrative only.