



Evaluation of the Flexi-Wage Expansion Product

Evaluation Report

Prepared for the Ministry of Social Development

By GravitasOPG

November 2023

Report Disclaimer

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Report disclaimer

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Acronyms Used in the Report

Acronym	Meaning
FW	Flexi-wage (prior to February 2021)
FWE	Flexi-wage Expansion
IRD	Inland Revenue Department
MSD	Ministry of Social Development
WI	Work and Income

1 Executive Summary

1.1 Background and Context

In February 2021, Ministry of Social Development's (MSD) Flexi-wage Expansion (FWE) programme was launched as part of the government's COVID-19 economic recovery plan. This expansion was designed to support people into sustained employment by incentivising employers to employ and train job seekers who do not currently meet entry level job requirements. The expansion investment enabled a significant increase in the number of people who can be supported through the programme.

The expansion of the FW programme included:

- Adding \$300 million of funding (of which \$30 million was ringfenced for Flexi-wage Self-Employment¹).
- Broadening the eligibility criteria beyond those at risk of long-term benefit receipt to include those who are assessed as disadvantaged in the labour market, which includes people who are not necessarily at risk of long-term benefit receipt or receiving a main benefit.
- Increasing the average subsidy level to \$7,500. Flexi-wage support for all bands (training/additional supports) are capped at \$22,000.
- Setting the amount paid as set bands (Band 1: \$276 pw for 24 weeks; Band 2: \$276 pw for 36 weeks; Band 3: discretionary rate up to a total of \$22,000). These bands are available for people working full-time at 30 hours or more and can be paid pro rata for those working part time.

1.2 Key Evaluation Questions

This evaluation provides an assessment of the effectiveness of the implementation of the FWE policy and process, and short-term outcomes for employees.² The evaluation covers the period from the expansion in February 2021 to June 2023.

The key evaluation questions, and sections of the report that they are addressed in, are set out in Table 1 below:

Table 1: Key Evaluation Questions and Sections in the Report

1. How well has the expansion policy been implemented to enable timely delivery of the subsidies?	Section 3
2. How have MSD frontline staff experienced and viewed its implementation?	Section 3
3. How are employers using the subsidy?	Section 4
4. To what extent does the Flexi-wage Subsidy Expansion support Te Pae Tata, MSD's Māori Strategy and Action Plan and MSD's Pacific Strategy and Action Plan, Pacific Prosperity?	Sections 3.1 and 5.4

¹ The Flexi-Wage Self-Employment product was also evaluated at the same time and findings are reported in a separate document.

² From the perspective of employers, work brokers, and from quantitative MSD administrative programme data. Employees were not included as participants in the evaluation.

5. What are the short-term outcomes for employees, from the perspective of staff and employers? ³	Section 5.
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Data was collected from 37 in-depth interviews and an online survey of 1,094 employers (out of 7,846 employers approached) who had successfully applied for and received a FWE subsidy for at least one employee since February 2021. In addition, 42 interviews were undertaken with a range of MSD staff (whose roles involve some interaction with FWE). Perspectives of employees, and employers that were not successful in being approved for FWE, were out of scope for this evaluation.

1.3 Key Findings

KEQ 1: How well has the expansion policy been implemented to enable timely delivery of the subsidies?

KEQ 2: How have MSD frontline staff experienced and viewed its implementation?

- As intended under the expansion policy, from February 2021 FWE placements increased dramatically to nearly double that of the previous two years – however, uptake remained around one-third less than budget allowed for. This appears to be because the predicted high unemployment rates did not eventuate.
- The subsidy was not always well targeted, with employers receiving it for employees that they would have employed even without the subsidy. For many employers, the subsidy is not considered enough to incentivise employing someone who does not have entry-level skills.
- Some work brokers felt pressure to use the subsidy, which may have led to poor targeting.
- The expansion policy's media campaign appears not to have had a wide reach among employers; however, information available was easy for employers to find and comprehensive.
- There are inconsistencies across MSD staff about the purpose of FWE and the interpretation of eligibility criteria terms, including 'disadvantaged in the labour market' and 'at risk of long-term benefit receipt'. This has resulted in inconsistencies in the way subsidies have been allocated, and use of bands by region and between staff members.
- There is a low understanding of the ability to pro-rata the subsidy for part-time work, potentially producing a barrier for some employee cohorts.
- There is very low awareness and uptake of the additional training allowance and in-work assistance available as part of additional supports available under the FWE programme.
- Some employers and work brokers feel that 24 weeks (under Band One) subsidy is insufficient. Preference is for a more flexible approach.
- Employers find the application and subsidy claims straightforward but have a strong preference for an online process.
- Some employers view the lack of post-placement follow-up as compromising accountability.

KEQ 3: How are employers using the subsidy?

- FWE is most commonly used by employers to cover the costs of internally provided training and/or supervision; to pay wages of an employee that wouldn't otherwise have been hired; or to top up the

³ Outcomes and impacts for employees are covered in MSD's Flexi-Wage Expansion impact report.

employee's wage (e.g., from minimum to living wage).

- However, the expansion implementation has been only partially effective, as many employers report that they would have either employed the participant even without the subsidy or employed someone else instead.
- Employers' overall experience with FWE is generally positive.
- Altruism is the key motivation for using FWE, with two-thirds of employers reporting that they use the subsidy to give a disadvantaged person a chance/an employment opportunity.
- More than four (4) in five (5) surveyed employers would be willing to take on another employee with a FWE subsidy.
- However, there is an apparent mismatch between the employee, the role, and employer expectations, is a strong detractor to FWE success.
- Not all employers understood that FWE was compensation to them while the employee gained experience and skills to meet the entry level requirements.

KE4: To what extent does the Flexi-wage Subsidy Expansion support Te Pae Tata, MSD's Māori Strategy and Action Plan and MSD's Pacific Strategy and Action Plan, Pacific Prosperity?

- Thirty-eight percent (38%) of employees under the FWE to June 2023 identified as Māori and 12% as Pasifika.⁴ This is the same proportion for whānau Māori on a main benefit and slightly higher for Pasifika on a main benefit (9%).⁵
- Māori and Pasifika employers interviewed were positive about their FWE experience and spoke highly of the benefits of the subsidy for their Māori and Pasifika employees.
- However, some regional MSD staff who had worked with the pre-expansion FW product felt that the extension disadvantages Māori and Pasifika. These staff believed that the bands undermine a work brokers' ability to take a genuine partnership approach by tailoring solutions to a particular business. Similarly, regional MSD staff felt that FWE does not support an employment pipeline model in which MSD can engage in long-term partnerships with Māori and Pasifika employers.

KEQ5: What are the short-term outcomes for employees, from the perspective of staff and employers?

- Sixty percent (60%) of surveyed employers had retained all or most of their FWE staff a month after the final subsidy payment.
- Other positive short-term labour market outcomes included FWE employees taking up roles in other businesses and moving into full-time study. Upskilling/improved labour market prospects, enhanced wellbeing and personal growth are also frequently mentioned short-term outcomes.
- Two-thirds of surveyed employers reported none of their FWE employees had returned to benefit a month after the conclusion of the subsidy.
- Entering or returning to a main benefit before the intended contract duration had been completed,

⁴ MSD. Flexi-wage Expansion Progress Report February 2023. 2. Demographics (prioritised ethnicity). Report number: REP 23/3/130. Internal, unpublished document.

⁵ As at September 2021. MSD. Total Response Ethnicity | Working-age main benefit. [PowerPoint Presentation \(msd.govt.nz\)](#)

occurred for 16% of placements.^{6, 7}

1.4 Conclusions

Overall, the FWE policy has been reasonably well implemented and resulted in higher rates of contract approvals compared to pre-expansion. However, use of the subsidy has not always been well targeted, resulting in some deadweight loss (when people are employed under the subsidy who would have been employed even without it) and displacement (when no new job is created, but rather the employee has been taken on instead of another person); both of which were identified as risks of implementation of the expansion policy. This appears to be, at least in part, due to work brokers feeling pressured to spend the funding and a lack of formal training for some.

FWE is perceived by employers and Work and Income (WI) staff as a well-performing product, yielding a wide range of positive impacts. The policy works best when there is a good match between the employee, the role, and the employer's expectations. That is, when the programme is well targeted (i.e., the employee does not have entry-level skills for the role), the employer understands the purpose of FWE, the employer has appropriate expectations of the employee, and the employer has the systems in place to train and support the employee as they develop towards meeting the entry-level requirements.

Employers reported that FWE had supported employees to upskill, acquired micro-credentials and gain work experience. They also reported growth in employee self-confidence and improved mental and emotional wellbeing. The subsidy has also had some positive impacts on FWE employers.

1.5 Suggested Improvements

Based on the findings of the evaluation, the following improvements are suggested to enhance the FWE programme:

- Ensure comprehensive training for work brokers, including training on the acceptance criteria, definitions of 'disadvantaged in the labour market' and 'at risk of long-term benefit receipt' (and the difference between the two). This would support consistency in the use of the subsidy.
- Address the pressure that some work brokers feel to spend the funding. Consider whether spend targets are appropriate.
- Enable work brokers to ensure that employers understand that the employee does not currently meet entry level job requirements at the time of employment and that the subsidy is compensation for this.
- Consider increased flexibility for work brokers to use the subsidy in a more tailored way, in terms of how payments are distributed over the length of the subsidy and/or duration of the subsidy for those who do not meet Band 3 eligibility criteria.

⁶ MSD. Flexi-wage Expansion Progress Report February 2023. 1. Overview. Report number: REP 23/3/130. Internal, unpublished report.

⁷ No data was available at the time of the evaluation for employees entering or returning to benefit post subsidy when it concluded at the full intended duration.

- Ensure that all employers are offered access to the additional training allowance and in-work assistance available as part of the FWE programme. Consider using service providers to do this if work brokers don't have capacity.
- Allow time for work brokers to conduct more due diligence on potential FWE employers and increase post-placement follow-ups.
- Increase awareness of FWE among employers not currently using the subsidy.
- Consider whether subsidy applications submitted after an employee has been hired is acceptable within the intent of the policy and communicate this clearly to work brokers.
- Develop a straightforward online process for subsidy claim applications.

2 Introduction

2.1 Background and Context

For the purposes of granting special assistance, the Social Security Act allows for the Minister to approve special welfare programmes which are administered by MSD⁸. Flexi-wage (FW), which has been in place since 2012, is one such special welfare programme in the form of a wage-subsidy. FW can be scaled up and enhanced quickly to support up to 40,000 New Zealanders into work and create a strong incentive for businesses to employ those most affected by economic recession⁹.

The programme is designed to support people into sustained employment by incentivising employers to employ people who are at risk of long-term benefit receipt. This is done through a temporary wage contribution while the employee gains experience and skills to meet the entry level requirements of the job. It is expected that the participant will remain in employment when the subsidy ends. Employers accessing FW can also use the programme to subsidise training and in-work supports.

FW was expanded in early 2021 as part of the government's COVID-19 economic recovery plan. There was a heightened need for Government to target, and respond to, the needs of those disadvantaged in the labour market but not in receipt of a main benefit, as well as those at risk of long-term benefit receipt. The expansion investment enabled a significant increase in the number of people who can be supported through the programme.

The expansion of the FW programme, which was launched in February 2021, included:

- Adding \$300 million of funding (of which \$30 million was ringfenced for Flexi-wage Self-Employment)¹⁰;
- Broadening the eligibility criteria to include those who are assessed as disadvantaged in the labour market and not necessarily on a main benefit. Target groups include youth, women (particularly sole parents), displaced workers, Māori and Pasifika peoples, and people with health conditions and disabilities.
- Setting the amount paid as set bands to provide certainty to employers on the level of support available. These bands were:
 - Band 1: \$276 pw for 24 weeks
 - Band 2: \$276 pw for 36 weeks
 - Band 3: a discretionary rate up to a total of \$22,000
- These bands are available for people working full-time at 30 hours or more. Those working less receive a pro-rata rate.

⁸ [Social Security Act 2018 No 32 \(as at 01 July 2022\)](#), Public Act – New Zealand Legislation Section 101.

⁹ Office of the Minister for Social Development and Employment (2022) Expansion of Flexi-Wage to support 40,000 New Zealanders into work or to start their own business. Retrieved from [Information Release 2021: Expansion of the Flexi-wage Scheme Cabinet Paper](#)

¹⁰ The Flexi-Wage Self-Employment product was also evaluated at the same time and findings are reported in a separate document.

2.2 Evaluation Purpose and Key Evaluation Questions

The purpose of this evaluation is to assess the effectiveness of the implementation of the Flexi-wage Expansion (FWE) policy and short-term outcomes for participants. The findings of the evaluation will likely inform decisions regarding the continuation of the policy in its current form and what, if any, changes may need to be initiated to strengthen its impact. The evaluation covers the period from the expansion in February 2021 to June 2023.

Employees employed under the FWE policy were not included in this evaluation. This has limited the extent to which the evaluation can assess short-term outcomes for employees. All data on short-term outcomes in this report has come from the perspectives of employers and WI and MSD staff. The impacts and outcomes of FWE for employees are instead covered in the *Effectiveness of Flexi-wage Expansion (de Boer, 2024)* report, which is a quantitative impact analysis of the Flexi-wage Subsidy Expansion.

The table below outlines the key evaluation questions and corresponding report sections where these questions are addressed. A full list of evaluation questions (including all sub-questions) can be found in Section 7.1.

How well has the expansion policy been implemented to enable timely delivery of the subsidies?	Section 3
How have MSD frontline staff experienced and viewed its implementation?	Section 3
How are employers using the subsidy?	Section 4
To what extent does the Flexi-wage Subsidy Expansion support Te Pae Tata ¹¹ , MSD's Māori Strategy and Action Plan, and MSD's Pacific Strategy and Action Plan, Pacific Prosperity ¹² ?	Sections 3.1 and 5.4
What are the short-term outcomes for employees?	Section 5

This report addresses the key evaluation questions above in relation to FWE wage subsidy product delivered to employers. An evaluation of the Flexi-wage Self Employment product is reported separately, in a report titled *Evaluation of the Flexi-wage Subsidy Expansion Self-Employment Product*.

Evaluation Methodology

The evaluation adopted a mixed-methods, case-study approach, with data collected from a range of stakeholders as per the profile of evaluands below in Table 2. Interviews with five MSD key informants helped to develop the evaluation approach.

Table 2: Profile of Evaluands

Stakeholder Group	Interview (n)	Survey (n)
Employers accessing the FWE subsidy	37	1094
Work brokers and other frontline staff	15	n/a
MSD non-frontline staff	12	

¹¹ [Te Pae Tata - Māori Strategy and Action Plan \(msd.govt.nz\)](https://msd.govt.nz/te-pae-tata)

¹² [Pacific Prosperity - Our People, Our Solutions, Our Future \(msd.govt.nz\)](https://msd.govt.nz/pacific-prosperity)

WI Regional Employment Managers*	4	
WI Regional Directors*	3	
WI Regional Commissioners*	3	
Total	79	1094

* These stakeholder groups referred to collectively in this report as 'Regional MSD staff' to ensure anonymity
(n) refers to the number of interviews or survey respondents, respectively.

Insights from employers were collected from 37 in-depth interviews and an online survey of 1,094 employers (sent to 7,846 employers) who had successfully applied for, and received, a FWE subsidy for at least one employee since February 2021.

The online survey was conducted between the 7th and 23rd June 2023, with an email reminder sent to non-respondents on the 13th and 14th of June¹³. After a successful soft launch, an embedded link to the survey was sent to the email address provided in the database of 7,856 employers. The survey took an average of 12 minutes to complete. A total of 1,094 completed responses were received (n=1,094). The response rate is 14%. The maximum margin of error on a sample size of n=1,094 is $\pm 3.0\%$ at the 95% confidence interval.

A limitation of the survey was that no profiling of respondents against the overall cohort of employers has been done as no descriptive data was provided with the employer database.

Forty-two (42) interviews were undertaken with a range of MSD staff whose roles involve some interaction with FWE. The perspectives of all employees, as well as employers that were not successful in being approved for FW, were out of scope for this evaluation.

The evaluation plan was reviewed by the MSD Ethics Review Panel, which made recommendations that were included before the evaluation commenced.

A full description of the methodology, data collection tools, and intervention logic can be found in Section 7.

¹³ Only one reminder was sent as the target of 1,000 completed online surveys was achieved soon after.

3 Implementation of the Expansion Policy, Including Frontline Staff Perspectives

This section addresses Key Evaluation Questions One and Two:

1. How well has the expansion policy been implemented to enable timely delivery of the subsidies?
2. How have MSD frontline staff experienced and viewed its implementation?

Key Findings

- As intended under the expansion policy, FW placements increased dramatically to nearly double that of the previous two years. However, uptake remained around one-third less than the budget allowed for.
- The subsidy was not always well targeted, with employers receiving it for employees that they would have employed even without the subsidy. For many employers, the subsidy is not considered enough to incentivise employing someone who does not have entry-level skills.
- Rapid launch and a lack of training for frontline staff may have negatively impacted confidence in, and enthusiasm for, the product.
- Some work brokers felt pressure to use it more, which may have led to poor targeting. Nearly four (4) in ten (10) employers surveyed would have employed the person without the subsidy. Additionally, post-employment applications are reported by MSD work brokers to be frequent.
- The FWE media campaign appears to not have had a wide reach among employers; however, information available was easy for employers to find and considered comprehensive.
- There were inconsistencies across MSD staff in their understanding of the purpose of FWE, as well as their interpretation of what clients are disadvantaged in the labour market and at risk of long-term benefit receipt. This lack of a shared understanding has resulted in inconsistencies in how subsidies are allocated, and the use of bands by region and between staff members.
- There is low understanding of the ability to pro-rata the subsidy for part-time work, potentially creating a barrier for some employee cohorts.
- There is very low awareness and uptake of the training support allowance and other relevant MSD products.
- Some employers and work brokers feel that the 24 weeks subsidy (under Band One) is insufficient. Preference is for a more flexible approach.
- Employers find the application and subsidy claims straightforward but have a strong preference for an online process.
- Some employers view the lack of post-placement follow-up as compromising accountability.

3.1 Uptake increased but remained lower than budget allowed for

The FWE was a two-year intervention to support up to 40,000 New Zealanders^{14, 15}. Post expansion, uptake of the subsidy increased substantially, as intended under the policy. Uptake increased to almost 25,000¹⁶ between February 2021 to February 2023, from just over 13,000 placements¹⁷ in the two years prior to the expansion.

While uptake increased substantially under the expansion, it was just under two-thirds of what was budgeted for. Stakeholders suggested a range of reasons that uptake was lower than anticipated:

- Targets and budget were based on forecasts of increasing unemployment from Treasury. However, the anticipated post-COVID recession, tightening of the labour market, and greater competition for jobs did not eventuate. By the time the expansion was launched, unemployment had already peaked (in the previous September) and was down to 3.2% by March 2021.¹⁸

Due to the impacts of COVID and lockdowns, we were expecting tens of thousands of extra people to come onto benefit who potentially hadn't been unemployed before. The thinking was that you'd have these people that are potentially work-ready, but we needed an incentive for employers to take them on. It provided a bit of a rapid response to supporting economic recovery. But that never really eventuated – certainly not as we predicted. (National Office staff)

The purpose of Flexi-wage was to help people into work at a point where it was supposedly going to be very hard to get work, with people being laid off, jobs going, COVID and all of that. But right now, I'm the quietest I have ever been ever in this role. We're struggling to get the candidates at the moment to fill the jobs, not the other way around. (Work broker)

- The COVID-19 Wage Subsidy kept people in employment.
- There is a perception among employers that anything to do with government will come with a significant administrative burden and considerable bureaucracy to navigate.
- There is ongoing stigma among some employers around employing WI clients.
- Employers are more enthusiastic about Mana in Mahi than FWE due to the availability of higher up-front payments and a perception that Mana in Mahi recipients (typically young people wanting to get into a new career) are more appealing prospects.
- Some of the client groups FWE is targeting (especially Band 3 for those further from the labour market) are not sufficiently work-ready and prospective employers consider their barriers too great to overcome.

¹⁴ Flexi-Wage Expansion: Detailed Policy Advice. Ministry of Social Development. 21 January 2021

¹⁵ This number includes Flexi-Wage Self-Employment, for which 10% of funding was ring-fenced. The evaluation of Flexi-Wage Self-Employment is reported separately.

¹⁶ Including Flexi-Wage Self-Employment placements, which make up around 5%.

¹⁷ Flexi-wage Expansion Progress Report February 2023. 1.Overview. Report Number: 23/2/130. Internal, unpublished report.

¹⁸ <https://www.stats.govt.nz/indicators/unemployment-rate>

Uptake – and barriers to uptake – among Māori and Pasifika

Qualitative data suggests that there is a low awareness and uptake of FWE among Māori and Pasifika employers and businesses. Stakeholders interviewed suggest that Māori and Pasifika employers and business owners may feel less comfortable and confident approaching WI for support. Employers interviewed suggested that information about FWE be shared via specific channels such as churches, community groups and Pacific business networks.

MSD staff noted that Pasifika are more likely to be in low-skilled, low waged employment than receiving Jobseeker Support. Some would like to see those in low-skilled roles, who are motivated to upskill and advance within their current place of work, be eligible for the FWE subsidy; provided the employer is willing to invest in training and supporting this pathway.

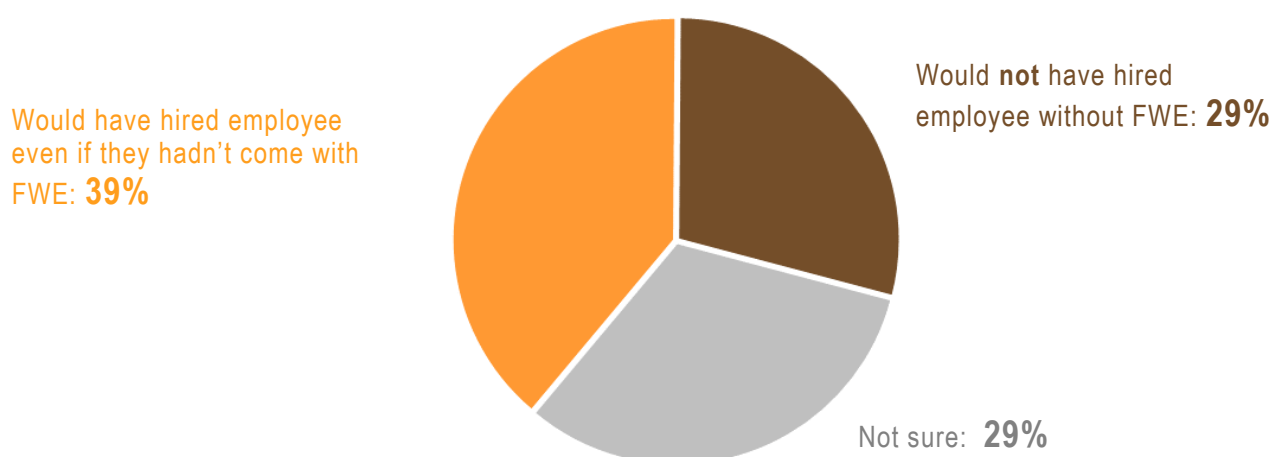
3.2 Subsidy only partially successful in incentivising employers to take on employees who do not meet entry level requirements.

Two in five employers would have employed the participant without the FWE subsidy.

The FWE programme is intended to support people into sustained employment by incentivising employers to employ and train job seekers who are at risk of long-term benefit receipt and/or disadvantaged in the labour market. However, two in five surveyed employers (39%) would have taken on their most recent FW employee without being subsidised to do so.

Only twenty-nine percent (29%) of surveyed employers indicated that, had the subsidy not been available, they would not have taken on the employee – indicating that they were incentivised by the subsidy. Majority of the businesses in this group were smaller businesses (1-2 FTEs; 37%) and new businesses (operating for five years or less; 37%).

Figure 1: Flexi-wage as an Incentive for Hiring Employee



Base: n=1,094 FWE employers

Evidence of some displacement

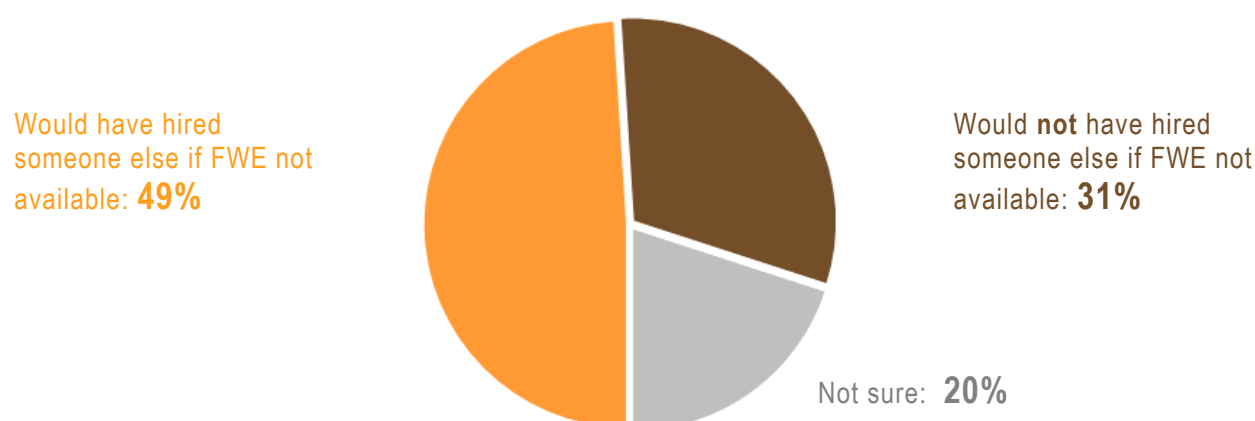
Displacement (when no new job is created, but rather the employee has been taken on instead of another

person) was identified as a risk to the expansion.¹⁹ Of the 29% of surveyed employers who indicated that their decision to employ an FWE employee was based on the availability of FWE, around half (49%) would have employed someone else for the role had FWE not been available. Majority of the employers in this group were from private businesses (55%) and medium/larger businesses (more than 10 FTEs; 68%).

In contrast, a third of the same group of surveyed employers (31%) (whose decision to employ an FWE employee was influenced by the incentive of FWE) would not have hired anyone else for the role had the subsidy not been available. This indicates that FWE has contributed to job creation. NGOs were a strong majority in this group. Seventy percent (70%) of NGO employers motivated by FWE, reported that they wouldn't have taken on anyone if the subsidy had not been available. Those working in the education and training sector (65%), looking to fill a professional (59%) or community or personal services role (48%) or smaller businesses (1-5 FTEs) (46%) were also more likely to be in this group.

Note: Data on employee retention after the subsidy had run out is provided in Section 5 on short-term outcomes for employees.

Figure 2: Likelihood of Employing Someone Else if Flexi-wage Not Available



Base: n=317 FWE employers who would not have hired FWE employee if hadn't come with FWE subsidy

3.3 Flexi-wage is not always well targeted

FWE subsidy is being paid to employers for people they would have employed without the subsidy.

A risk identified of the expansion was poor targeting²⁰, where a jobseeker would have found a job without additional support. It is worth noting that an amendment to the programme's eligibility criteria is due to come

¹⁹ Office of the Minister for Social Development and Employment, Cabinet Business Committee. Expansion of the Flexi-Wage to support 40,000 New Zealanders into work or to start their own business (55). Cabinet Paper. 20.1.2021.

²⁰ Office of the Minister for Social Development and Employment, Cabinet Business Committee. Expansion of the Flexi-Wage to support 40,000 New Zealanders into work or to start their own business (55.5) p10. Cabinet Paper. 20.1.2021.

into effect in February 2024²¹ which will emphasise that eligible participants will need to **not** meet entry-level requirements, as set by the employer, for the role that the assistance is being granted for. This may result in improved targeting.

Among all surveyed employers, the greatest proportion (39%) indicated that they would have hired their FWE employee even if they hadn't come with a FWE subsidy. This included 48% of larger businesses and suggests that the subsidy has not always been well-targeted (see Section 4.2). This represents a deadweight loss²² and has reduced the effectiveness of the programme.

I wouldn't say Flexi-wage played a big part in our decision to hire [employee] over someone else. He seemed like a good candidate and the extra money was a bonus. (Employer)

We would have taken him on, even without the subsidy. We never had any concerns about the person they found for us, even right at the start. We felt that were a really good fit with us. It worked out well. Receiving the subsidy was nice, a bit of a bonus, but we would have still taken him on without it. (Employer)

Directly in contrast to the policy's intent, a small group of employers who had received FWE, noted that they would never employ someone who didn't meet the entry requirements of the job, with or without the incentive of FWE:

I could be keen to consider [Flexi-wage] again but depending on the right applicant though. There's no way that I would employ a person that I had a marginal level of confidence in, just to get the Flexi-wage. I think they'd be a bigger liability. Someone's got to get the job on their own merits, and they've got to be a good fit for the business. As opposed to coming with eight grand cash. That's pretty short-term thinking. (Employer)

Mixed views on 'late Flexi-wage'

The evaluation found that FWE is frequently approved after employment has already started. This is either because it has become evident that the employee is not as work-ready or productive as expected, or because the employer only become aware of the subsidy after entering into the employment agreement.

Among MSD staff interviewed, views are mixed on whether late applications align with the FWE policy intent. Some stakeholders suggested that work brokers may be encouraging or allowing late applications due to pressures to use the fund and/or to achieve their active placement targets. Others questioned the eligibility of 'late' candidates, given that employers had not required incentivising to employ them. Concerns were raised about employers taking advantage of the programme.

²¹ Flexi-wage Employment Assistance Amendment 2023. P1. [flexi-wage-employment-assistance-amendment-2023-signed-copy-of-instrument.pdf \(msd.govt.nz\)](#)

²² A deadweight loss is a welfare loss where welfare support goes to people that do not require it. In this case, it refers to employers using the subsidy who would have hired the participant (employee) regardless of the subsidy.

It's supposed to be a subsidy to help them upskill to start that role, to mitigate the barriers and help them to get that job – but they have already started. Employers know the system now and I think they go, “Okay, how can I get some money here?” (Work broker)

However, others felt that if an employee fit the criteria, and the subsidy was to be used to assist with achieving a sustainable employment outcome, then the timing of the application is less important.

What we call ‘late Flexi-wage’ is about a month. If it’s beyond four weeks and there’s obvious barriers, then I think that’s probably a good investment and a good reason because it’s actually keeping that person in the role and supporting them to upskill to entry level. I’d hazard a guess at 40 to 50% [late FWE approvals]. (Work broker)

Stakeholder suggestions for improved targeting:

- Communicate **clear and comprehensive definitions** of the programme’s eligibility criteria to all MSD staff involved in FWE, with a particular focus on defining what it means to be ‘disadvantaged in the labour market’ and ‘at risk of long-term benefit receipt’. The provision of guidelines, calculators, examples, and case studies would be beneficial.
- **Incentivise** work brokers to place those who are at risk of long-term benefit receipt, rather than just those disadvantaged in the labour market, especially if some participants are able to move into sustainable employment unassisted.
- Consider mandating that FWE approvals need to be given **prior to the employment commencing**, or within a specified number of days after the employment has started.
- Communicate with work brokers to address the perceived pressure to spend the allocated funding.

3.4 Launch of FWE was rapid. MSD staff felt under pressure to spend the fund.

FWE was launched in February 2021, after Cabinet agreed to the broad policy settings on 30th November 2020. The detailed design was signed off the month before launch. National Office staff noted that this was an uncharacteristically short timeframe for the launch of a welfare programme. A longer development and testing phase would have allowed:

- More time to confirm and communicate information about the target cohorts for FWE, including consulting with WI frontline staff to understand the strengths and weaknesses of current policy settings and outcomes for different client cohorts.
- More testing and adjustments of processes prior to launch.
- At a regional level, development of an implementation strategy including staff training and internal communications.

There was no plan for spending time helping our people and employers understand the product. Where’s the coaching support? Where’s the ongoing support? (Regional MSD staff)

Under FWE, the government committed to supporting New Zealand's economic recovery from COVID-19 by investing \$300 million.²³ The aim of this funding was to assist up to 40,000 New Zealanders into work by creating an incentive for businesses to hire them. Whilst appreciative of the extra money available to incentivise employers, work brokers and regional MSD staff have felt under pressure to spend the significantly increased funding. Inconsistent messaging around spending of the money between the National Office (that funding should only be spent on those who need it) and the regions (where informal monthly spending targets are set) resulted in staff confusion and frustration around inconsistent decision making.

Staff training

The rapid roll-out of FWE limited training and support to WI staff, and there was a reliance on online modules rather than face-to-face teaching, scenario role plays etc. While there had been plans to develop an operational guide, this was not finalised in time for the product launch. National Office staff also note that there was a lack of support provided to frontline staff to help them differentiate between those at risk of long-term benefit receipt and those disadvantaged in the labour market. Work brokers commented that the insufficiency of training led to employees missing out on other potentially valuable MSD supports that FWE could have been paired with, as frontline staff were not aware of them (see Section 3.12).

More recently a FWE training module has been developed, which provides an overview of the philosophy behind the subsidy, its purpose, and operational aspects. This is likely to increase consistency of subsidy use and application of bands.

Stakeholder suggestions to enhance staff training:

- Include a **face-to-face component** in the initial FWE training so role plays can be included.
- Provide FWE **refresher training** sessions for work brokers and other interested staff, including providing opportunity to discuss scenarios that may have occurred, and decisions made.
- Consider appointing a **national training champion** for FWE who can deliver consistent training nationally.

3.5 Media campaign did not have wide reach

The expansion policy included a multi-year, multi-pronged media campaign, to promote the support available.²⁴ However, this does not appear to have had wide reach among employers who took up the subsidy.

The greatest share of FWE employers surveyed (62%) first heard about the subsidy from a WI staff member, majority of which were larger businesses (77% among businesses with more than 20 FTEs). In some cases, work brokers will proactively approach businesses that are advertising for vacant positions and offer to assist with filling the position using FWE as an incentive for taking on a WI client. In other cases, where the employer comes to WI looking for help to fill a specific position, the work broker may find a suitable candidate – who is

²³ Total investment including for Flexi-wage Self-employment, for which 30m was ring-fenced. Evaluation of the Flexi-Wage Self-Employment expansion is reported separately.

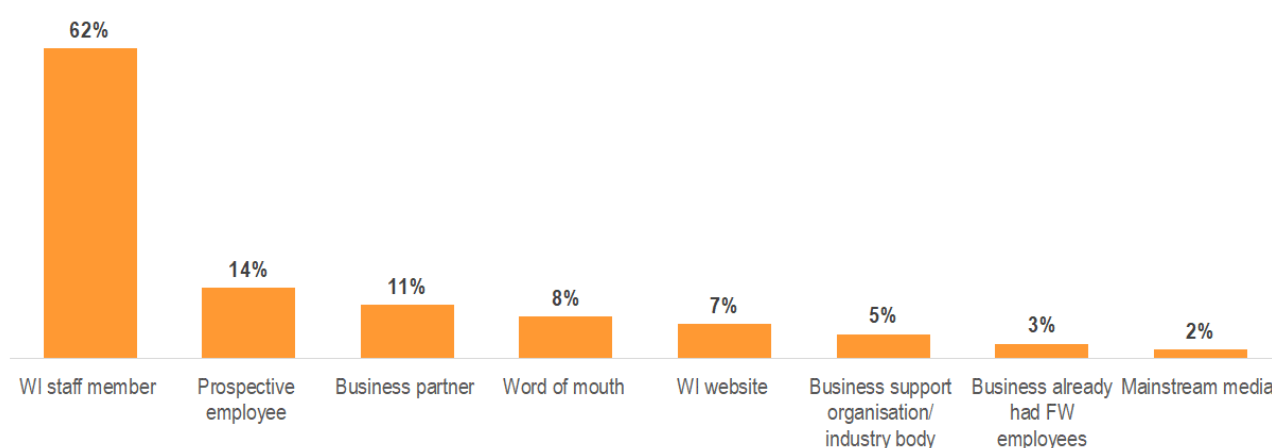
²⁴ Office of the Minister for Social Development and Employment, Cabinet Business Committee. Expansion of Flexi-Wage to support 40,000 New Zealanders into work or to start their own businesses. (5.3).

eligible for FWE – and the FWE subsidy is then given to the employer. The employers have often reported that they perceive the subsidy as a ‘bonus’²⁵. Alternatively, if the work broker is unable to find a suitable job-seeker client, FWE is offered as an incentive to take on an alternative, perhaps less well-matched, job seeker.

Fourteen percent (14%) of employers surveyed first learned about FWE from a prospective employee who was eligible to receive the subsidy. In this scenario, employees inform prospective employers about the subsidy during the interview process and/or provided a card from their work broker explaining their eligibility and encouraging the employer to call them to discuss. Majority of the employers in this group were those who had either taken on a single FWE employee (20%) or those who were looking to fill professional/administrative roles (23%).

Word-of-mouth is also a common source of awareness, with hearing about FWE from someone else connected with the business (for example, a business partner, customer, or supplier) (11%) or those not directly connected (8%) also frequently mentioned among surveyed employers.

Figure 3: Sources of Employer Awareness of FWE



Base: n=669 FWE employers (excludes ‘don’t know’ responses)

Multiple responses to question permitted, consequently graph totals more than 100%

Stakeholder suggestions to enhance awareness of FWE:

- **Promote FWE through a wide range of channels** including local Chambers of Commerce and industry bodies.
- Ensure **WI Contact Centre staff have a sufficient understanding** of FWE to be able to answer employer questions or know who to refer enquiries on to.
- Provide **case studies** on the website of where FWE has worked well for both the employer and the employee.
- Provide a **flow chart** or similar on the website which **outlines what the application process involves** and how employers can get the process underway.
- Ensure **jobseekers are aware of their subsidy eligibility** so they can inform prospective employers.
- **Allow employers to assess their eligibility more easily** – for example, providing a calculator or similar

²⁵ Terminology used by employers.

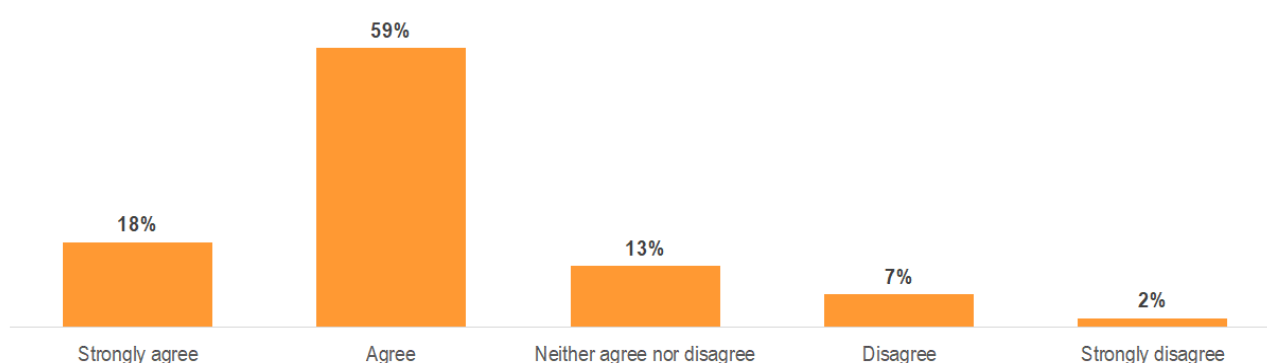
on the WI website.

- Consider **changing the name of the product**, avoiding the use of the term 'wage'. Referring to the product as an 'employment subsidy' would both make it clearer to employers what the product is and reflect that it can be used to assist with employment in a range of ways, not exclusively for wages.

3.6 Information available is easy to find and answers employers' questions

More than three quarters of employers surveyed (77%) agreed that information about FWE had been easy to find, including 18% who *strongly agreed*. Levels of agreement were significantly higher among private businesses (79%) compared to NGOs and government organisations (68%). Less than 10% of surveyed employers disagreed that it was easy to find information about the subsidy.

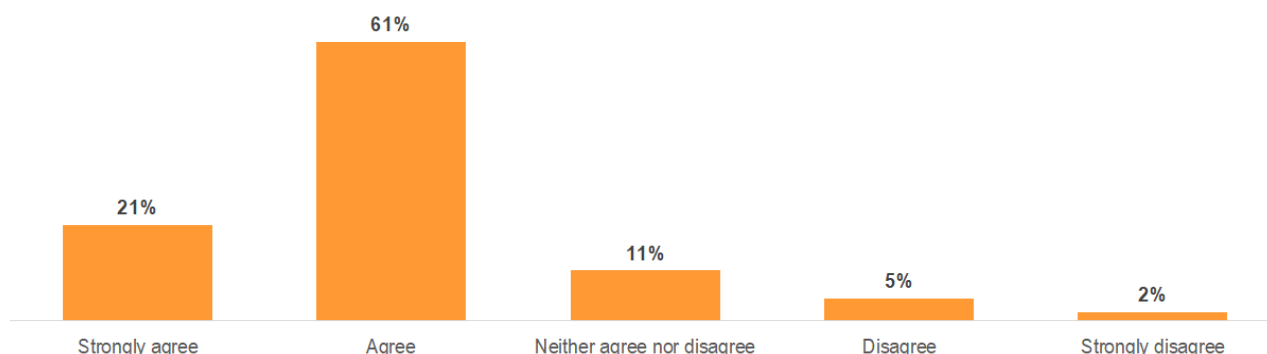
Figure 4: Level of Employer Agreement that FWE Information Easy to Find



Base: n=945 FWE employers (excludes 'don't know' responses)

Similarly, there was strong agreement among FWE employers surveyed (82%) that the information they found about FWE answered all the questions they had, including 21% who *strongly agreed*. Just 7% disagreed. There were no notable differences in levels of agreement by type of employer.

Figure 5: Level of Employer Agreement that Information Found Answered All Questions



Base: n=956 FWE employers (excludes 'don't know' responses)

Surveyed employers who felt that the FWE information available didn't answer all their questions were most likely to identify a need for a general overview of what FWE is and how it works.

Table 3: Questions not Answered in Current FWE Information/Areas Not Covered

Questions not answered in information available	Number of employers (n)
How FWE works/general information/introduction to FW	39
FWE eligibility criteria	10
Payment amounts/how amounts are calculated	9
Option to ask questions/get clarification	8
How to make a monthly claim	5
What happens if an employee is not suitable/leaves	4
Minimum hours required/part-time work eligibility	3
Training allowance queries – what can it be used for, how to claim	3
Scheme extension options	3

Base: n=90 (Employers who disagreed that FWE information they found answered all the questions they had)

Multiple responses to question permitted, consequently table may total more than 100%. Table lists questions mentioned by n=3 or more employers

While information about FWE was perceived to be easy to find and comprehensive, employer understanding of the purpose of FWE was very mixed, and in many cases limited. Very few employers interviewed had a good understanding of the fact that the subsidy was compensation to them while the employee gained experience and skills to attain the entry level requirements of that job. Whilst employers understood that FWE-eligible employees may not have the necessary role-related skills and experience, comments made by employers indicate that most anticipated employees to be work-ready when they arrived.

Comments from employers suggest that when work brokers are 'selling' FWE to employers, emphasis is placed on the financial benefit to the employer rather than explaining the intent of the subsidy. Section 5.2 discusses the experiences of employers where the vulnerabilities, challenges, and lack of 'work-readiness' of their FWE employee(s) were significantly greater than they had anticipated or felt capable to deal with.

3.7 Consistency intended to be achieved through use of wage subsidy bands has been compromised by differing interpretations around eligibility.

National Office and regional MSD staff viewed the broadening of eligibility criteria positively. They saw it as allowing the subsidy to be used as a preventative tool to keep vulnerable workers, such as those whose role had been disestablished, from needing to apply for a main benefit. To include people not in receipt of a main benefit has been a significant shift in thinking and approach for work brokers.

Under the previous FW product, the amount of subsidy an employer received was at work brokers' discretion. Funding was allocated regionally, and each region was given discretion as to how they would distribute the money available. Whilst this approach was lauded for its flexibility, it resulted in inconsistencies in decisions

between work brokers and across regions. This led to employer confusion, frustration and eventually reluctance to engage in the programme, particularly with larger employers working across regions. National Office staff also note that there was pressure to “squeeze as much out of the funding as possible” with the previous FW product, which meant that subsidy provided to each employer was often insufficient to fully address an employee’s barriers to work.

To enhance consistency of use, the FWE introduced three subsidy bands:

- Band One: \$276²⁶ per week (inc. GST) for 24 weeks for eligible people who are disadvantaged in the labour market;
- Band Two: \$276 (inc. GST) for 36 weeks for eligible people who are at risk of long-term benefit receipt;
- Band Three: a discretionary rate capped at \$22,000 that can be used when negotiating with employers to support MSD’s most complex clients as well as provide for Flexi-wage products for specific employment situations such as Projects in the Community²⁷.

The intention of the subsidy bands was to streamline the process of administering the wage subsidy, relieving work brokers of the burden of having to negotiate the amount of the subsidy with employers. It was also anticipated that the bands would make it clearer to employers what they would be eligible for.

Differing eligibility interpretations results in inconsistent use of subsidy bands.

MSD intended to provide guidance to work brokers on the factors and considerations that indicate which band a person should be supported through²⁸. National Office staff have reported that definitions of eligibility criteria such as ‘at risk of long-term benefit receipt’ and ‘disadvantaged in the labour market’ have been core to MSD’s business for a decade. However, other, MSD staff interviewed during this evaluation noted that no formal definitions of the two categories were communicated, and no ‘calculator’ was developed to assist work brokers with identifying the most appropriate FWE band. This has made it challenging for work brokers to assess which band a client is eligible for. The considerable amount of money being made available to an employer (particularly when compared with the pre-expansion amounts) puts added pressure on the work broker to make an accurate assessment of eligibility.

What does ‘disadvantaged’ mean? What’s ‘at-risk’? Then what does ‘disadvantaged and at-risk’ mean? It gets very grey. What’s the difference between disadvantaged and at-risk? You can tell a story to fit any or both of those to be honest if that’s the way you want to play it. (National Office staff)

It’s very difficult to determine if someone is disadvantaged in the labour market. At the moment it’s deemed that pretty much anyone is, and that can’t be right. But that’s how it seems to operate. It’s all about interpretation. (Work broker)

²⁶ This is 40% of the minimum wage.

²⁷ Flexi-wage Projects in the Community is a subsidy that allows a client to participate in project-based work where they can develop work habits, general on-the job skills and progress towards sustainable employment. This type of work experience will assist individual people to progress towards more sustainable employment opportunities.

²⁸ Flexi-Wage Expansion – Detailed Policy Advice. Ministry of Social Development: Wellington (21st January 2021)

As a result, regions, and in some cases individual work brokers, have devised their own methods of assessing eligibility. These were typically based on differing perceptions of the purpose of the FWE product. Some regions strongly believe that it is important to exhaust the fund and get as many people as possible placed in work. As a consequence, the criteria are applied very liberally. In contrast, other regions apply the criteria more stringently, perceiving that the product should only be used where an employer would not take on an employee without it, and where there is evidence to prove that the client is genuinely disadvantaged in the labour market or at risk of long-term benefit receipt. Staff are aware of these different interpretations and there is considerable frustration that the product is being used 'in the wrong way' by some.

The differing views on the intent of the FWE policy has led to inconsistencies in eligibility assessment and use of the subsidy that is not in line with policy intent. This was also one of the key criticisms of the pre-expansion FW product.

I'm quite insistent that [employers] take Flexi-wage. I firmly believe that when we get people on Flexi-wage, the number that stay off benefit for a length of time increases. Even if a client finds their own job, I still encourage the work broker to put in Flexi-wage. (Regional MSD staff)

The perception now is "Throw money, just throw money", with no regard for actual disadvantage, actual risk. The client's got good skills, they've got a good work history. But if I try and argue it and say "Well, they don't actually meet the criteria" then it's challenged - "Look, the money's there to be spent so spend it." You start to lose confidence in your decision-making. There seems to be a mentality of "Let's get as much money out of this process" and it's scaring me. (Work broker)

In some regions, Work Brokers who are seen by other staff as 'flexi-wage specialists'²⁹ oversee FWE applications with the aim of ensuring consistency regarding how eligibility decisions are made. A flexi-wage specialist also has a valuable role as a product specialist, providing FWE guidance to new staff, and being available for work brokers to ask questions of or bounce ideas off, particularly with regard to assessing eligibility for Band One or Band Two.

In other regions, differences in the way staff define 'disadvantaged in the labour market' and 'at risk of long-term benefit receipt' have been addressed by establishing localised criteria to assist with decision making. For example:

- In one region, Band One is used for clients that have been in receipt of a benefit for less than a year; Band Two is used for a benefit duration of one to two years; and Band Three for a duration of more than two years.
- In at least one region, women coming off the Sole Parent Support payment are almost always allocated to Band Two to reflect the level of savings WI will make in transitioning them into work.

The lack of consistent understanding of what constitutes disadvantaged in the labour market has resulted in

²⁹ Note that this is not a formal role but rather an informal recognition of a Work Broker's experience with the FWE (and the previous FW product) by the fellow staff. This is the person that other frontline staff would usually approach for clarification relating to the product delivery.

some work brokers having FWE applications declined, on the basis that the client doesn't fit the disadvantaged in the labour market criteria - but they are often not sure why. These declines have resulted in frontline staff being reluctant to use FWE in some regions.

Given the low levels of unemployment in most parts of the country, some regional MSD staff question whether FWE should be offered to those who are disadvantaged in the labour market. These stakeholders feel that work brokers place too much emphasis on the 'lowest hanging fruit' – that is, those whose barriers to sustainable employment are minimal – as it's easiest to get active placements from within this group. This is to the detriment of more challenging at risk of long-term benefit receipt clients:

I do have a little bit of a concern that, over the next 12 months we're going to start funding a whole group of people that are at the front end of the spectrum – able to possibly get their own job – and there's going to be this really long-term unemployed tail at the end because we're not investing in the right place. There needs to be a focus on those that are farthest from the labour market. They're the ones we need to worry about because the longer they stay in poverty, the harder ... it takes years, even if they get work, to get any form of traction in their life. (Regional MSD staff)

Employers have low awareness and understanding of subsidy bands.

Among employers interviewed, awareness of the subsidy bands was low. Few had any understanding of the differences between the bands, or how the band was to be selected. Being evaluated as qualifying for Bands Two or Three should be a strong indicator to employers that a FWE employee comes with more complex barriers to employment and therefore may be a more challenging hire. Currently however, employers are not aware of this important cue. Knowing this could be helpful in achieving a more successful outcome for both the employer and employee. It would help by setting more realistic expectations; giving employers the opportunity to raise questions with and seek advice from the work broker; and allow employers to decline the client/employee if they feel the challenges will be too great.

Increased flexibility in FWE duration depending on employee training needs and skillsets would be preferred by some employers

Perceptions of the most appropriate duration of FWE payments are influenced by employee needs, barriers to work, and the complexity of the role and skills required.

Typically, employers do not consider 24 weeks under Band One to be enough time for an employee to be sufficiently upskilled and to be able to work independently and to become productive. This is especially where the role is complex or physically demanding and/or the employee has challenges that may affect their ability to learn or apply themselves to the role. Thirty-six weeks was considered by many employers to be a more appropriate time frame. The additional time allowing employees to get up to speed with the role, the work required, and to overcome more of their employment barriers.

However, for less skilled roles and/or where employees have fewer barriers, workers can be very productive after 10-12 weeks. Similarly, employers offering very low skilled work (e.g., cleaning, lawnmowing) see themselves as providing a transitional role/support for beneficiaries and acknowledge that workers seldom

stay for six months. Having FWE available for two to three months in these situations is considered sufficient.

FWE duration accessed on a case-by-case basis is perceived by employers as the ideal:

I understand that you receive 36 weeks if they have been on a benefit for a certain amount of time. You get more money as the assumption is that it's going to take them longer to get them into work. I'm not sure I agree with that rationale. If someone has experienced a significant trauma and they have anxiety and other mental health issues but has only been off work for six months, their barriers to working could be much more significant than someone who has been on a benefit for five years. [The duration] needs to be more on a case-by-case basis. (Employer)

Employers also feel that the exact duration of the subsidy would not be so important if there was some form of assessment built in during the process. This would enable the work broker and employer (and potentially the employee) to identify whether there were any ongoing supports needed or further training required. This could be coupled with flexibility to then extend the duration of the subsidy if necessary. Employers considered that this approach would provide a more efficient use of the funding by targeting those most in need.

Stakeholder suggestions to enhance the wage subsidy bands:

- Consider making the subsidy duration decision on a **case-by-case basis**, taking into account the nature of the role, the skills required, and the extent and nature of the employee's barriers to work.
- Consider **extending the duration** of the FWE subsidy; either across the board or allow employers to be able to apply for a FWE extension on a case-by-case basis.
- Have work brokers provide advice and assistance to **transition FWE employees on to other forms of support** at the conclusion of the subsidy.

Perceptions vary on appropriateness of subsidy amount.

Views were mixed as to whether the \$276 per week currently available for Bands One and Two is sufficient.

Work brokers who had experience with FW pre-expansion viewed the amount available under FWE positively. As the sum was increased from what had been previously offered, work brokers reported finding it easier to encourage employers to take on clients. For employers who were motivated by altruistic reasons (see Section 4.5), the subsidy was enough to encourage them to take on someone who did not meet entry level requirements for the job. However, it was typically not enough to cover the costs associated with upskilling the employee:

It's enough to take a chance on someone. Does it cover all our costs? Probably not in terms of productivity, training, working with that person. So does it cover everything? No. But is it a good initiative? Yes. Our mindset is about helping people to get back into work as well. It's about giving people a chance. (Employer)

In contrast, other employers noted that while the subsidy initially seemed sufficient, once they became aware of the challenges and training needs of the employee, it became clear that it was not enough to compensate them for lost time and the risk taken:

At the start we thought the money was enough for the risk we were taking. But the amount of time we spent training was huge. He needed lots of very basic training. The \$276's not worth it. (Employer)

Stakeholder suggestions for payment options:

- Ensure that the amount of the subsidy keeps up with the **rate of inflation**. Increasing the amount of the subsidy in line with, and index to, the minimum wage is suggested.
- Acknowledging the demand and risk to the employer is greatest when the employee first arrives in the business. Have MSD **pay the new employee's wages in full for the first 6-8 weeks** (rather than a subsidy for 24 weeks). Alternatively, pay out a greater share of the total subsidy in the first few weeks or pay out the full subsidy on approval. It should be noted that the Flexi-wage Employment Assistance Amendment 2023³⁰ – which is due to come into effect in February 2024 - will allow wage subsidies to be paid in variable amounts over the specified period for the relevant band.
- Given that reliability/perseverance of employees is one of the biggest challenges for FWE employers, some suggest providing the subsidy in the form of **milestone payments to the employee** for remaining in the job e.g., payments made at the end of each month the employee stays in the job.

3.8 FWE perceived to exclude some target groups due to low understanding of pro rata payments for part-time employees.

Low understanding that policy allows for part-time employment.

FWE wage rates are for people working full-time (30 hours a week or more). Whilst the policy allows for funding to be calculated pro-rata for part-time employment, this was not widely understood by work brokers. Consequently, for part-time positions, work brokers commonly place an employee into Band Three, which offers flexibility in rate, regardless of whether they meet eligibility for the highest band.

Only 8% of subsidies were granted for part-time employment³¹, compared to 19% of the labour force in part-time employment.³²

We could only offer 20 hours to the Flexi wage [employee] and WINZ [sic] refused the scheme without 30 hours of employment. It would be good if MSD looked at individual circumstances and helped businesses cater for people who are unable to fulfil the 30-hour requirement. (Survey respondent)

We need a product aligned to part time work and a product that recognises that our world is changing, and people can have 2-3 part time jobs, not one full-time one. (Regional MSD staff)

Employers interviewed noted that work-readiness challenges for some WI clients make moving from a main benefit to working 30 hours or more a week unfeasible and unsustainable. This is particularly the case for

³⁰ [Flexi-wage Employment Assistance amendment 2023 \(PDF\)](#)

³¹ MSD. Flexi-wage Expansion Progress Report February 2023. 1. Overview. Report number: REP 23/7/620. Internal, unpublished report.

³² Labour Market Statistics Snapshot – March 2023 (mbie.govt.nz)

clients with health and disability conditions, but also sole parents needing to co-ordinate childcare.

When I have taken a person off what was the old sickness benefit, they shift to full time work at 30 hours, they can't really handle it. They took 3 days off once being sick and two days another time. They are used to being sickly and coming up with an excuse, however they have no leave. I ended up paying them as they would not have been able to pay their rent. These instances otherwise would make them think going back to work disadvantaged them. (Survey respondent)

Some employers felt that they had been pushed by the work broker into taking on the employee for more hours than they had available, or than they could afford, so they could meet the 30-hour a week eligibility criteria. In some cases, this had resulted in employees being given menial or boring tasks to 'fill in time', which impacted on their job satisfaction. Other employers had used the FWE subsidy to cover the costs of increasing the hours to meet the eligibility criteria.

We were pushed into paying 30 hours per week wages which nearly bankrupted us and we had to terminate employment. (Survey respondent)

Stakeholder suggestion to ensure consistency of application of FWE eligibility criteria.

- Ensure that work brokers understand that the subsidy can be used pro rata at Bands One and Two.

Stakeholder suggestions to expand eligibility:

- Offer a '**transitional FWE**' to assist those in their first role off the benefit. In doing so, both employer and employee should be clear that the main purpose of the employment arrangement is to establish a work ethic, give the employee some work experience and provide them with a reference letter for their next role. Employers offering these roles would like to see FWE available with a more flexible time period (potentially only two to three months).
- Consider whether **recruitment agencies should be eligible for FWE**. Some work brokers note that some (not all) recruitment agencies take on candidates with significant barriers to employment, place them on fixed-term contracts with good quality employers, provide high levels of pastoral support and work hard to convert them to permanent employees once the contract has finished. It is felt that as their work aligns to the purpose of FWE, these agencies should be eligible for subsidy funding. However, other work brokers questioned why agencies should be paid to do what is, essentially, WI's job to place people in employment.
- Consider allowing FWE payments for employers using a **contractor model**, with payments made on a 'per job completed' basis.
- Consider a **0.5 band** for clients who have lower barriers to entry into the labour market (don't meet the current eligibility criteria), but who require a small amount of support to move to sustainable work. This band would be particularly useful during periods of low unemployment.
- In a recessionary environment, allow FWE to be used for **incentivising employers to retain staff**, mitigate redundancies, and/or re-deploy or re-train staff.

Note: Employers interviewed also mentioned that they would like to see FWE made available to help support

the employment of workers 65 years +, particularly those who have previous industry experience. This extension to FWE eligibility was made in July 2023.

3.9 Application process viewed positively.

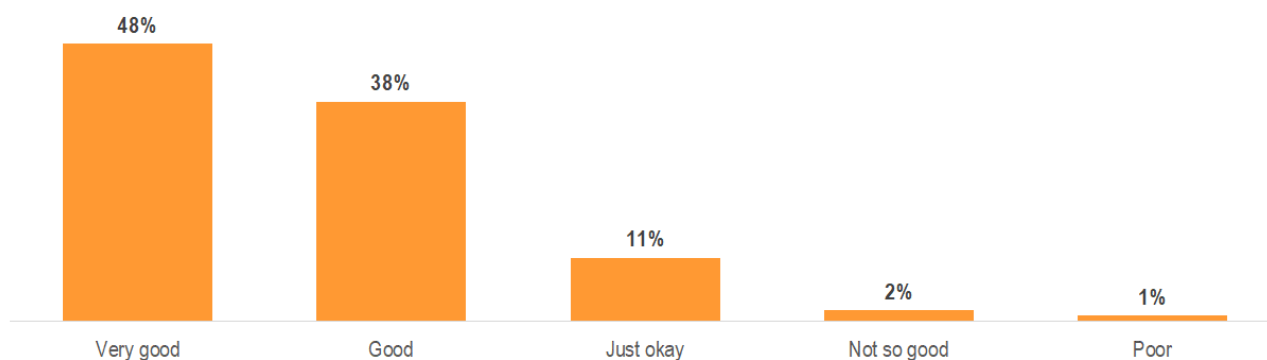
Employers interviewed described the application process as very straightforward, easy and a lot less bureaucratic than they had anticipated. Information requests from WI were considered reasonable, requiring minimal time and effort. To make the process even more user-friendly, employers recommended fully automating the application process, as opposed to employers having to complete paper forms and email them back. In most cases, work brokers were applauded for being accessible, knowledgeable, and proactive in regard to communications during the application process.

Applications were approved quickly, typically within a week. Fast processing was appreciated by employers who were keen to get positions filled and staff working as quickly as possible.

Having dealt with government departments, I expected the process to be long and drawn out with lots of 'red tape' but it was very straightforward. It's changed my mind-set about MSD. (Employer)

Similarly, surveyed employers are very positive about the Flexi-wage application process, 86% describing it as good or very good. Only 3% of surveyed employers rated the application process negatively.

Figure 6: Employer Perceptions of the Flexi-wage Application Process



Base: n=1,080 FWE employers (excluded 'don't know' responses)

3.10 Payment claims process is effective but not user-friendly.

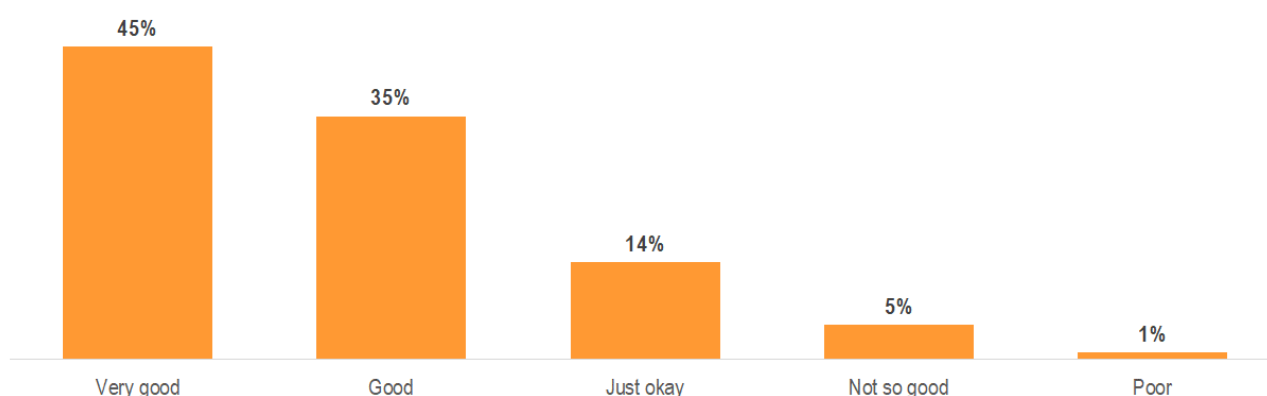
Flexi-wage payments are paid monthly. The process to claim FWE payments requires the employer to provide the employee's hours worked in a table, which is provided via email by WI on the approval of the FWE subsidy. Employers complete the table for the appropriate month and return it via reply email. No reminders are provided to employers, but late claims appear to always be accepted and paid out.

Some employers question why, if their application has been approved, they still need to apply for the money each month. Given FWE is a high-trust model, they and some regional MSD staff believe money should be

automatically paid down monthly, with employers responsible for notifying WI if the employee leaves and the payments need to be stopped.

Surveyed employers are positive about the process for claiming payments each month, 80% describing it as *good* or *very good*. Only 6% of surveyed employers rated the application process negatively.

Figure 7: Employer Perceptions of the Subsidy Claim Process



Base: n=1,087 FWE employers (excluded 'don't know' responses)

While employers are appreciative of the fact that monthly payments are paid out promptly, two key criticisms of the claims process are identified:

1. Difficulties finding the claim email form on the employer's email system, especially after the first month. Claiming via email rather than an online portal or app is perceived as less professional and outdated by most employers.
2. Forgetting to submit the claim form as no reminders are sent. Some had set up their own system for reminders; others noted that their claim forms were routinely sent in late - but were appreciative of the fact that these were paid out on.

'Payments in advance' is well received by most.

Under FWE, subsidy payments are paid four weeks in advance. This was to acknowledge that many employers have been struggling financially since the COVID pandemic. Having the subsidy payments paid in advance is most appreciated by small and/or newer businesses, where the relative 'downtime' costs of training are high:

[Payments in advance] are quite good really. It's not so bad for us now because we've built up some resources but when we first started having to pay out someone's salary for a month when they're not that useful was quite hard. For small businesses just getting going, it's a huge help. It was a good call to change that I think. (Employer)

The intended benefits of payments in advance include that it:

- Provides an additional incentive for employers to take on an at-risk or disadvantaged jobseeker and provide more initial support:

[Payment in advance] really does encourage an employer to take somebody on knowing that they do have a little bit of funding. The first four weeks is when you would expect the new employee to be least productive. Having that funding up front means [employers] are more likely to be hands on with that person and give them the extra support that they need. (National Office staff)

- Acknowledges that, if an employment relationship was to fail, it would probably be in the first four weeks, and that employers still need to be compensated for the time and expenses incurred in taking the employee on.

There is a heightened risk of fraud associated with payments in advance. However as only four weeks are paid out, the benefits and incentives to employers are believed to outweigh the risk of the subsidy being used fraudulently.

Lack of clarity around payments in advance if employee leaves the role.

The FWE payments in advance does pose a challenge if the employee leaves. There is lack of clarity around whether the unused part of the advanced payment needs to be refunded. In most cases, employers don't repay this money as they see it as compensation for the orientation and initial training they have needed to provide. Work brokers mentioned examples of employers with FWE debts. Employers had no idea how they would repay these debts.

I think paying the Flexi-wage in arrears, rather than in advance, is a better outcome for MSD. We received the Flexi-wage in advance for a month for our last Flexi-wage candidate who subsequently didn't last the month working for us. It saves us mucking about having to figure out how to return money. By claiming it in arrears you know they have at least worked the month or you can state if they only worked part of the month. (Survey respondent)

Stakeholder suggestions to enhance the claim process:

- Establish a password-protected **online portal** for employers to make claims or use the My MSD portal. This portal could also be used by WI to download CVs to the employer. It could be used by the employer to upload application information, request assistance from WI, or advise on new employment opportunities etc.
- Send an email each month to **remind the employer to complete their claim form**. Attaching the form to the email would save the employer having to hunt through previous emails to find it each month.
- **Provide confirmation** that monthly emailed claim forms have been received. Ideally send a remittance advice when payments are made.
- Consider whether **payments could be made automatically**, without the need for employers to submit a claim form. One of the reasons for requiring a monthly application is to ensure that the employee is still working. While acknowledging this, suggestions included having the work broker check in with the employee each month. This check-in would then trigger the monthly payment to be made. Alternatively, WI could send an email asking if the employee is still employed or not, with a 'yes' response triggering the payment.

- Increase awareness that **multiple employees can be claimed for on the same form**.
- Consider allowing employers to **nominate how frequently they want to claim subsidy payments** – to allow them the flexibility to match these with their pay cycles.
- Make it clear to frontline staff and employers whether **payments in advance need to be repaid** if the employee leaves early. If they do need to be repaid, advise employers and set up a straightforward, online process for refunds.

3.11 Mixed awareness of training assistance; viewed positively when received.

The FWE programme includes assistance for employment-related training to support a person to gain employment skills required to obtain or sustain unsubsidised employment. Up to \$1,000 is available for short-term training courses or on-the-job training (typically those focused on health and safety, and micro credentials), with up to \$5,000 available to purchase courses at level 3 or below on the New Zealand Qualifications Framework.

Among employers who had accessed the further training assistance, the funding was used for both internal training and supervision, and for external certifications and micro-credentials, depending on the requirements of the business and the role. In some cases, the assistance had also been used to purchase basic equipment for the role (tools etc) and safety equipment (boots, wet-weather gear).

The funding was well received and much appreciated, given the often-intensive period of training required for some employees coming into a role with no or low relevant skills and experience.

However, among small owner-operated businesses and those taking on employees with more significant barriers to work (especially under Bands 2 and 3), the \$1,000 allocated for short-term or on-the-job training was insufficient to cover training costs, particularly when the loss of productivity from the employee and trainer is factored in. Some would have liked to have been able to send staff on more intensive training had additional funds been available. Regional MSD staff also note that a greater investment in an employee creates a stronger bond to the employer which, in turn, benefits employment sustainability:

\$1,000 per employee is not enough. What does \$1,000 buy you? You don't get much for that. It feels a bit token. Whereas we should be saying "Let's really invest in this individual." I would like to see it at \$5,000 or \$8,000 or even \$10,000 maybe because employers are investing quite heavily in people who are distant from the labour market. (Regional MSD staff)

Whilst employers appreciated the lack of administration around the training assistance (no receipts needed to be submitted to show how the money had been spent/used, for example), some felt that greater accountability was needed – for example, employers being required to provide a paragraph to explain how the money was spent.

No employers interviewed had accessed the \$5,000 assistance to purchase longer-term training opportunities. The 24 or 36-week duration of the FWE is perceived to be too short for employers to consider enrolling an employee on an NZQA-recognised course.

However, not all employers were aware of the training assistance support, with awareness seeming to be work-broker dependent. Consequently, the potential benefits of this funding are not being fully realised, reducing the effectiveness of the FWE programme.

3.12 Very low awareness of in-work assistance available

The FWE Programme can also include an in-work assistance component. FWE's in-work assistance allows for the reimbursements of actual and reasonable costs for wrap-around support MSD considers necessary to help the FWE employee to sustain their employment. However, there is currently a lack of information within WI as to what forms this in-work assistance might take.

Uptake of FWE's in-work assistance has been very low. Within MSD it was perceived that this was because employers didn't need or want this form of assistance as they already had pastoral care supports in place. Work brokers concurred, perceiving that larger employers in particular would already have resources in place to provide for staff welfare - although Work brokers also note that FWE's greatest appeal was to small and medium-sized businesses. Work brokers also felt that clients should not be placed with employers who did not have sufficient infrastructure in place to successfully induct and support the FWE employee, implying that FWE employees shouldn't be placed with employers who would need to apply for in-work support assistance. Work brokers also noted that they don't have time to check in with the employer and employee regularly once the employee is placed in the organisation to identify what pastoral supports might be useful.

FWE's in-work assistance component does not seem to have been well-promoted. The lack of FWE training provided to staff means that work brokers don't feel confident talking to employers about additional assistance components of the service, particularly as some of the pastoral care services are contracted out rather than being provided by MSD as well as confusion between additional FWE assistance and other MSD products with similar names.

Indeed, none of the employers interviewed had utilised FWE's in-work assistance as they were not aware that it was available. Some indicated that, had their employees had access to these additional supports, employment is more likely to have been sustained.

Their lives are like a line of dominos. So if the car breaks down it's a catastrophe and the other dominos fall over. They can't get to work so they can't get income and now they can't pay their rent and they've got no food, and they can't get back on the dole because they've just started working. Anything we can do to stop the wheels falling off would make such a difference. (Employer)

Upon hearing about FWE's in-work assistance, employers felt strongly that the availability of additional assistance components of the service should have been clearly communicated at the time of FWE application approval. It was also suggested by employment co-ordinators that employers may be more incentivised to take on clients with health and/or disability conditions if they were aware that additional in-work assistance was available and if it was proactively offered as part of a FWE package.

Stakeholder suggestions to enhance FWE's training and in-work assistance:

- Ensure FWE's additional assistance components like training and in-work assistance is **offered to all employers**.
- Consider **outsourcing** the offering of FWE's in-work assistance to service providers who have a better understanding such assistance.
- Consider increasing the **amount available** for FWE's training assistance and/or determine the amount available on a case-by-case basis, taking into consideration the needs of the employee and employer.
- Develop **clearer rules** around what the additional training assistance can be used for.
- **Clearly communicate** to work brokers and employers what the additional in-work assistance can be used for.
- Consider incorporating **more pastoral care into work readiness programmes prior to clients moving into work** – for example, money management and budgeting, stress management and resilience training, and family support/home management.

3.13 Employers did not receive the level of support they expected

Whilst work brokers are viewed positively for their assistance in getting FWE subsidies in place quickly, employers are notably less satisfied with ongoing support provided. FWE is a high-trust model. National Office staff believe that work brokers adhere to pre-determined guidelines for the provision of regular, structured post-placement support. However, in reality these are seldom done. Most employers interviewed reported not having any interactions with the work broker post placement.

Employer misuse of the subsidy was identified as a risk of the expansion³³. Although the evaluation found no evidence of this, some employers expressed surprise at the lack of checks, and felt they were needed to ensure accountability of taxpayer money. Where employees had lasted less than four weeks in the role, employers were surprised not to be asked to repay the amount of FWE not used.

Employers who had limited experience of employing less work-ready employees felt that regular check-ins from the work broker would have been useful to provide motivation and pastoral support as required, and also to offer advice to the employer on how to deal with employee challenges. Monthly check-ins were considered ideal.

Especially for me as a new employer, regular check-ins would have helped me navigate things a bit, help manage him a bit better. Maybe if I'd had some assistance, I may have been able to make things stick and he might still be here. (Employer)

Where employment issues emerged, such as excessive absenteeism and requests from the employee to be fired, employers were surprised and frustrated that no support or advice was available from MSD. In some cases, WI staff seemed disinterested in what was happening and reluctant to provide support or to even listen to the employer's concerns:

³³ Office of the Minister of Social Development and Employment, Cabinet Business Committee. Expansion of the Flexi-Wage to support 40,000 New Zealanders into work or to start their own businesses. 20.01.21. (55.4). p10.

I had quite a few issues with [FWE employees]. They apparently had COVID twice, once in the second week they were employed and then three weeks later where they were both off for two weeks then they just walked off the job. I rang MSD to ask them what to do and to let them know that [the FWE employees] were lying about their resignation, but there was no support from MSD whatsoever. They seemed completely disinterested. (Employer)

Work brokers also had concerns about the lack of checks and follow-ups. They perceived that the FWE payments alone – without checks to ensure the quality of training, mentoring, pastoral care and working environment – were insufficient to achieve the FWE policy intent of supporting people into sustainable employment. Work brokers typically cited a lack of time as the reason for not doing more employee/employer checks.

Stakeholder suggestions to enhance accountability:

- Require **pay slips to be submitted** as part of the monthly claim. This should be a straightforward process once an online portal is established.
- **Conduct spot-checks against Inland Revenue records.**
- **Ensure follow-up** from WI **at the conclusion of the subsidy period** to identify what the employee is doing now, what their intentions are, and to get feedback on the process from the employer.
- Consider **outsourcing the post-placement checks** to an external provider if work brokers do not have the capacity to conduct them.

3.14 Administration of FWE was straightforward and easy for employers but process lacks accountability.

Positive experiences of services provided by a work broker contributes to employers' willingness to take on FWE-subsidised employee.

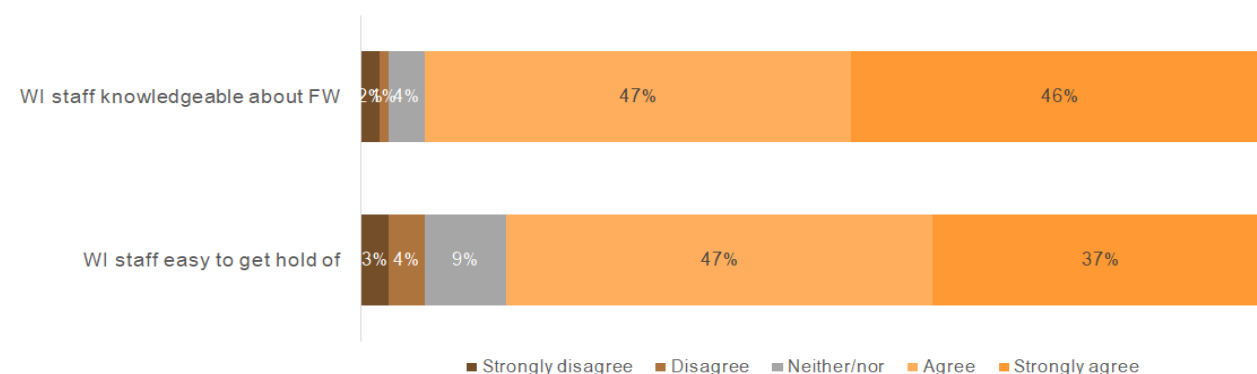
Most employers interviewed described their work broker as accessible, responsive, knowledgeable, helpful, and professional. They appreciated being able to deal with a single point of contact at MSD to set up FWE. A smaller share of employers felt that the service provided by WI staff can be variable and/or inconsistent, with some work brokers being much more accessible, relationship-focused and proactive than others.

Work brokers had an important role in reducing the administrative burden of FWE on employers. This was especially welcomed by small businesses who seldom have a dedicated administration or HR resource. For some employers, the fact that work brokers have made the process so easy for them has been a strong incentive for them to use and/or continue to use FWE:

The reason we had such a good experience and the reason we would use Flexi-wage again was because our work broker was amazing. It's really, really important that your work broker is good because they do so much. They got us onboard and convinced me that it was a good idea. But then they also have to broker the ongoing relationship with the employer and do it really well. (Employer)

For the most part, surveyed employers were happy with their dealings with WI staff, finding them to be easy to get hold of (84% agreeing to some extent) and knowledgeable about FWE (93%). There were no notable differences in perceptions of dealings with staff by employer type.

Figure 8: Employer Perceptions of Dealing with Work and Income Staff



Base: n=1,032 FWE employers (excluding 'don't know' responses)

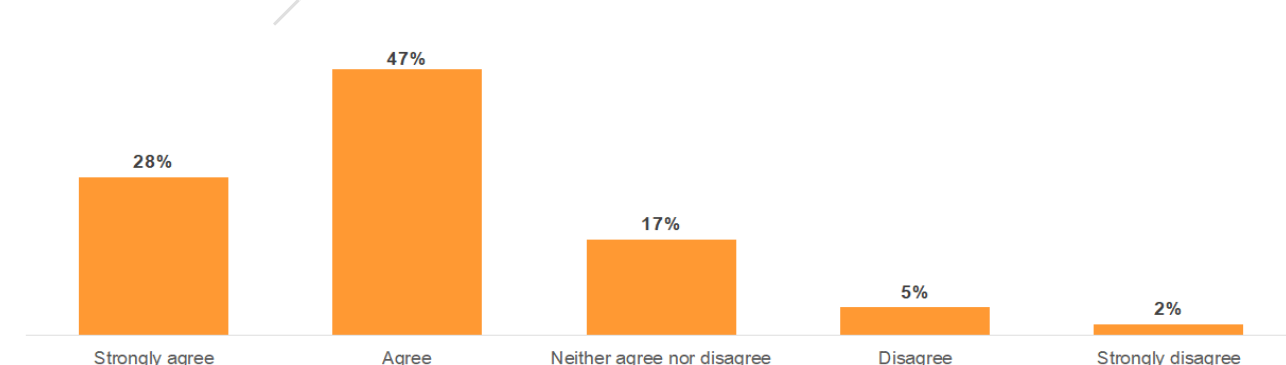
Stakeholder suggestions to enhance service delivery:

- Ensure employers are **informed of a replacement contact** when their work broker leaves or moves roles.
- Ensure **consistency of knowledge** of FWE among work brokers through more training opportunities.

Screening of potential employees generally perceived to be done well.

Employers consider careful screening of potential employees to be critical to the success of the employment relationship. Several employers noted that the incentive of FWE is insufficient to make a bad employee fit work. Three-quarters of surveyed employers (75%) agreed that WI staff made sure that the FWE employee was a good fit with their business and the role, including 28% who *strongly agreed*. Only 7% disagreed. There were no notable differences in perceptions by employer type.³⁴

Figure 9: Employer Perceptions of WI Staff Ensuring Employee Good Fit with Business



Base: n=951 FWE employers (excluding 'don't know' responses)

³⁴ Private business; non-government organisation; government organisation; other type.

4 Employers' Use and Experience of the Subsidy

This section addresses Key Evaluation Question Two: How are Employers Using the Subsidy? It also covers employers' experiences and perceptions of the subsidy.

Key Findings

- FWE is most commonly used to cover costs of internally provided training and/or supervision, to pay wages of an employee that wouldn't otherwise have been hired, or to top up the employee's wage (e.g., from minimum to living wage).
- Employers' overall experience with FWE is generally positive.
- Altruism is the key motivation for using FWE. Two-thirds of employers are using the subsidy to give a disadvantaged person a chance and an employment opportunity.
- Employers did not feel that the subsidy gave them a competitive advantage.
- More than four (4) in five (5) surveyed employers would be willing to take on another employee with a FWE subsidy.
- A mismatch between the employee, the role, and employer expectations is a strong detractor to FWE success.
- Not all employers understood that FWE was compensation to them while the employee gained experience and skills to meet the entry level requirements.

4.1 FWE is used in a range of ways.

Just less than half of surveyed employers (48%) had used the subsidy to cover the costs of internally provided training and supervision. Forty percent (40%) used the subsidy to top-up the employee's wages – for example, being able to pay the employee a living wage rather than the minimum wage. The top-up of wages is considered essential by some employers to ensure that employees don't lose money moving from the benefit to employment. Employers report that reduced income can be a significant contributor to FWE employees returning to benefit.

A total of 27% of the surveyed employers mentioned that the subsidy was used as compensation for lower productivity over the orientation/training period, for both the FWE employee and the business owner/senior team members training them.

Obviously with lawnmowing there's a period of time that it takes you to get fit enough to be able to do it. So, we thought the Flexi-wage subsidy would be a good way to get people into the workforce again but not have it cost us money because they would be unfit. (Employer)

The majority of the surveyed employers who used the subsidy to purchase equipment and safety gear were working in the construction (42%), agriculture (30%) and manufacturing (29%) industries,

Table 4: Use of the Flexi-wage Subsidy

Cover the costs of internally provided training and/or supervision <ul style="list-style-type: none"> Businesses employing 6 or more staff on FWE – 60% Larger businesses (>20 FTEs) – 55% Private businesses – 51% 	48%
Top up employer wage contribution e.g., increase from minimum wage to living wage <ul style="list-style-type: none"> Businesses with 3-5 FTEs – 51% 	40%
Cover down-time/less productive time whilst employee gets up to speed	27%
Purchase equipment, safety gear etc for new employee <ul style="list-style-type: none"> Businesses employing 6 or more staff on FWE – 37% Construction - 42%, agriculture - 30%; manufacturing - 29% FWE staff employed as technicians/trades workers - 33%; machinery operators and drivers - 34% 	23%
Pay for externally provided training e.g., first aid course, drivers licensing <ul style="list-style-type: none"> Businesses employing 6 or more staff on FWE – 32% Construction - 29% 	18%
To pay wages (otherwise would have been an unpaid/volunteer role) <ul style="list-style-type: none"> NGOs - 40% Healthcare/social assistance – 33%; education and training – 30% FWE staff employed as community and personal service workers – 26% Businesses with 1-2 FTEs – 22% 	13%
Cover general business expenses, including HR support costs	10%
Pastoral care to address barriers to work e.g., pay for childcare, petrol, car repairs <ul style="list-style-type: none"> East Coast businesses – 18% Businesses employing 6 or more staff on FWE – 14% 	5%
Business expansion	3%

Base: n=1,091 FWE employers surveyed (excluding 'don't know' responses)

Multiple responses to question permitted, consequently table may total more than 100%

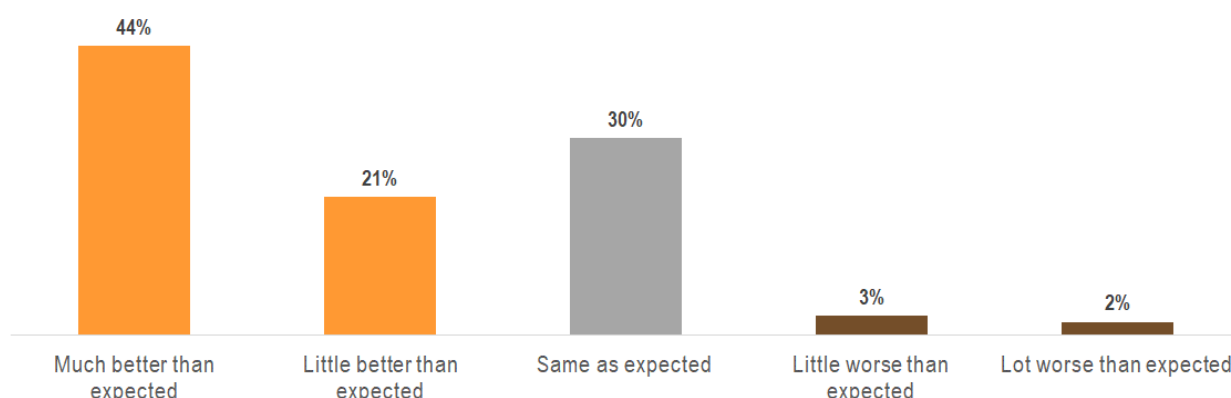
Table lists uses mentioned by 3% or more of employers

4.2 Overall employer experience of Flexi-wage is generally positive.

Two-thirds of employers surveyed (65%) reported that their experience of FWE had been better (21%) or much better (44%) than they expected. Expectations of the FWE experience were most likely to be exceeded where the employer had found out about FWE from a prospective employee (so the employee had selected the business rather than the work broker) (83%), or where the employee was working in a medium-sized business (3-10 FTEs) (70%). Employers who had first started using FWE after the expansion (from February 2021) were significantly³⁵ more likely to have their expectations exceeded (70%) than those who had been involved prior to the expansion (60%). In contrast, only 5% of surveyed employers described their FWE experience as worse than they anticipated.

³⁵ At the 95% confidence interval

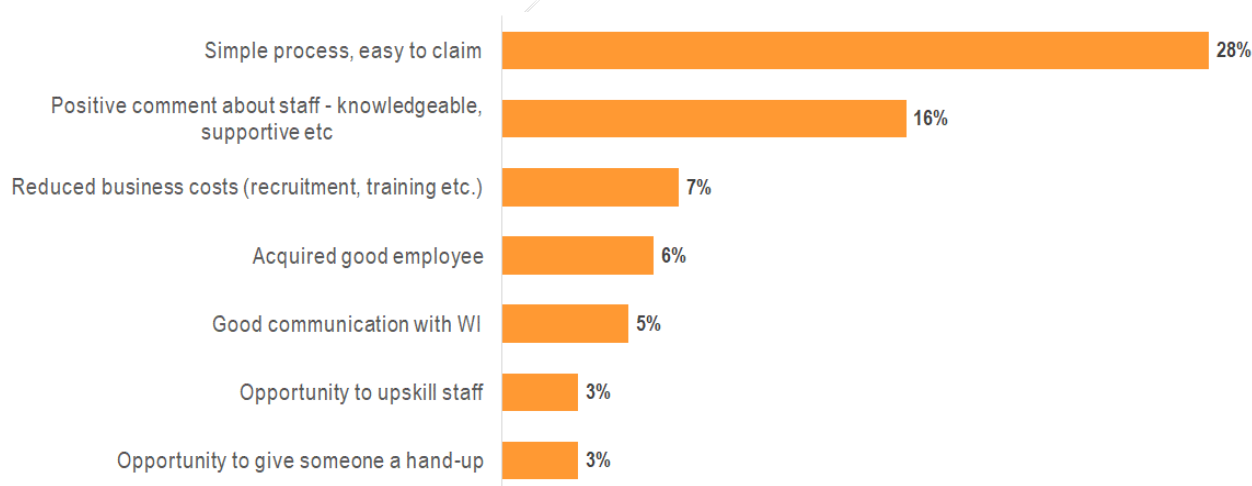
Figure 10: Employer Experience of Flexi-wage Compared with Expectations



Base: n=1,043 FWE employers (excluding 'don't know' responses)

The simplicity of the FWE process, including the ease of completing the application process and making monthly claims, is the most frequently mentioned contributor to the FWE experience being better than expected. This was mentioned (unprompted) by 28% of all employers surveyed (43% of those had expectations exceeded). The high-quality service provided by WI staff has also contributed to a better FWE experience than expected. Again, this was mentioned (unprompted) by 16% of all surveyed employers (24% of those had expectations exceeded). The ability of FWE to reduce business costs, particularly around the recruitment and training of new staff (7%) and the fact that the business has acquired a good employee (6%), have also contributed to a FWE experience that exceeded expectations. There were no notable differences in contributors by employer type.

Figure 11: Contributors to an Experience of Flexi-wage that Exceeded Employer Expectations



Base: n=1,043 FWE employers (excluding 'don't know' responses)

Graph provides those reasons mentioned by 3% or more of all employers.

‘Feel good’ factor for employers.

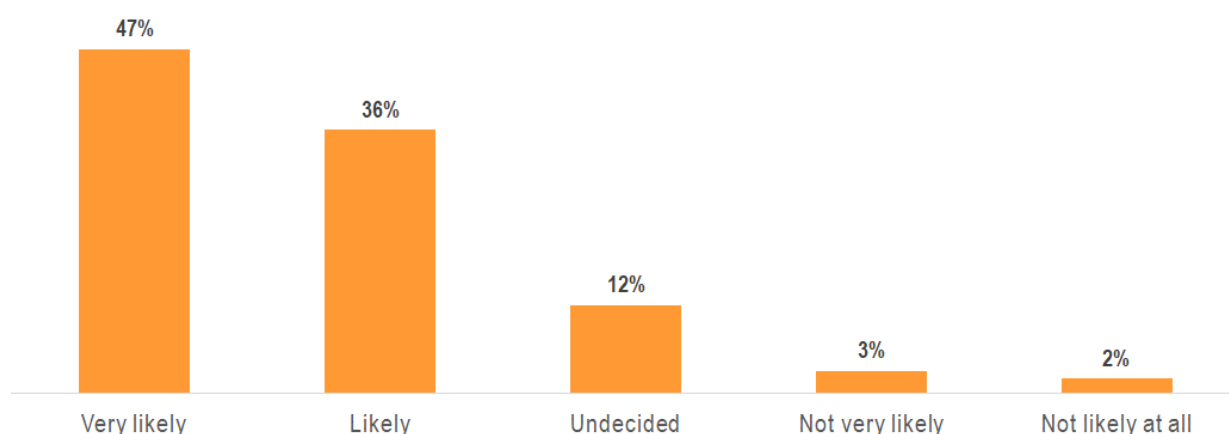
Interviewed employers also noted that FWE has enabled them to deliver on their personal and/or business values of supporting others and giving those less advantaged a ‘hand up’ or a second chance. Employers find cultivating successful employment relationships to be very rewarding.

Given their positive experience, most employers would use FWE again.

Reflecting their positive experience of FWE, more than four (4) in five (5) employers surveyed (83%) would be *likely* (36%) or *very likely* (47%) to take on another employee with a FWE subsidy. Among those very likely to use FWE again, majority of the surveyed employers were working in the education and training sector (72%). Only 5% of surveyed employers indicated that they were unlikely to participate further in FWE.

Similar attitude was also observed in the interviewed employers where, as a result of their positive FWE experience, some employers are now more open to consider employing WI clients, with or without a FWE subsidy. Some have reported that they will now use WI as their main, or exclusive, way to source staff. For other employers, their FWE experience has resulted in them being more informed about the process to employ WI clients.

Figure 12: Employer Likelihood of Using Flexi-wage Again



Base: n=1,086 FWE employers (excluding ‘don’t know’ responses)

Business benefits are mixed

Some interviewed employers reported that the FWE subsidy had supported them to expand their business by:

- Providing additional income while new staff were in training;
- Allowing the business to employ more staff and/or employ staff to work longer hours, thereby increasing productivity;
- Making it easier to manage the business cashflow;
- Allowing more training time, to upskill staff more quickly; and/or
- Relieving the business owner of responsibilities of the day-to-day running of the business, freeing them up to explore expansion opportunities.

However, while FWE has allowed some businesses to grow/grow faster than they would have without the subsidy, most employers felt that FWE didn't give their business a competitive advantage. The limited amount of the subsidy and its relatively short duration do not allow businesses with FWE employees to be able to use the subsidy to undercut competitors. Other employers felt that many businesses in their industry were utilising Flexi-wage subsidies, so the product didn't offer an advantage unique to them.

4.3 Employers were surprised that money is available to take on staff.

Upon learning about FWE, employers were typically surprised to be offered a subsidy to take on new staff. This aligns with the fact that the employers were not always fully aware of the purpose of the subsidy which is discussed to some extent in sections 4.4 and 4.5. This was especially the case where the employer was offered the subsidy after they had already agreed to take on the employee (which contrasts with the intent of the policy):

When we started looking at [employee], I was told then that we could get Flexi-wage help. I was like "What? You're going to give us money? That's weird." I initially thought "Well, we won't be entitled to that." We're not used to being given money to help with stuff. It blew me away they were going to help us and actually pay someone to work for us. (Employer)

Prior to applying, some employers expressed concerns about FWE, including:

- Whether the receipt of FWE would tie them into a contract with the employee and/or with WI;
- Uncertainty as to whether they would need to re-pay the money if the employee left within the FWE period;
- Concerns about the suitability and work ethic of the candidates that might be put forward; and
- Concerns about dealing with WI.

To be honest, my perceptions before Flexi-wage was that Work and Income were useless. I'd tried to get help from them before and never been eligible, and it's also so hard to get a meeting with them. (Employer)

4.4 Desire to give disadvantaged person a chance is a key motivator to take up FWE.

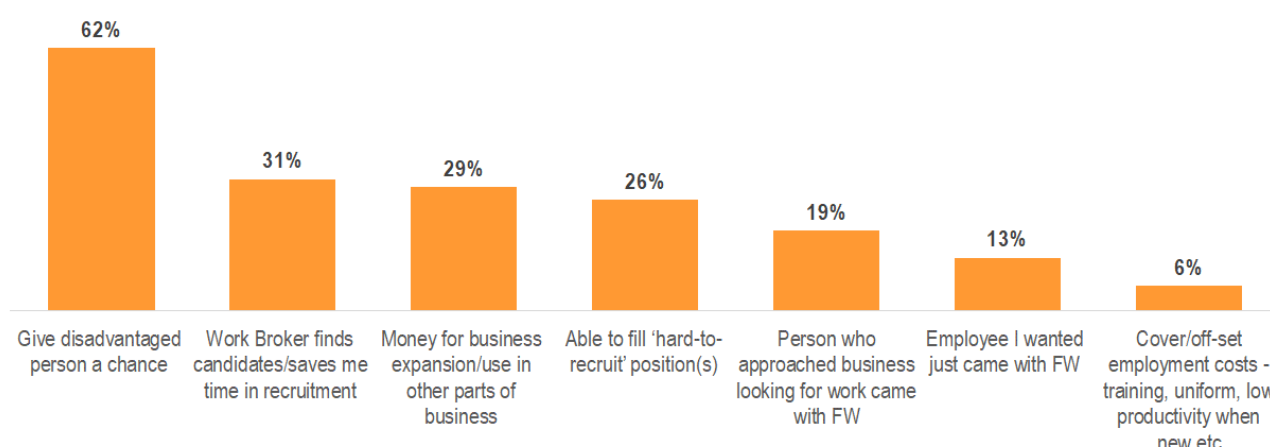
Being able to give a more disadvantaged person an employment opportunity is a strong motivator for employers when considering taking up FWE. This was mentioned by almost two-thirds of surveyed employers (62%). It also seems to be a strong motivation for repeated use of FWE, with 71% of surveyed employers who had employed six or more employees on FWE subsidies stating that they had done so to give disadvantaged people a chance at employment. Majority of the businesses in this group were newer businesses (those operating for five years or less) (71%), NGO employers (77%) and those working in the education and training sector (85%).

A third of surveyed employers (31%) were motivated by the opportunity to save time, effort and money by having WI staff identify prospective employees for them, rather than them having to do the recruitment

themselves. The subsidy money was seen as an added bonus. Majority of the businesses in this group were employers who had employed multiple staff under the FWE subsidy (38%), as well as larger businesses (more than 20 FTEs) (40%) – most of which were Auckland-based (30% taking up FWE for this reason, compared with 26% of all employers).

Illustrative of the lack of understanding as to the purpose of FWE, 29% of surveyed employers had taken up the subsidy as a way to bring extra income into the business. They report taking up the subsidy to be used in other parts of the business or for general business expansion. This was significantly higher among businesses with 2-5 full-time equivalent (FTE) employees, compared to larger business and those with 1 FTE employee.

Figure 13: Reasons for Taking Up FWE



Base: n=1,084 FWE employers (excludes 'don't know' responses)

Multiple responses to question permitted, consequently graph totals more than 100%

Table lists those reasons mentioned by 5% or more of employers

4.5 Some employers found employees more challenging than anticipated.

Among the 5% of employers surveyed that reported that their FWE experience was worse than they had expected, the key contributor was a mismatch between the employee and the role and/or the workplace. This subset of employers noted that the employee was either not suitable; had more significant barriers to employment than the employer could support; was not willing to work; was unproductive; or had a poor work ethic.

Not all employers understood that FWE was compensation to them while the employee gained experience and skills to meet the entry level requirements of the job, most anticipating employees would be work-ready on arrival. Consequently, employers were often unprepared for the level and complexity of the challenges employees presented with.

Similarly, some employers interviewed also reported finding FWE employees more challenging than anticipated. Whilst being able to give a more disadvantaged person a chance is the key motivator for using FWE, some employers underestimated the level and complexity of employees' challenges, and how this could pose a potential reputational risk to their business. Employers underestimated the level of pastoral care required. Among employers who had found FWE employees more challenging than anticipated, majority were running smaller business, migrant employers, and/or had not employed WI clients prior to being involved in

FWE.

Some of the employers interviewed qualitatively expressed frustration at both the lack of suitability of the employee and their own lack of competency in dealing with the issues that arose. Issues included excessive leave, frequent absenteeism, gang activity, abandoning the position without notice, employees coming to work substance impaired, theft from the employer, and physical altercations and verbal abuse in the workplace. Never having had to deal with these issues before, many employers who experienced challenges with employees were unsure how to proceed, both in terms of their contracted obligations and because they were aware of the employee's vulnerabilities.

The actual Flexi-wage concept is a great idea. Work and Income were pretty good to deal with on the whole. Unfortunately, the enthusiasm [doesn't] really flow onto the people looking for work. A few of them were brilliant and would highly recommend to any future employer but on the whole I found the majority stressful to deal with. I actually found it so disheartening that I decided to close my business down 3 months ago. Seventy percent of my time was taken up in trying to find out why people weren't at work. Being lied to, being sent abusive texts by one of the Flexi-wage staff [employee] because I wouldn't loan him money to buy a car. I don't know what you can do to improve it as I think sadly in reality it is what it is. (Survey respondent)

Employers who had had challenges with FWE employees noted that the extra amount of time, effort and cost involved in working with high-risk staff removed any benefits associated with subsidised wages.

You're taking on higher risk employees in terms of reliability so I would say that it puts you almost at a disadvantage in terms of the amount of extra effort you have to make as an employer. Let's put it this way, I've had one guy steal another contractor's truck and I've had to go back and return it. I had another one threaten to shoot me, another one wanted to steal my truck and I had to confront him about it. Another person ended up stealing money from me. It's just drama. (Employer)

As a result of dealing with challenging FWE employees, this subset of employers reported high levels of stress, physical and mental exhaustion, having to work long hours to cover absenteeism, managers having to work on the 'shop floor' to meet deadlines, and in one case a marriage being compromised.

Employer perceptions of contributors to these employment challenges included:

- Perceived **pressure on work brokers to spend the FWE funding**, meaning that placement decisions are often made quickly without proper consideration of what is best for the clients or the employer.
- A **lack of sufficient due diligence on the employer undertaken by the work broker**. Work brokers and Regional MSD staff attribute this to the push for work brokers to get active placements; urgent demands from employers; a desire on the part of the work broker to meet employer needs; and a lack of capacity.
- In some instances, **employees** were recommended by work brokers and **not interviewed by the employer** before being offered a job.
- A **lack of input into the employment decision from the client's case manager**. Regional MSD staff

are disappointed that there is not more collaboration between work brokers and case managers when making work placement decisions, as case managers typically have a very comprehensive understanding of their clients' vulnerabilities and likely barriers to sustained employment.

- **A lack of ongoing support for both employees and employers from work brokers.** This contributes to the perception among some employers that work brokers are primarily focused on moving clients 'off their books' – even for a short time – rather than seeking and supporting long-term, sustainable solutions.
- **A perception that some FWE employees are not motivated to sustain employment** but rather are attending interviews and accepting a job to meet their benefit obligations, with no intention of attaining sustainable employment.
- **High level of pastoral care required for some FWE employees**, and very little awareness of FWE's additional in-work assistance and training allowance.
- **Low understanding among employers of the three FWE bands** and the fact that these **provide a strong indication of the complexities of the barriers to employment** that those attracting a higher subsidy might face. Employers perceive the extra money and/or extra subsidy duration associated with Bands 2 and 3 as a 'bonus'. This 'bonus' is often not seen as an indication that the employee has more complex barriers to work and therefore might need more comprehensive and longer-term support to achieve a sustainable employment outcome.

Unfortunately, these challenges have left some employers wary of considering WI candidates in future, regardless of any wage subsidy available. For these employers, the amount of FWE was considered insufficient to compensate them for the difficulties they had experienced trying to deal with an unsuitable worker and, in some cases, the reputational damage caused to the company:

Instead of paying him \$25 an hour I only had to pay him \$20. \$5 would be covered by MSD. But that \$5 has cost me more than \$50 an hour I reckon in terms of my time, my headaches, him not turning up to work, no reliability. I really wonder if MSD should be doing this anymore – paying us to take on people who don't want to work. It's just not worth it. Even if they told me they were going to pay someone's wages in full, I wouldn't take them on now. (Employer)

Stakeholder suggestions for ensuring a good employee fit include:

- Include an **interview** or at least an informal meeting between the employer and prospective employee **as a pre-subsidy requirement**. Ideally the work broker or client's case manager would also attend this meeting.
- Encourage work brokers to **collaborate with case managers** in making work placement decisions.
- Provide employers with more information about the **prospective employee's personal background** as part of the selection process and communicate support needs/challenges to employers so they understand the likely time investment required for an employee to sustain employment.
- Worker brokers to place more emphasis on **screening clients** for suitability for the role, support needs etc.
- Ideally more work needs to be done by WI to **enhance clients' work-readiness prior to employment**. Examples include supporting and encouraging drivers' license training, dangerous goods training,

health and safety/first aid courses, and the provision of/subsidies towards heavy duty/safety clothing and a reliable mobile phone.

- **Offer a trial period** so both employer and employee can check that there is a good match between employer, employee and the role. Two weeks is considered ideal; some employers suggest even a day would be valuable.
- Employers suggest that employment sustainability could be enhanced by **putting penalties in place** for employees who leave their position before the end of the subsidy and return to the benefit.

5 Short-Term Outcomes for Employees

This section addresses Key Evaluation Question Five: What are the short-term outcomes for employees?

Key Findings

- Sixty percent (60%) of surveyed employers had retained all/most of their FWE staff a month after the final subsidy payment.
- Other positive short-term labour market outcomes included FWE employees taking up roles in other businesses and moving into full-time study. Two-thirds of surveyed employers reported none of their FWE employees having returned to benefit a month after the conclusion of the subsidy.
- Upskilling/improved labour market prospects, enhanced wellbeing and personal growth are also frequently mentioned short-term outcomes.
- Entering or returning to a main benefit before the intended contract duration had been completed occurred for 16% of placements.³⁶³⁷

5.1 Nearly two-thirds retained employment at conclusion of the subsidy contract.

Just under two-thirds of FW placements (63%) were still in employment at the conclusion of the subsidy contract.³⁸

Among surveyed employers who knew what had happened to their FWE employee(s) one month after their subsidy ended, 44% reported that all their FWE employees had been retained by the business. Majority businesses in this group were medium-sized with 6-10 FTEs (50%). A further 15% reported that most of their FWE employees had been retained. In contrast, just less than one in five (18%) had not retained any of their FWE employee one month post-subsidy, 30% of which were small businesses (1-2 FTEs).

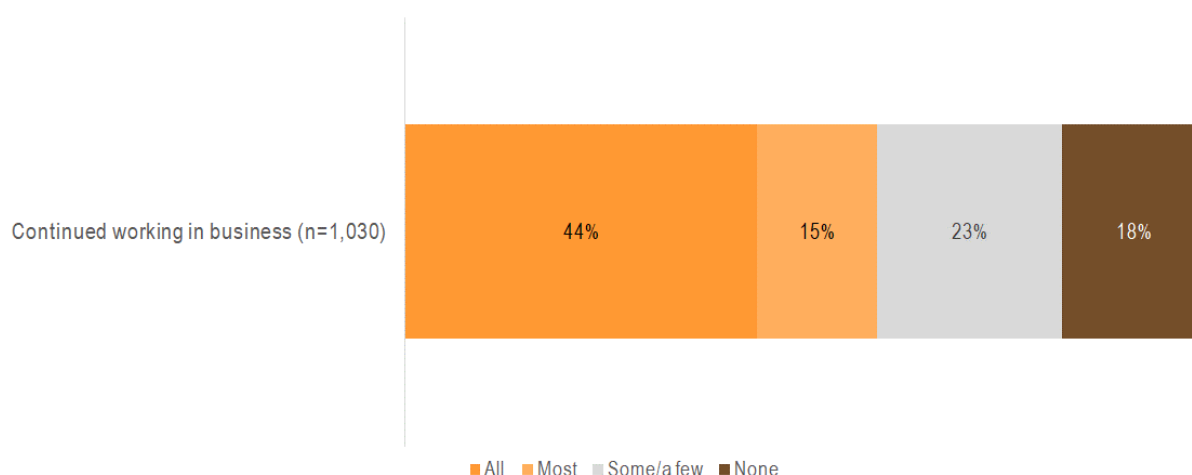
By the time Flexi-wage had stopped, [employee] had been with us for quite a while and we knew them well by then. He does take a bit longer to pick up on how to do something, but he has shown us he's a really nice, honest, good guy. Within that six months we got to know him and we were happy to carry on and pay him ourselves. (Employer)

³⁶ MSD. Flexi-wage Expansion Progress Report February 2023. 1. Overview. Report number: REP 23/3/130. Internal, unpublished report.

³⁷ No data was available at the time of the evaluation for employees entering or returning to benefit post subsidy when it concluded at the full intended duration.

³⁸ This proportion includes self-employment placements, which make up approximately 5% of all FW placements. Split out data is not available at the time of the evaluation.

Figure 14: Business Retention of Flexi-wage Employees One Month After Subsidy Completion

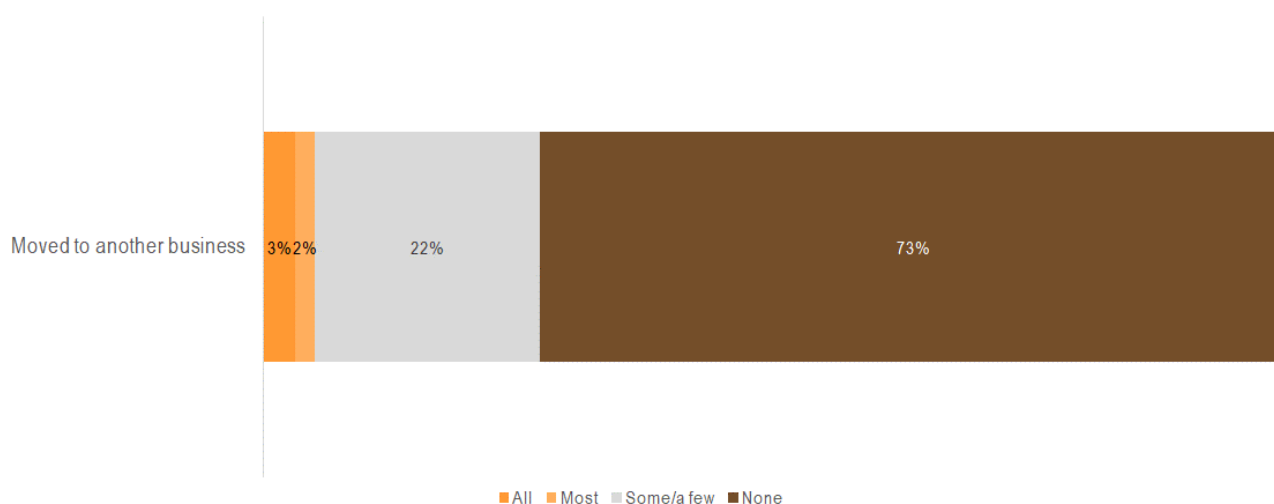


Base: n=1,030 FWE employers (excluding 'don't know' responses)

5.2 Some employees move on to other employment or self-employment.

Twenty-seven percent (27%) of employers reported that at least one of their FWE employees had moved to another business within a month of the FWE subsidy ending. No significant differences in employer types were noted within this group.

Figure 15: Movement to Other Businesses One Month After Subsidy Completion



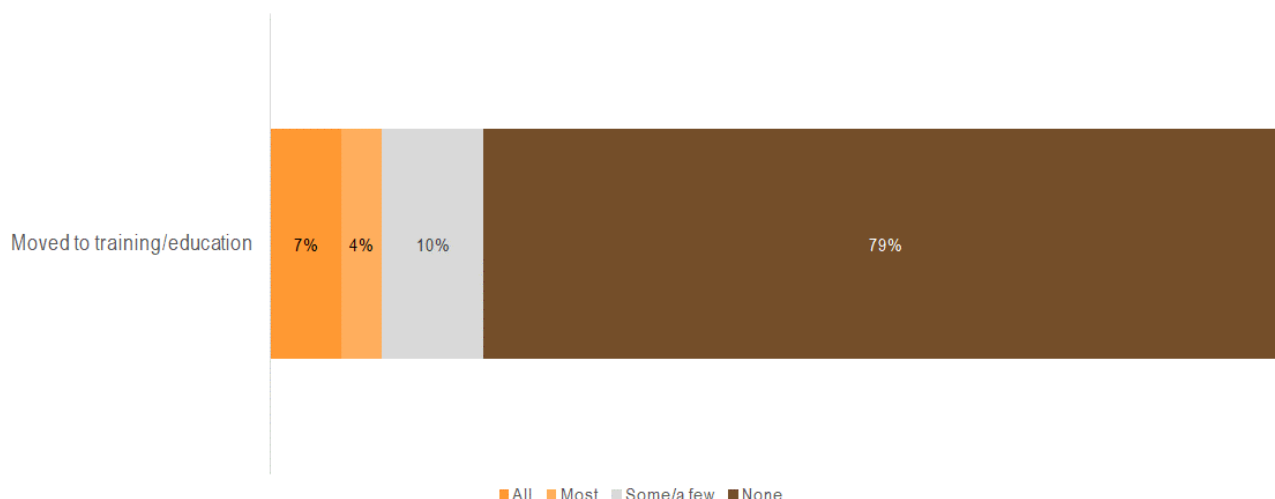
Base: n=915 FWE employers (excluding 'don't know' responses)

Two percent (2%) of surveyed employers reported that at least one (1) FWE employee had started their own business since their FWE subsidy finished.

5.3 A small proportion of employees move on to further education or training.

One (1) in five (5) surveyed FWE employers (21%) had at least one FWE employee move to further education or training within a month of their subsidy ending.

Figure 16: Movement into Fulltime Education/Training



Base: n=900 FWE employers (excluding 'don't know' responses)

Upskilling of employees improves labour market prospects.

Many FWE employees come into the business with no relevant work skills or experience. Employees are upskilled through on-the-job training, as well as being sent on externally provided training, often funded by the FWE subsidy. Qualitative data indicates the FWE employees become more employable and also have an employer who will provide a positive reference letter.

Having the support of Flexi-wage allowed us to dedicate more training time to the team member which otherwise would not have led to their employment. Quite frankly, without that support we would either not have had the opportunity to expand or consider employing unskilled or challenging team members.
(Survey respondent)

Enhancing employee wellbeing and personal growth

By definition, FWE employees are at risk of long-term benefit receipt and/or are disadvantaged in the labour market due to vulnerabilities or challenges that they face. For some FWE recipients, the subsidy provided them with their first paid employment opportunity. FWE employers reported that the FWE subsidy had:

- Given employees a sense of purpose, thereby boosting their self-esteem;
- Helped establish or improve the employee's work ethic;
- Assisted with reducing stressors – for example by providing budgeting advice, assisting with paying off fines, supporting court appearances etc.;
- Enhanced their social skills/assisted with establishing social networks;
- Enhanced self-confidence and general employee wellbeing.

A wide range of employee barriers to employment were overcome.

Employee barriers to employment that FWE helped employers address, overcome, or compensated for included:

- Gaps in work history/not having worked recently for various reasons;
- English as a less familiar language;
- Prison and/or criminal record;
- Gang affiliations;
- Lack of experience in a particular role/industry;
- Lack of physical fitness or physical limitations;
- Very low self-esteem/lack of confidence;
- Childcare responsibilities;
- Mental health issues;
- No qualifications;
- No driver's licence; and/or
- Drug and/or alcohol addiction/inability to pass a drug test.

Limited 'return to benefit' rates.

Decay rates³⁹ were identified as a risk of the expansion.⁴⁰ According to MSD's Flexi-wage Expansion progress reports, as of February 2023, 16% of the participants (excluding current) finished early and either returned to or entered benefit.⁴¹ From the interviews of employers, it was deduced that when such instances occurred, it tended to be because the employee had barriers and challenges to employment that were not able to be overcome (see Section 4.5). The lack of access to additional FWE in-work assistance may have contributed to this (see Section 3.12).

As of February 2023, of the contracts that finished early, over half (57%) did not enter or return to benefit.⁴²

Among surveyed employers who knew what had happened to their FWE employee(s) one month after their FWE subsidy ended, the greatest share – more than two-thirds (68%) – reported that none of their employees had returned to benefit. Majority of the employers in this group were:

- those who had employed only one FWE employee (86%);
- NGO employers (80%);
- those employing staff in technician and trade worker roles (75%); and
- those who had begun participating in FWE after the expansion in February 2021 (73%).

Only 5% of surveyed employers reported that all their FWE employees had returned to benefit, with majority

³⁹ People not staying with their employer for the length of the Flexi-Wage subsidy and returning to benefit.

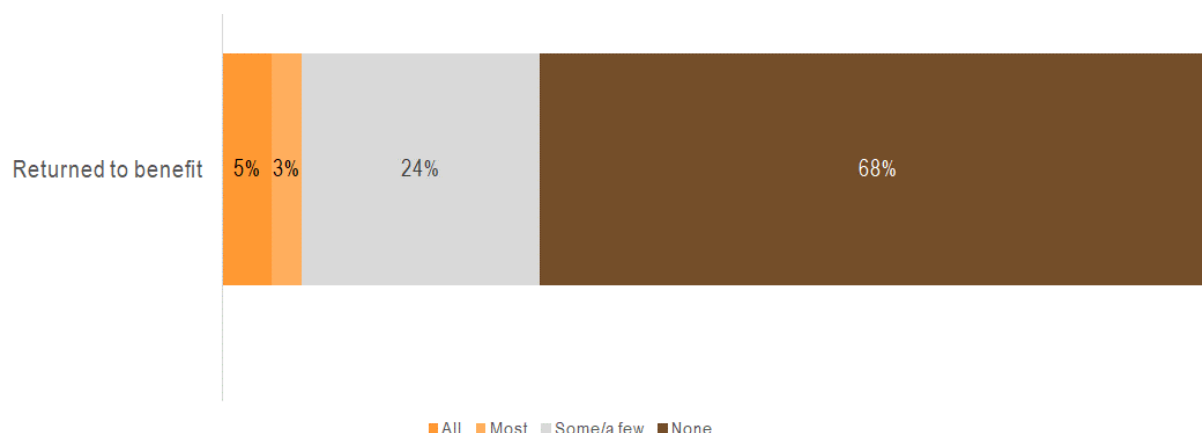
⁴⁰ Office of the Minister of Social Development and Employment, Cabinet Business Committee. Expansion of the Flexi-Wage to support 40,000 New Zealanders into work or to start their own businesses. 20.01.21. (55.3). p10.

⁴¹ MSD. Flexi-wage Expansion Progress Report February 2023. 1. Overview. Report number: REP 23/3/130. Internal, unpublished report.

⁴² MSD. Flexi-wage Expansion Progress Report February 2023. 1. Overview. Report number: REP 23/3/130. Internal, unpublished report.

of the businesses being small with 1-2 FTEs in this group (12%). This is supported by the data on ‘decay’ rates (see Section 5.1).

Figure 17: Benefit Status of Flexi-wage Employees One Month After Subsidy Completion



Base: n=865 FWE employers (excluding ‘don’t know’ responses)

5.4 Short-term outcomes for Māori and Pasifika employees

Thirty-eight percent (38%) of employees under FWE through to February 2023 identified as Māori and 12% as Pasifika.⁴³ This is the same proportion for whānau Māori on a main benefit and slightly higher for Pasifika on a main benefit (9%).⁴⁴

Māori and Pasifika employers interviewed were positive about their FWE experience and spoke highly of the benefits of the subsidy for their Māori and Pasifika employees.

However, regional MSD staff who had worked with the pre-expansion FW product felt that the extension disadvantages Māori and Pasifika. They believed the bands undermine work brokers’ ability to take a genuine partnership approach by tailoring solutions to the particular business. Similarly, it was felt by regional MSD staff that FWE does not support an employment pipeline model in which MSD can engage in long-term partnerships with Māori and Pasifika employers.

MSD staff that work closely with Māori and Pasifika clients note that success is greatest when the client feels they are in the middle of a team that is working to support them. Māori and Pasifika clients may not feel supported in the FWE process as:

- Case Managers (the MSD staff member that knows the client best and with whom the client often has the best rapport) are not routinely involved in the employment placement decision.
- There is little or no follow up from WI staff once the client has been placed with the employer – “*They are essentially left to fend for themselves.*”

⁴³ MSD. Flexi-wage Expansion Progress Report February 2023. 2. Demographics (prioritised ethnicity). Report number: REP 23/3/130. Internal, unpublished document.

⁴⁴ As at September 2021. MSD. Total Response Ethnicity | Working-age main benefit. [PowerPoint Presentation \(msd.govt.nz\)](https://www.msd.govt.nz/powerpoint-presentation)

- Employers are seldom made aware of additional FWE assistances or other MSD supports that could be used to assist the employee to feel more supported in the workplace.

6 Conclusion and Suggested Improvements

6.1 FWE is perceived as a well-performing product

Overall, FWE is perceived as a well-performing product which has yielded a wide range of positive short-term outcomes. Forty-four percent (44%) of the surveyed employers had retained all their employee(s) for at least a month after the conclusion of the subsidy payments, with some commenting that these staff had become top performers within the business. Eighty-two percent (82%) of the surveyed employers had retained at least some their FWE employees. Other FWE employees had advanced to new roles within other businesses thanks to positive references from the FWE employer. Stakeholders interviewed and surveyed note that the FWE programme has allowed employees to upskill, acquire micro-credentials, gain work experience, as well as grow in self-confidence and improve their mental and emotional wellbeing. With employer support, some had addressed personal issues such as debt management.

The subsidy has also had positive outcomes for many FWE employers, not just financially through an injection of income into the business, but also in feeling positive about being able to make a difference in someone's life and changing attitudes towards WI clients as a potential source of employees.

FWE has been most successful when:

- There is a strong match between the employee, the role and employer expectations due to careful selection by the work broker, ideally with input from the case manager, and an interview/pre-employment meeting between the employer and employee.
- The employee has recent work experience and/or is work-ready.
- The employer is motivated by the opportunity to give a disadvantaged person a chance and understands that FWE is compensation to the employer to bring the employee up to entry level requirements of the job.
- The employer is able to access additional components of FWE such as training allowance and in-work assistance, to support their employee as required.
- The employer has the skills, resources and tolerance to deal with a range of challenges employees may bring to the workplace and the willingness, capability and capacity to provide the type of support that disadvantaged and at-risk employees need.
- The employer has good administration systems in place.
- A genuine, ongoing role exists.

In contrast, FWE has been least successful when:

- The employer and employee do not meet or communicate prior to the placement being made and/or the placement decision is made solely by the work broker.
- Case managers of the WI client are not consulted in the placement decision.
- The employee has considerable, complex and/or inter-related barriers to work and may not have been employed for some time.
- The employee is not suitable for the role e.g., not physically fit enough.
- The employer is motivated primarily by the subsidy being offered to take on a FWE employee.

- The employer expects that the employee will arrive 'work ready', not understanding that FWE is offered because the employee has barriers to work and that the subsidy is to compensate for these while the employer works to bring them up to entry level requirements of the job.
- The employer is unaware of additional components of FWE such as training allowance and in-work assistance.
- The employer doesn't have the time, experience, skills, resources and/or willingness to deal with the range of challenges employees may bring to the workplace.
- The employer has poor administration systems in place/lacks administration resource.
- The employer has taken on FWE employees to fill a temporary gap or meet a temporary need, and no long-term prospect within the business exists.

6.2 Improved communication of target cohort definitions and subsidy guidelines will ensure better targeting.

FWE was designed to support people into sustained employment by incentivising employers to hire and train job seekers who are at risk of long-term benefit receipt or disadvantaged in the labour market. However, a notable shortcoming of the rapid launch – and resulting limited training provision – was a lack of communication to frontline staff and their managers of acceptance criteria definitions and guidelines. MSD staff involved in FWE were not given clear guidance around what criteria such as 'disadvantaged in the labour market' means; what this cohort looks like; and how it differs from those that are at 'risk of long-term benefit receipt'⁴⁵.

As a result, regions and individual staff have devised their own definitions, some of which mean that almost every WI client is eligible for FWE, including those who employers would have hired without a FWE subsidy. Two in five FWE employers say that they would have hired their employee even without the FWE subsidy. This suggests that there needs to be more clarity around who the target cohort is and how they are assessed against the criteria, rather than a tightening of the eligibility criteria.

The significant amount of funding available and the short time to spend it has also contributed to mis-targeting of the subsidy. Work brokers felt pressured to 'push the money out' to anyone who meets their criteria. Additionally, high workloads for work brokers have precluded comprehensive due diligence being carried out to assess whether the potential employee is genuinely disadvantaged in the labour market (especially during a period when unemployment is so low), and whether the employer genuinely needs a financial incentive to encourage them to hire the employee.

Going forward, comprehensive communication of what constitutes the target cohorts, and potentially the development of an eligibility calculator, should improve consistency of decision making. These improvements will help to minimise FWE being used as a financial bonus to the employer rather than a genuine incentive to take on an employee that doesn't meet entry requirements.

⁴⁵ This is despite National Office reporting that definitions of at risk of long-term benefit receipt and disadvantaged in the labour market have been core to MSD's business for a decade.

6.3 Enhancing employer awareness of the purpose of FWE will help set more realistic expectations of employees.

Employer understanding of the purpose of FWE was mixed with few seeming to understand that the subsidy was compensation to them while the employee gained experience and skills to meet the entry level requirements of that job. Whilst employers understood that FWE-eligible employees may not have the necessary role-related skills and experience, many were unaware of the level of support that the employees would require to become work-ready when they arrived. Of the employers interviewed qualitatively who experienced challenges with employees, many were unprepared for the possible issues like excessive leave, frequent absenteeism, employees coming to work substance-impaired, and having to deal with theft, physical altercations and verbal abuse in the workplace. Having a better understanding of the purpose of FWE may have helped employers be prepared for the vulnerabilities, challenges and lack of 'work-readiness' of their FWE employee(s). It may also have encouraged more employers to seek support earlier in the employment relationship especially if they had been aware of the additional components of FWE like the in-work assistance available to them. Additionally, not being aware of the additional components may have resulted in other employers declining the employee and the associated subsidy.

Potential FWE employers need to be better informed of the purpose of the subsidy; that is, compensation for their time, effort and cost working with the employee to address some of their barriers to work rather than a financial bonus from the government to take on a work-ready WI client. This should be made clear on the WI website and explained by work brokers. Giving work brokers more time to carry out due diligence (including interviewing the employee and the employer and consulting with the client's case manager) and reducing the pressure on them to spend the FWE funding quickly, should achieve potentially more successful employee-employer matches. It may also help set realistic expectations of the employment experience for employers. Increasing the duration of the subsidy or adopting a more flexible or iterative approach to how long the subsidy is available, could also signal to employers that WI acknowledge that the employee's journey to meeting the entry requirements may be long and challenging, and would take pressure off the employer to have a work-ready employee in less than six months.

6.4 Suggested Improvements

Based on the findings of the evaluation, the following improvements are suggested to enhance the FWE programme:

- Ensure comprehensive training for work brokers, including around the definitions of 'disadvantaged in the labour market' and 'at risk of long-term benefit receipt' (and the difference between the two). This would support consistency in the use of the subsidy.
- Address the pressure that some work brokers feel to spend the funding. Consider whether spending targets are appropriate.
- Work brokers should ensure that employers understand that the employee does not currently meet entry level job requirements at the time of employment and that the subsidy is compensation for this.
- Consider increased flexibility for work brokers to use the subsidy in a more tailored way, in terms of how payments are distributed over the length of the subsidy and/or duration of the subsidy for those who do not meet Band 3 eligibility criteria.

- Ensure that all employers are offered access to the additional components of FWE, i.e. training allowance and some in-work assistance. Consider using service providers for some in-work assistance if work brokers don't have capacity.
- Allow time for work brokers to conduct more due diligence on potential FWE employers, as well as more post-placement follow-up.
- Increase awareness of FWE among employers not currently using the subsidy.
- Consider whether subsidy applications after an employee has already been hired is acceptable within the intent of the policy. Communicate this decision clearly to work brokers.
- Develop a straightforward online process for subsidy claims applications.

7 Appendices

7.1 Appendix A: Methodology

Evaluation Approach

The intention of the evaluation was for it to be a process evaluation (i.e., looking at the ways in which the product has been implemented and how that might differ from intended implementation). However, a section on outcomes has also been included as these outcomes are strongly linked to implementation.

The evaluation used a qualitative, case study approach, focussing on four regions: Auckland, Waikato, Bay of Plenty and Canterbury. These regions were chosen to include larger and smaller regions; to cover urban and rural areas; and to include both North and South Island regions.

Data analysis from each stakeholder group was synthesised to build a picture of how the policy has been implemented, its challenges and achievements and how it can be improved for the future.

Evaluation Questions

1. **KEQ:** How well has the expansion policy been implemented to enable timely delivery of the subsidies?

How have MSD frontline staff experienced and viewed its implementation?

Sub-Questions:

- How well do they understand the policy intent and the purpose of the Flexi-wage expansion programme?
- How is it similar to / different from the pre-2020 Flexi-wage programmes implemented by MSD?
- How does it compare to other employer subsidies like Mana in Mahi?
- How do MSD staff understand the definitions of 'at risk of long-term benefit receipt' and those 'disadvantaged in the labour market'? How do staff select participants?
- What behaviours are MSD staff observing with employers who receive this subsidy?
 - How are employers using the subsidy? For instance, are employers using it to hire a person they already intended to hire?
 - Are they dismissing existing employees to take on a Flexi-wage recipient?
- How critical is the role of the work broker in negotiating Flexi-wage with the employer?
 - How does the work broker role compare to the role of the Flexi-wage Centralised team in Job Connect?
- How easy or challenging has it been for MSD staff to implement the expanded programme?
- What are the short-term outcomes for employees?
 - How do outcomes align with those intended?

2. **KEQ:** How are employers using the subsidy?

Sub-Questions:

- What are employers' views about the subsidy and are there any indications to suggest it gives them a competitive advantage?

- What are employer motivations for accessing the subsidy?
- What have been the benefits of the subsidy for employers and job seekers and what have been some of the challenges?

3. **KEQ:** To what extent does the Flexi-wage Subsidy Expansion support Te Pae Tata⁴⁶, MSD's Māori Strategy and Action Plan and MSD's Pacific Strategy and Action Plan, Pacific Prosperity⁴⁷?

Sub Questions

- What is the uptake of subsidy use by Māori and Pasifika participants accessing Flexi-wage and FWSE?
- What are the barriers for Māori and Pasifika participants to accessing the subsidy?
- What are the outcomes for Māori and Pasifika participants who have accessed the subsidy?
- To what extent do Māori and Pasifika participants feel safe, respected and empowered throughout the FWE/FWSE process?
- To what extent do Māori and Pasifika participants feel actively involved in FWE/FWSE decisions that affect them?
- To what extent are Māori and Pasifika participants' aspirations to achieve prosperity and self-sufficiency supported by FWE and FWSE?

Qualitative Data Collection

Review of Programme Documentation

Programme documentation provided by MSD was reviewed, including:

- Cabinet papers
- Internal reports to the Ministry for Social Development and Employment
- Welfare programme for special assistance established under the Social Security Act 2018
- Process diagram
- Employee Assistance Evidence Catalogue [Employment Assistance Evidence Catalogue \(msd.govt.nz\)](https://www.msd.govt.nz/documents/about-msd-and-our-work/about-msd/strategies/te-pae-tata/te-pae-tata-maori-strategy-and-action-plan-single.pdf)

Key Informant Interviews

Key informant interviews were undertaken with MSD staff (n=5) who provided the background information about the Flexi-wage Subsidy Expansion. These interviews provided useful contextual information for the evaluation team to:

- inform the development of an analytical framework which guided the analysis of the findings; and
- Informed the development of interview guides.

⁴⁶ <https://www.msd.govt.nz/documents/about-msd-and-our-work/about-msd/strategies/te-pae-tata/te-pae-tata-maori-strategy-and-action-plan-single.pdf>

⁴⁷ <https://msd.govt.nz/documents/about-msd-and-our-work/about-msd/strategies/pacific-strategy/pacific-prosperity-our-people-our-solutions-our-future-english-version.pdf>

In-Depth Interviews

In depth individual and paired online interviews were conducted with a range of stakeholder groups. Interviews took between 45 – 75 minutes to conduct, depending on how much individual participants had to say. With participants' permission, all in-depth interviews were recorded and fully transcribed to provide a comprehensive record of the discussion. Where participants declined recording, comprehensive notes were taken during and immediately after the interview.

Based on the principle of reciprocity, a \$75 Prezzy Card incentive was given to in-depth interview participants, excluding MSD staff.

Sampling and Recruitment

MSD provided contact details for all stakeholders to be included in the in-depth interviews. Prior to being contacted by the evaluators, stakeholders will receive an email communication from MSD about the evaluation. For SWSE subsidy recipients, this email included an opportunity to opt out of participating in the evaluation.

Employers were selected to include a mix by:

- region,
- business type (private, NGO/Community organisation)
- size (number of employees)
- number of FWE contracts
- ethnicity of business owner
- relationship with MSD (ongoing or FWE only)

Potential participants were contacted by either phone or email and had the purpose of the evaluation and what participation would involve explained to them.

Development of Discussion Guides

Discussion guides were designed, collaboratively with MSD, to ensure that the key evaluation questions were addressed, while allowing for free-flow conversation among participants on points of interest related to the Flexi-wage subsidy and supporting services (see Section 9.2).

Ensuring Participant Safety

Strategies to minimise the risk of harm to participants have been included in the evaluation design. These include that evaluators will only engage with participants after they have been provided with information about the evaluation (its purpose, benefits, what participation will involve, confidentiality, how data will be stored/used/destroyed).

MSD contacted employers to inform them of the evaluation and provide an opportunity for them to opt out before sample frames are supplied to the evaluators. Subsequently, potential participants selected from the sample were contacted by the recruitment team. At this point, they were also provided with an opportunity to opt out. Those who agree to receive it, will be sent an information sheet about the evaluation and then invited to an interview – which they can accept or decline to take part in.

Prior to the interview taking place, participants were provided with a consent form which will detail their rights and responsibilities as an evaluand. This includes that that are aware that:

- their participation is voluntary, that they can choose not to participate in part or all of the evaluation and that they can withdraw at any stage without being penalised or disadvantaged in any way.
- their participation in the evaluation will have no bearing on any current or future dealings they may have with MSD or any other government agency and/or current or future payments from WI.
- the information they provide is confidential and no information that could lead to the identification of any individual, including themselves will be disclosed in any reports on the project or to any other party, including MSD, and no information will be passed on to any other person or agency.

Specific consent was also be gained to record the interview and participants will be informed that they are able to obtain a copy of their interview transcript from the evaluator up to three months after the date of the interview.

Table 5: Summary of Interview Participant Groups

Stakeholder Group	Number of interviews
Employers who had used FWE	37
Work brokers and other frontline staff	15
MSD non-frontline staff	12
Key informants	5
WI Regional Employment Managers*	4
WI Regional Directors*	3
WI Regional Commissioners*	3
Total	79

* These stakeholder groups referred to collectively in this report as 'Regional MSD staff' to ensure anonymity

Table 6: Profile of Participant Employers

Stakeholder Group	Number of interviews
Region	
Auckland	12
Bay of Plenty	3
Canterbury	3
East Coast	3
Nelson	3
Taranaki	3
Waikato	3
Wellington	3
Northland	2
Southern	1
Central	1
Type of business	
Private business	29

NGO*	8
Relationship with WI	
On-going	18
Just FW	16
Unknown	3
Business size (number of FTEs)	
1	4
2-5	13
6-10	10
11-20	4
21-30	2
31-50	1
51-100	3
Number of FWE contracts	
1	13
2-5	13
6-10	7
11-20	2
21-50	2
Age of employer	
20-30	3
31-40	11
41-50	13
51-60	8
Over 60	2
Gender of employer	
Female	21
Male	16
Ethnicity of employer	
New Zealand European	16
'Other' ethnicity	10
Māori	5
Pasifika	5
Unknown	1

*All NGOs were Flexi-wage Projects in the Community employers

Online Survey of Employers

A survey of employers was conducted to quantify the extent to which experiences and perceptions expressed in the qualitative interviews are representative of the wider employer base. The survey questionnaire content and language were informed by the qualitative and key informant interviews, with the final content approved by the MSD project team.

The survey was conducted between 7th and 23rd June, with an email reminder sent to non-responders on the 13th/ 14th of June. No further reminders were sent once the target of 1,000 completed interviews was achieved. An embedded link to the survey was sent to the email address provided in the database of employers (n=7,846); 42 invitations bounced back as undeliverable.

The survey was soft launched first with the link sent to a sample of 100 employers drawn at random from the full database. Once the completed responses from these interviews were checked to ensure data was being recorded correctly in the survey software, the remainder of survey invitations were sent. N=2,079 employers open the survey via the link, with 1,410 starting the survey. Of these, 121 were terminated as they had not employed any staff via FWE since February 2021 or could not recall. Others terminated at various points throughout the survey, particularly at the open-ended questions.

The survey took an average of 12 minutes to complete. To incentivise completion, employers were informed in the invitation email that completed responses would be put into a draw for one of five \$150 Prezzy cards. A total of 1,094 completed responses were received.

The response rate – excluding those who indicated that they were not eligible due to not having employed a staff member via FWE since February 2021 – is 14%. The maximum margin of error on a sample size of n=1,094 is $\pm 3.0\%$ at the 95% confidence interval.

Profile of Survey Respondents

The following outlines the profile of survey respondents. Note that no profiling of the survey respondents against the overall cohort of employers has been done as no descriptive data was provided with the employer database.

Type of organisation		Region*		Business Size (FTEs)	
Private	87%	Auckland	24%	One	6%
NGO	11%	Waikato	14%	Two	9%
Government organisation	2%	Canterbury	13%	Three to five	23%
Leader's Ethnicity*		Wellington	13%	Six to ten	21%
New Zealand European	72%	Central	12%	11 to 20	16%
Māori	22%	Taranaki/King Country/Whanganui	10%	21 to 50	14%
Pasifika	5%	Bay of Plenty	9%	51-100	4%
Indian	5%	Southern	9%	More than 100	7%
Asian	5%	Northland	8%	Number of FWE Employees	
Other European	5%	Nelson/Marlborough/West Coast	8%	One	41%
Other	1%	East Coast	7%	Two	22%
*Multiple responses allowed.				Three - five	26%
				Six to ten	7%
				11-20	3%
				21-50	1%
				More than 50	<1%

Sector		Years operating	
Construction	16%	Less than two years	4%
Manufacturing	14%	Two to five years	19%
Retail trade	12%	Six to ten years	19%
Accommodation and food services	12%	11-20 years	21%
Agriculture, forestry, and fishing	8%	More than 20 years	37%
Health care and social assistance	7%	Length of involvement with Flexi-wage	
Transport, postal and warehousing	6%	Before February 2021	24%
Education and training	5%	From February 2021	62%
Other services	5%	Can't remember	14%
Administrative and support services	3%		
Arts and recreation services	3%		
Wholesale trade	2%		
Professional, scientific, and technical services	2%		
Electricity, gas, water, and waste services	1%		
Public administration and safety	1%		
Rental, hiring and real estate services	1%		
Information, media and telecommunications	1%		
Financial and insurance services	1%		

Analysis, Interpretation, and Synthesis

The qualitative data collected was analysed using both inductive and deductive analysis, combining thematic and content analysis. Deductive analysis was informed by the key evaluation questions and the programme intervention logic (see Section 7.2). Thematic analysis identified key patterns, themes, and relationships in the data. Content analysis provided a sense of data prevalence within the patterns, themes, and relationships identified.

Quantitative data was analysed for descriptive statistics and cross tabulated by key respondent characteristics.

Qualitative data and quantitative data were synthesised to inform findings and recommendations. A utilisation-focused approach⁴⁸ was taken to developing the findings so that they would provide actionable insights.

Intervention Logic

A hui/workshop with key stakeholders from MSD was held during the evaluation development stage, to develop and document a draft intended logic model. During the data analysis process, findings were compared against the intervention logic model to determine to what degree processes are being undertaken and outcomes achieved in line with the model. Refinements and adjustments to the model were made post data analysis/synthesis.

Limitations

The limitations of this evaluation have been identified as follows:

- We were not able to collect data from employees who had been employed under the Flexi-wage subsidy as the contract size and scope did not allow for this.
- We were not able to collect data from employers who applied and were declined the subsidy (unless they had been successful on another occasion) as MSD does not collect details of employers not participating in the programme.
- The employers included do not represent a random sample, rather they are people who chose to take part when invited to do so. This recruitment method has the potential to skew the data, for example people whose had a particularly positive or negative experience may be more inclined to take part.
- No quantitative data was available for the participating employers' ethnicity so we cannot comment on short-term outcomes for Māori and Pasifika employees conclusively.

⁴⁸ ⁴⁸ Utilization-focused evaluation aims to support effective action and informed decision-making based on meaningful evidence, thoughtful interpretation, and engaged deliberation – in Quinn Patton, Michael and Charmagne E. Campbell-Patton (2021) *Utilization-Focused Evaluation*. SAGE Publications, Saint Paul

7.2 Appendix B: MSD Flexi-wage Expansion Programme Intervention Logic

Assumptions	<ul style="list-style-type: none"> No other unforeseen events having a major impact on the economy, labour market and/or MSD staff resources.
Context	<ul style="list-style-type: none"> For the purposes of granting special assistance, the Social Security Act allows for the Minister to approve special welfare programmes which are administered by MSD. Flexi-wage has been in place since 2012 and is one such programme. Flexi-wage offers a temporary contribution to the wages of jobseekers at risk of long-term benefit receipt, with the aim of supporting people into sustained employment by incentivising employers to employ and train them.
Purpose	<ul style="list-style-type: none"> To support New Zealand's economic recovery from COVID-19 by supporting people to enter/return to work or to start a new business, with a focus on incentivising businesses to employ those most affected by the economic recession. To expand and scale-up Flexi-wage to be adaptable enough to focus on those who most need it at the time they need it.
Situation (problem)	<ul style="list-style-type: none"> Unemployment expected to reach 7.8% in March 22 quarter due to impact of Covid-19 Groups likely to be most impacted are those known to be disadvantaged in the labour market: women (particularly sole parents); displaced workers (including mid-career and mid-skilled people, youth, and older workers); Māori and Pacific peoples; people with health conditions and disabled people.
Rationale	<ul style="list-style-type: none"> Flexi-wage (an existing and proven employment support product) can be scaled up and enhanced quickly to support businesses to hire those disadvantaged in the labour market. Cohorts most affected by Covid-19 can be targeted in response to new evidence as it emerges. Commencing subsidised jobs leads to significant employment and earning benefits for assisted jobseekers⁴⁹. Aligns with Government's efforts to support economic recovery from Covid-19. Aligns with MSD's Improved Employment and Social Outcomes Support multi-category appropriation fund.
Target cohort	<ul style="list-style-type: none"> Those disadvantaged in the labour market (women, displaced workers, youth, older workers, Māori and Pacific peoples) Those at risk of long-term benefit receipt

⁴⁹ Crichton & Mare (2013) The Impact of Wage Subsidies on Jobseekers' Outcomes and Firm Employment. Motu working paper.

Intervention	Indicators	Target	Results	Data sources/methods
Stakeholders	Inputs Resources utilised (time, people, staff, money, equipment, technology). Allow the creation of outputs.	Outputs (activities and participation) Direct, tangible results needed to achieve outcomes.	Outcomes	Impact
Employers	<ul style="list-style-type: none"> \$270m investment available for employers Campaign promotional material MSD staff: work brokers, employment support coordinators, regional employment managers (including an additional 34 FTE roles) MSD staff training to administer FWE <p><i>Training not adequate for work brokers</i></p> <ul style="list-style-type: none"> Additional resources provided to administer FWE (equipment, technology, staff etc) MSD Policy, IT, Operations, Monitoring and Evaluation Staff Business support organisations 	<ul style="list-style-type: none"> Employers are incentivised to hire employees who may not meet entry-level criteria <p><i>Some evidence of subsidy as 'bonus' rather than incentive</i></p> <ul style="list-style-type: none"> Supported to navigate FWE application process Eligibility of applications assessed by MSD staff Contracts checked, budget approved by MSD staff Contracts processed MSD staff have all resources they need/feel supported <p><i>Guidelines on eligibility and bands lacking</i></p> <ul style="list-style-type: none"> MSD staff have all knowledge/skills they need/feel confident administering FWE <p><i>Some lack of confidence in determining eligibility and bands</i></p>	<p>Short term</p> <ul style="list-style-type: none"> Take on and provide training and support to employees that they would not otherwise consider. <p><i>Not always the case. 39% of employers surveyed would have taken on employee without FWE subsidy</i></p> <p>Medium term</p> <ul style="list-style-type: none"> Businesses are assisted to employ up to an additional 40,000 people, including self-employed starting their own businesses. <p><i>Much lower uptake than budgeted for. MSD quantitative monitoring data required to assess number.</i></p> <p>Long term</p> <ul style="list-style-type: none"> Employers more likely to consider target cohorts as employees in future. <p><i>Most employers likely</i></p> <ul style="list-style-type: none"> MSD develops strong relationships with employers <p><i>Qualitative data indicates that more employers have engaged since FWE;</i></p>	<ul style="list-style-type: none"> Unemployment does not reach expected (without intervention) peak of 7.8%. Cohort of people who are at risk of long-term benefit receipt and/or vulnerable in the labour market reduces. Labour force is upskilled through increased employment opportunities and associated

			<i>mostly positive interactions</i>	
Employees	<ul style="list-style-type: none"> • MSD work brokers • Training providers 	<ul style="list-style-type: none"> • Target cohorts supported into employment • Different cohorts (i.e., Māori, Pasifika, disabled, sole parent) have specific support or accessibility needs met • Employees receive support as required • Employees receive training • Employees have opportunities for micro-credentials / qualifications 	<p>Short term</p> <ul style="list-style-type: none"> • Target cohorts are employed and become more 'work ready' <p>Medium term</p> <ul style="list-style-type: none"> • Target cohorts sustain employment, receive training and continue to develop skills and gain micro-credentials / qualifications. • Individuals can participate in the labour market without support / subsidies. <p>Long term</p> <ul style="list-style-type: none"> • Monitoring data demonstrates that the programme has effective positive impacts on service users lives. 	<p>training for people disadvantaged in the labour market</p> <ul style="list-style-type: none"> • Reduced time spent on benefit for people displaced during the recession. • Increased income, time in employment and employability for those who are disadvantaged in the labour market

7.3 Appendix C: Data Collection Tools

Employers' Discussion Guide

1. Introduction

- **Overview and purpose of evaluation and GravitasOPG role**

Flexi-wage is one of the ways that the Ministry of Social Development (MSD), which includes Work and Income (WI), is supporting more New Zealanders into work, including by helping them start their own businesses and helping with costs while they get started.

The research will look at how Flexi-wage is working to support people into employment, including self-employment. We are interested in how Flexi-wage has been implemented, what has worked well, how it could be improved and what people's perceptions of it are.

The research is being conducted by GravitasOPG, an independent research company.

- **Aims of discussion; expected duration; roles of participants**

As an employer who has been involved in Flexi-wage, we are interested in your experiences and thoughts. Even though you may not be receiving the Flexi-wage subsidy anymore, we would still like your feedback. The interview would last about 45-60 minutes, depending on how much you would like to say in response to the questions.

The information you provide will help to improve the way Flexi-wage is delivered to people in the future, so that they can get the best outcomes possible from it.

- **How the information will be used**

Your information will be grouped with information from other people who take part in the research. Findings will be written into a report to MSD. Reporting will ensure confidentiality of all information – we will not report in a way that will identify you or anyone else.

- **Confidentiality and anonymity**

What you say in an individual interview will be kept confidential. (However, if you are taking part in a group interview, we cannot guarantee the confidentiality of the information you share.) There will be nothing that will identify you or anyone else in any reporting. No-one at the MSD will know what you have said.

Your data will be kept secure under GravitasOPG's strict data security policy, which means that only the researchers (and transcribers, if you agree to be audio-recorded) will have access to it. Once the research is complete all recorded information and notes taken will be securely destroyed.

If you agree to being audio-recorded, the file will be transferred between GravitasOPG and the transcription company via DropBox (a secure, password protected file transferring platform). All transcribers will also be required to sign a confidentiality agreement. Data will be securely stored on password protected computers. Once the transcription has been received by GravitasOPG, transcribers will delete all data.

- **Purpose and permission of audio recording**

With your consent, I would like to audio record the interview. Audio-recording helps with analysis and writing up the report – to make sure we haven't missed anything important. Audio recordings will be transcribed into Word documents and then deleted immediately. The Word documents are deleted shortly after the project is completed. You have the right to decline being recorded if you prefer not to be.

- **Opportunity for questions**

Do you have any questions before we start?

2. Context

- Please tell me about this business and your role in it. *Prompt for: Industry; services/products; how long in business; size of business; number of employees, owner/employee; responsibilities; length of time in role*
- What are some of the challenges that this business faces, particularly in regards to employment/staffing/taking on job seekers.
- Please tell me about your relationship with Work and Income. *Prompt for: frequency of interaction, which WI staff they have interactions with, nature of interactions, length of relationship etc.*

3. Awareness and Use of Flexi Wage Subsidies

- Prior to the introduction of FWE in 2021, had you accessed the FW subsidy? *If yes: Please tell me briefly about this process. Probe: How many times used, what subsidy used for, what was the process for applying, what worked well about this process, what didn't work so well.*
- How did you first hear about FWE? What were your initial thoughts about it? *Probe for perceived positives and concerns. What questions did you have – and who did you ask these of?*
- What made you decide to apply for the subsidy the first time? *Prompt for motivations.* How about subsequent times? How easy/difficult was it to convince you to apply for FWE?
- Please tell me about your involvement with FWE...
Prompt for: Timeframes; number of times applied and accessed; how many employees taken on.
- Thinking about the employees you have used FWE for, how are/were they identified?
Prompt for whether via WI, already had applicants/people in mind, advertised etc.
- What share of your wages and salary bill does FWE expansion make up?
- What have you/do you use the subsidy for? *Probe to understand range of uses:*
 - How does use differ by role? By job-seeker demographics? By job-seeker experience?
 - How, if at all, has use changed over time
- Is there anything you would like to use the subsidy for but can't?

Perceptions on Structure of Wage Subsidy Assistance

Under FWE there are three bands of wage subsidy assistance. *Recap participant if necessary:*

- Band One: Assessed as disadvantaged in the labour market. \$276 per week, over 24 consecutive weeks
- Band Two: Assessed as at risk of long term unemployment. \$276 per week over 36 consecutive weeks
- Band Three: Assessed as disadvantaged in labour market and at risk of long-term benefit receipt (and having specific employment needs): Weekly amount not exceeding minimum wage; up to \$22,000.
- Are you aware of these bands? *If yes:*
 - What are the positive aspects of having the subsidy set up this way? *Probe for improvements over previous FW programme*
 - What are the drawbacks? What are the challenges for employers?
- One of the objectives of the shift to these bands is to provide employers more certainty around the amount of assistance available. Has this been the case? Why/why not?
- What changes would you like to see made?

Perspectives on Employment-Related Training Assistance

For FWE recipients, financial assistance is also available for employment-related training.

- What are your thoughts on this support? Did you know about it? Have you accessed it? *Probe: Need for this support, amount and duration available, ease of assessing eligibility, extent to which this support has been accessed/barriers to access, use of this assistance/what difference has it made?*

Perspectives on in-Work Support Assistance

For FWE recipients, financial assistance is also available to provide wraparound support for an employee if MSD considered this necessary.

- What are your thoughts on this support? *Probe: Need for this support, amount and duration available, ease of assessing eligibility, extent to which this support has been accessed/barriers to access, use of this assistance/what difference has it made? What does this support look like (example)?*
- What happened/happens/will happen to the job seeker once the subsidy has finished?
- Have you/do you access any other employment subsidies from MSD / WI?

If yes, prompt for which products, timeframes, number of times. Probe to understand whether currently have other subsidies operating alongside FWE – and why

4. Application Process

- Please talk me through the application process...

Prompt for how long it took, what was involved/how much effort was required on their part, who at MSD they interacted with.

Probe:

- *What aspects of this process work well?*
- *What aspects of the process are challenging?*
- *What aspects don't work so well?*
- *What, if anything, helped you navigate the application process*
- *What, if any, aspects have changed over time? For better or worse?*
- *How, if at all, is the first application process for FWE different to subsequent applications?*
- *What support, if any, did you receive? From whom?*

If previously applied before the expansion:

- How, if at all, did the application process differ compared to your application(s) for FW? What difference did this make?

If previously/currently accessing other employer subsidies:

- How, if at all, did the FWE application process differ compared to your application(s) for other employer subsidies? What difference did this make?
- Have you had an application for FWE declined? *If yes, Why? How was this process handled? What were the implications of the decline for your business? For the employee(s) concerned?*
- What improvements could be made to the current application process? For each: What difference would this make?

5. Subsidy Administration

- Please tell me about the process for actually receiving the subsidy. *Prompt on frequency of payment, accountability processes required, checks done by WI/MSD etc.*
 - *What aspects of this process work well?*
 - *What aspects of the process are challenging?*
 - *What aspects don't work so well?*
 - *What, if any, aspects have changed over time? For better or worse?*

- *What support, if any, did you receive? From whom?*

If not mentioned:

- Subsidy payments for FWE are paid in advance (rather than in arrears as was the case with FW). Is this a benefit or a drawback? What difference does this make?
- *For those who have multiple subsidy recipients:* I understand that claims for all your employees are included on the same form (rather than separate forms for each as was the case with FW). Is this a benefit or drawback? What difference does it make?

If previously applied before the expansion:

- How, if at all, did the subsidy administration process differ compared to administration of FW? What difference did this make?

If previously/currently accessing other employer subsidies:

- How, if at all, did the subsidy administration process differ compared to what was/is required for other employer subsidies? What difference did this make?
- What improvements could be made to the current administration process? *For each:* What difference would this make?

6. Overall Perceptions of FWE

- How, if at all, has FWE benefitted your business? The employee? Your industry? *Prompt for what has changed or been achieved.*
- *If not mentioned:* Do you think the subsidy gives your business a competitive advantage? Why/why not?
- Do/did you get (a) good worker(s)? *Prompt for reasons.*
- What do you think the experience might be like for employees? How valuable do you think it would be for them?
- What, if any, have been the challenges for you personally from employing someone/people under the subsidy? Challenges for the business? Challenges for the employee(s)? Challenges for the industry?
- Target groups of FWE are those likely to be disadvantaged in the labour market – including youth, women (especially sole parents), displaced workers, Māori and Pasifika peoples and people with health conditions and disabilities. Thinking about your business's experience of FWE, to what extent have these groups benefitted from the subsidy? How – or why not?

If previously/currently accessing other employer subsidies:

- What benefits does FWE offer over other employer subsidies from WI?
- How are other subsidies from WI better than FWE?
- Would you, or have you, recommended the FWE to other businesses in a similar situation to yours?

Probe for reasons why / why not

- If you were to recommend FWE, what 'insider tips' would you give them to help them navigate the process?
- **This question is hypothetical, just to give us a sense of how employers are feeling about FWE.** If overnight the government decided to stop FWE immediately, what difference would this make to your business? How would you feel? What would you do?

7. Final Comments

- What other improvements would you like to see made to FWE going forward? *For each, probe to understand what difference it would make*
- Is there anything else not already covered that would be useful for us to know about FWE scheme?
- Participant-initiated comments
- Offer koha; thank and close.

MSD Staff Discussion Guide

Questions will be asked as appropriate to role and involvement in Flexi-wage Expansion.

1. Introduction

- **Overview and purpose of evaluation and GravitasOPG role**

The research will look at how Flexi-wage is working to support people into employment, including self-employment. We are interested in how Flexi-wage has been implemented, what has worked well, how it could be improved and what people's perceptions of it are.

The research is being conducted by GravitasOPG, an independent research company.

- **Aims of discussion; expected duration; roles of participants**

As an MSD staff member involved in the delivery of the Flexi-wage expansion, we are interested in your experiences and thoughts about it. Even though you may not be currently involved in Flexi-wage, we would still like your feedback.

The interview would last about 45-60 minutes, depending on how much you would like to say in response to the questions.

The information you provide would help to improve the way Flexi-wage is delivered to people in the future, so that they can get the best outcomes possible from it.

- **How the information will be used**

Your information will be grouped with information from other people who take part in the research. Findings will be written into a report to MSD. Reporting will ensure confidentiality of all information – we will not report in a way that will identify you or anyone else.

- **Confidentiality and anonymity**

What you say in an individual interview will be kept confidential. (However, if you are taking part in a group interview, we cannot guarantee the confidentiality of the information you share.) There will be nothing that will identify you or anyone else in any reporting. No-one at the MSD will know what you have said.

Your data will be kept secure under GravitasOPG's strict data security policy, which means that only the researchers (and transcribers, if you agree to be audio-recorded) will have access to it. Once the research is complete all recorded information and notes taken will be securely destroyed.

If you agree to being audio-recorded, the file will be transferred between GravitasOPG and the transcription company via DropBox (a secure, password protected file transferring platform). All transcribers will also be required to sign a confidentiality agreement. Data will be securely stored on password protected computers. Once the transcription has been received by GravitasOPG, transcribers will delete all data.

- **Purpose and permission of audio recording**

With your consent, I would like to audio record the interview. Audio-recording helps with analysis and writing up the report – to make sure we haven't missed anything important. Audio recordings will be transcribed into Word documents and then deleted immediately. The Word documents are deleted shortly after the project is completed. You have the right to decline being recorded if you prefer not to be.

- **Opportunity for questions**

Do you have any questions before we start?

2. Context

- Please tell me about your role with MSD...
 - *Prompt for how long in the role; responsibilities / accountabilities.*

If not covered

- Please tell me about your involvement with Flexi-wage, Flexi-wage Expansion and Flexi-wage Self-Employment

Prompt for: Timeframes of involvement; role and responsibilities; whether involved pre-expansion.

3. Understanding of Flexi-wage Expansion

- What do you see as the purpose of Flexi-wage Expansion? What is Flexi-wage Expansion intended to do? *For those working at a regional level, probe for the purpose of Flexi-wage Expansion at a regional level.*
- In what ways, if any, does Flexi-wage Expansion differ from the Flexi-wage programme pre-expansion?

For each change ask:

 - What do you think about this change? What impact, if any, has it had?
 - What were your initial thoughts when you heard about Flexi-wage Expansion? *Probe: What excited you? What concerns did you have? Why?*
 - In what ways does Flexi-wage Expansion differ from other MSD employment support products? In what ways is it similar/to what extent do they overlap? *Probe Mana in Mahi, Apprenticeship Boost*
 - What are the target group(s) for the Flexi-wage Expansion? What do you think of these? *Prompt for understanding of 'at risk of long-term benefit receipt' and 'disadvantaged in the labour market'.*
 - In what ways, if any, does the Flexi-wage Expansion differ in [region] compared to in other regions?

Perceptions on Structure of Wage Subsidy Assistance

Under Flexi-wage Expansion there are three bands of wage subsidy assistance. *Recap participant if necessary:*

- Band One: Assessed as disadvantaged in the labour market. \$276 per week, over 24 consecutive weeks
- Band Two: Assessed as at risk of long-term unemployment. \$276 per week over 36 consecutive weeks
- Band Three: Assessed as disadvantaged in labour market and at risk of long-term benefit receipt (and having specific employment needs): Weekly amount not exceeding minimum wage; up to \$22,000.
- What do you think of these bands? How do they impact on your role? How do they impact on what support you can provide? *If not mentioned: Has this system improved the efficiency of granting Flexi-wage Expansion support? Why/why not?*
- What are the positive aspects of having the subsidy set up this way? *Probe for improvements over previous Flexi-wage programme*
- What are the drawbacks? What are the challenges of using the bands?
- What changes would you like to see made?

Perspectives on Employment-Related Training Assistance

- For Flexi-wage Expansion recipients, assistance is also available for employment-related training. What are your thoughts on this support? *Probe: Employer/employee need for this support, amount available, ease of assessing eligibility, extent to which this support has been accessed/barriers to access, flexibility of assistance/constraints on use etc.*

Perspectives on in-Work Support Assistance

- For Flexi-wage Expansion recipients, assistance is also available to provide wraparound support for an employee if considered necessary. What are your thoughts on this support? *Probe: Employer/employee need for this support, types of support needed/purchased, amount available, ease of assessing eligibility, extent to which this support has been accessed/barriers to access, flexibility of assistance/constraints on use etc.*

Flexi-wage SE

- What do you see as the purpose of Flexi-wage SE? What is Flexi-wage SE intended to do?
- What were your initial thoughts when you heard about Flexi-wage SE? *Probe: What excited you? What concerns did you have? Why?*
- What are the target group(s) for Flexi-wage SE? How appropriate are these? *Prompt for understanding of 'at risk of long-term benefit receipt' and 'disadvantaged in the labour market'.*

4. Training and Support

- Tell me about training you received for Flexi-wage Expansion and Flexi-wage SE
 - *Prompt for length, format, delivery mode, content, timing relative to launch.*
- How would you describe the training? *Probe for strengths and weaknesses, and differences between Flexi-wage Expansion and Flexi-wage SE*
- What ongoing support have you received around Flexi-wage Expansion and Flexi-wage SE?
- How would you describe the support you receive? *Probe for strengths and weaknesses, and differences between Flexi-wage Expansion and Flexi-wage SE*
- How could training and/or support be improved? *(If you had been in charge of designing the training and ongoing support, what would you have done?)*

5. Implementation

Questions asked will be dependent on participant's role

- What have been the strengths of the way Flexi-wage Expansion has been implemented? What works well? *Probe on timely delivery of subsidies if not mentioned*
- What have been the challenges of the way Flexi-wage Expansion has been implemented? What doesn't work so well? *Probe on timely delivery of subsidies if not mentioned*
- *If not mentioned:* In what ways has Flexi-wage Expansion been easy to implement for you in your role? In what ways has Flexi-wage Expansion been difficult to implement for you in your role? What have the challenges been?
- In what ways has the implementation process changed over time? *For each change, probe to understand if it has made implementation more or less difficult*
- Are you aware of any fraudulent cases of Flexi-wage Expansion or Flexi-wage SE? How do these happen? What could be done to reduce fraudulent behaviours?

Processing Staff

- Do the volumes of applications vary? How? Why?
- Have the volumes of applications always been manageable? What are the implications of workloads not being manageable? How do you deal with this?
- What improvements have been made to ensure volumes are manageable? What more could be done?

Frontline Staff

- How do you select participants to engage with Flexi-wage Expansion/how are referrals done? What aspects are easy/straightforward? What aspects are difficult? *For aspects that are difficult: What is the impact of this difficulty?*
- *If part of role:* What is the process for assessing eligibility for Flexi-wage Expansion? What aspects are easy/straightforward/work well? What aspects are difficult/don't work so well? *For aspects that are difficult: What is the impact of this difficulty?*
- *If not mentioned:* How well do you think you understand the different bands and situations in which each should be applied? *Prompt for reasons and examples*

Flexi-wage SE

- What have been the strengths of the way Flexi-wage SE has been implemented? What works well? *Probe on timely delivery of subsidies if not mentioned*
- What have been the challenges of the way Flexi-wage SE has been implemented? What doesn't work so well?
- *If not mentioned:* In what ways has Flexi-wage SE been easy to implement for you in your role? In what ways has Flexi-wage SE been difficult to implement for you in your role? What have the challenges been?
- In what ways has the implementation process changed over time? *For each change, probe to understand if it has made implementation more or less difficult*
- How effective do you think vetting agents are for Flexi-wage SE applications? What differences do they make? *Prompt for reasons and examples.*
- Do you think Flexi-wage SE recipients are receiving the right support to be successful? Why / why not? *Prompt for other supports that could be provided.*
- Are Flexi-wage SE recipients also accessing other grants such as the BTAG or Self-Employment Start Up? How and in what ways is the increased BTAG and access to suppliers of business support and advice contributing to uptake and use of Flexi-wage SE?

6. Employers Use of and Views on Subsidy

Across these questions, probes will be used to understand differences between employers – by industry, size, geographic location, role(s) for which subsidy is sought etc. Questions particularly relevant to Industry Partnerships Team

- How aware of Flexi-wage Expansion are employers? What has contributed to, and detracted from, this awareness?
- What are employers' motivations for applying for the subsidy?
- How well do you think employers understand the intent of the subsidy? What has contributed to this level of understanding? What are the gaps in understanding? What are the implications of this understanding/lack of understanding?
- How easy or difficult is it for employers to access Flexi-wage Expansion? What are the barriers (if any)? Have these barriers been overcome or resolved? *If not overcome: How could these barriers be overcome? Probe: What accounts for the drop-out rates between awareness and enquiry? Between enquiry and application? Between application and approval/why are Flexi-wage Expansion applications declined?*
- From what you observe, are employers using the subsidy in line with the intention of the policy? (i.e., Rather than using it for someone they might have employed without the subsidy? Or with intent to end the employment once the subsidy ends? Or dismissing another employee to take advantage of the subsidy?) *Prompt for examples, if not being used in line with policy intent.*
- What are the benefits of Flexi-wage Expansion to employers? What are the drawbacks?
- What are the benefits of Flexi-wage Expansion to employees? What are the drawbacks?

Flexi-wage SE

- How would you describe awareness of Flexi-wage SE among potential recipients? Among MSD staff? What has contributed to, and detracted from, this awareness?
- What are potential recipients' motivations for applying for the subsidy?
- How well do you think those who want to be self-employed understand the intent of the subsidy? What has contributed to this level of understanding? What are the gaps in understanding? What are the implications of this understanding/lack of understanding?
- How easy or difficult do you think it is for people to access Flexi-wage SE? What if any, do you observe are the barriers for people to access Flexi-wage SE? *Probe: What accounts for the drop-out rates between awareness and enquiry? Between enquiry and application? Between application and approval/why are Flexi-wage SE applications declined?*
- How have these barriers been overcome or resolved? What more could be done to address these barriers?

Industry Partnerships Team

- How has Flexi-wage Expansion changed how you work with providers who provide upskilling and training programmes? How has Flexi-wage Expansion changed this relationship?
- How has Flexi-wage Expansion changed how you work with industry groups? How has Flexi-wage Expansion changed this relationship?

7. Participant Success

- What type of employer does Flexi-wage Expansion work well for? What type of employer does it not work so well for? *Prompt for reasons.*
- What type of employee does Flexi-wage Expansion work well for? What type of employee does it not work so well for? *Prompt for reasons.*
- In what situations is employment post Flexi-wage Expansion not sustained? Why? What other supports/assistance are required?

For those working at a regional level:

- Does Flexi-wage Expansion work well in your region? Has it been successful here? What regional characteristics have made it successful/not successful?
- What type of person does the Flexi-wage SE work well for? What type of person does it not work so well for? *Prompt for reasons.*
- In what situations is self-employment not sustained? What other supports/assistance are required?

Ask of all staff but particular focus for Māori Communities and Partnership Group team members

- How well do you think Flexi-wage Expansion supports Te Pae Tata (MSD's Māori Strategy and Action Plan)? Why/why not? *Probe: How well does Flexi-wage Expansion support Te Pae Tata's guiding principles of:*
 - Partnership
 - Protection (recognising and providing Māori perspectives and values and take positive steps to ensure Māori interests are protected)
 - Participation (enabling and supporting Māori to actively participate in all matters that increase their wellbeing)
- How well does Flexi-wage Expansion and (and particularly) Flexi-wage SE support Māori to realise their potential and allow them to self-determine their own futures?
- How well does Flexi-wage Expansion and Flexi-wage SE support Māori having sustainable employment, and support quality standards of living?

- How well do you think Flexi-wage Expansion supports Pacific Prosperity (MSD's Pacific Strategy and Action Plan)? Why/why not? *Probe:* How well does Flexi-wage Expansion support Pacific Prosperity's focus of:
 - Ensuring Pacific people have a positive experience every time they engage with MSD (i.e., feel respected, heard, safe, welcomed and empowered)
 - Ensuring Pacific people are involved in decisions, design and delivery of services to support them
 - Building long term relationships to help Pacific peoples achieve prosperity and self-sufficiency
- What works well and not so well in terms of the Flexi-wage SE subsidy for Māori and Pacific businesses? *Probe:*
 - How well/not so well does the Flexi-wage SE subsidy meet the needs of Māori and Pacific businesses/employers?
 - Are there any particular supports that Māori and Pacific businesses/employers have received/need? Might need?
- What impact have the changes to the Flexi-wage SE process (the creation of a framework) had? How could this be improved?

For employment support co-ordinators:

- How well do you think Flexi-wage Expansion supports those with disabilities?
- How well does Flexi-wage Expansion and (and particularly) Flexi-wage SE support those with disabilities to realise their potential and allow them to self-determine their own futures?
- How well does Flexi-wage Expansion and Flexi-wage SE support those with disabilities into sustainable employment, and support quality standards of living?

8. Improvements

- How do you feel about the continuation of Flexi-wage Expansion (and increased Flexi-wage funding) to include people disadvantaged in the labour market? *If not clear:* Do you support its continuation?
- Apart from what has already been discussed, are there any other ways in which the implementation of Flexi-wage Expansion have been/could be improved?
- Apart from what has already been discussed, are there any other ways in which the implementation of Flexi-wage SE have been/could be improved?
- *For each improvement:* What difference would [insert improvement] have made?

9. Final Comments

If not already discussed, ask:

- What, if any, impact have the recent weather events had Flexi-wage Expansion and Flexi-wage SE? *Probe staff availability, communications, impacts on processing times and payments, greater/lesser need for Flexi-wage Expansion, difficulties accessing employers etc*
- Is there anything else not already covered that would be useful for us to know about Flexi-wage Expansion or Flexi-wage SE?
- Participant-initiated comments

Thank and close.

Employers' Questionnaire

Flexi-wage is one of the ways Work and Income New Zealand (WINZ) is supporting more people into work.

To ensure everyone involved in Flexi-wage – including employers like you - is getting the best possible outcome from it, the Ministry of Social Development would like to know more about your experience of the subsidy. Even though you may not be receiving the Flexi-wage subsidy anymore, we would still like your feedback.

Please note that this survey is about **employers'** experiences of the Flexi-wage subsidy so should be completed by employers (not employees).

The survey only takes 5-6 minutes to complete. To thank you for your time and input you will go into the draw to win one of five \$150 Prezzy cards.

If there is someone else in your organisation better able to complete this survey about Flexi-wage, please forward this email on to them.

Start Survey

The information you provide will help to improve the way Flexi-wage is delivered in the future, so that everyone involved can get the best outcomes possible from it.

The research is being conducted by GravitasOPG, an independent research company.

Your information will be grouped with information from other people who take part in the research. Your individual feedback will be kept confidential. We will not report in any way that will identify you, your employees, or your business.

If you have any questions about the survey, you can contact Sue Allison from the Gravitas OPG team (suea@gravitasopg.co.nz) or Alix Jansen (Alix.Jansen004@msd.govt.nz) at the Ministry of Social Development.

Screener

This survey is about Flexi-wage Expansion. This started in February 2021.

Even if you were receiving Flexi-wage before this, when answering the following questions, please only provide feedback on your experience with Flexi-wage **since February 2021**,

QA. Since February 2021, how many employees has your organisation received the Flexi-wage subsidy for?

Single response

1. One
2. Two
3. Three to five
4. Six to ten
5. 11 to 20
6. 21 to 50
7. More than 50
8. None
9. Don't know

Thank and close

1. Awareness and Information

Q1.1. When did you first start employing staff for whom you received a Flexi-wage subsidy?

Single response

1. Before February 2021
2. From February 2021 onwards
3. Can't remember

If from February 2021 onwards, ask:

Q1.2. How did you find out about Flexi-wage? Please select as many ways as apply.

Multiple response

1. From prospective employee
2. From Work and Income staff member (work broker, case manager)
3. Word of mouth from a family member, friend etc
4. Suggested by business partner/someone connected with business
5. Saw information on Work and Income website
6. Saw information on another website (*Please state which*)
7. Through mainstream media – TV, radio, newspaper etc.
8. On social media
9. Business support organisation or industry body e.g., Chamber of Commerce
10. Business already had employees receiving Flexi-wage when I joined/purchased it
11. Other (*Please state*)
12. Can't remember

All:

Q1.3. Thinking about the information available on Flexi-wage (since February 2021), to what extent do you agree or disagree that:

Rotate order. Single response for each statement

- Information was easy to find
 - Information you found answered all the questions you had
1. Strongly disagree
 2. Disagree
 3. Neither agree nor disagree
 4. Agree
 5. Strongly agree
 6. Don't know
 7. Couldn't find any information
 8. Didn't look for any information

If 'information answered all questions' rated as 1, 2 or 3 ask:

Q1.3b. What questions could you not get answers to? What other information would have been useful?

1. Other (*Please state*)
2. Don't know

Q1.4. Thinking about the first time you used Flexi-wage (since February 2021), why did you decide to take up the Flexi-wage subsidy? What did you see the benefits as being?

Multiple response

1. Able to give a more disadvantaged person a chance
2. More money for business expansion/to use in other parts of the business
3. Able to fill 'hard-to-recruit' position(s)
4. Work Broker finds candidates/saves me time in recruitment
5. Employee who approached business/asked for a job just came with Flexi-wage subsidy
6. Didn't make decision – employee I wanted just came with Flexi-wage subsidy
7. Other (*Please state*)
8. Can't remember

2. Use of Flexi-wage Subsidy

Thinking now about your most recent employee that has received a Flexi-wage subsidy ...

Q2.1a. Would you have hired this employee if they hadn't come with a Flexi-wage subsidy?

Single response

1. Yes
2. No
3. Not sure

Ask Q2.2

If no:

Q2.2. Would you have hired someone else for the role instead?

Single response

1. Yes
2. No
3. Not sure

Thinking now about all employees since February 2021 for whom the organisation has received a Flexi-wage subsidy:

Q2.3. What did you use/are you using the subsidy money for? Select as many answers as apply

Multiple response

1. To top up employer wage contribution (e.g., increase from minimum wage to living wage)
2. To pay wages (otherwise it would have been an unpaid/volunteer role)
3. Cover the costs of internally provided training and supervision
4. Pay for externally provided training
5. Purchase equipment, safety gear etc for new employee
6. Pastoral care to address barriers to work e.g., pay for childcare, petrol, rent advances etc
7. Cover down-time/less productive time whilst employee got up to speed
8. General business expenses
9. Business expansion
10. Other (*Please state*)

Q2.4a. How would you rate the process for applying for the Flexi-wage subsidy?

Single response

1. Poor
2. Not so good
3. Just okay
4. Good
5. Very good
6. Don't know

If not so good or poor, ask:

Q2.4b. Why have you rated the application process as [poor/not so good]?

1. Other (*Please state*)
2. Don't know

Q2.5a. How would you rate the process for claiming the Flexi-wage subsidy each month?

Single response

1. Poor
2. Not so good
3. Just okay
4. Good
5. Very good
6. Don't know

If not so good or poor, ask:

Q2.5b. Why have you rated the process for claiming the subsidy each month as [poor/not so good]?

1. Other (*Please state*)
2. Don't know

Q2.6. Thinking about your interactions with Work and Income regarding the Flexi-wage subsidy, to what extent do you agree or disagree that:

Rotate order

- Work and Income staff were easy to get hold of when you needed them
 - Work and Income staff were knowledgeable about Flexi-wage
 - Work and Income staff made sure the Flexi-wage employee was a good fit with your business and the role
-
1. Strongly disagree
 2. Disagree
 3. Neither agree nor disagree
 4. Agree
 5. Strongly agree
 6. Don't know
 7. This varies too much to say
 8. Not applicable
 9. Haven't had any contact with Work and Income staff

If 'staff were knowledgeable' rated as 1, 2 or 3 ask:

Q2.6b. What were staff not knowledgeable about? What questions could they not answer?

1. Other (*Please state*)
2. Don't know

3. Impacts of Flexi-wage and Overall Perceptions

Q3.1 Thinking about your employees who your organisation received the Flexi-wage subsidy for – within one month of the Flexi-wage subsidy finishing, how many:

Rotate order

- Continued working in the business/organisation (in the same or a different role)
- Returned to receiving a benefit from Work and Income
- Moved to another business
- Moved into fulltime training/education
- Started their own business
- Did something else (*Please state what*)

Single response for each

1. None
2. A few
3. Some
4. Most
5. All
6. Don't know

Q3.2. Would you say your overall experience of using the Flexi-wage subsidy has been: ...

Single response

1. A lot worse than you expected
2. A little worse than you expected
3. About the same as you expected
4. A little better than you expected
5. A lot better than you expected
6. Varies too much to say
7. Don't know

If better/much better than expected:

Q3.3a. What made the Flexi-wage experience better than you expected?

Type in

1. Other (*Please state*)
2. Don't know

If worse/much worse than expected:

Q3.3b. What made the Flexi-wage experience worse than you expected?

Type in

1. Other (*Please state*)
2. Don't know

4. Moving Forward

Q4.1. Based on your experience of Flexi-wage, how likely or unlikely would you be to take on another employee with a Flexi-wage subsidy?

Single response

- | | |
|----------------------|----------|
| 1. Not likely at all | Ask Q4.2 |
| 2. Not very likely | Ask Q4.2 |
| 3. Undecided | |
| 4. Likely | |
| 5. Very likely | |
| 6. Don't know | |

If Codes 1 or 2:

Q4.2. Why would you be unlikely to take on another employee with a Flexi-wage subsidy?

1. Other (*Please state*)
2. Don't know

Q4.3. What improvements to Flexi-wage can you suggest to ensure everyone involved gets the best possible outcome from it?

Write in

1. Other (*Please state*)
2. No improvements needed
3. Don't know

5. Demographics

And finally, just a few questions about you and your business. These will help us to understand how experiences of Flexi-wage might differ between different types of organisations.

Q5.1. Which of the following best describes your organisation:

Single response

1. Private business
2. Non-government organisation. This includes community groups, service providers, clubs etc
3. Government organisation
4. Other (*Please state*)

Q5.2 Which of the following best describes the ethnicity of the person leading your organisation? Please select as many as apply

Multiple response

1. New Zealand European
2. Māori
3. Pasifika
4. Asian

5. Indian
6. Other European
7. Other (*Please state*)
8. Don't know

Q5.3. How many full time equivalent staff does your business currently have?

Single response

1. One
2. Two
3. Three to five
4. Six to ten
5. 11 to 20
6. 20 to 50
7. 51-100
8. More than 100
9. Don't know

Q5.4. Which region(s) is your organisation located in?

Select as many as apply

1. Northland
2. Auckland
3. Waikato
4. Bay of Plenty
5. East Coast
6. Taranaki, King Country, and Whanganui
7. Central (Feilding, Palmerston North, Wairarapa etc)
8. Wellington
9. Nelson, Marlborough, and West Coast
10. Canterbury
11. Southern
12. Other (*Please state*)

Q5.5. Which one sector best describes your organisation?

Single response

1. Agriculture, forestry, and fishing
2. Mining
3. Manufacturing
4. Electricity, gas, water, and waste services
5. Construction
6. Wholesale trade
7. Retail trade
8. Accommodation and food services
9. Transport, postal and warehousing

10. Information media and telecommunications
11. Financial and insurance services
12. Rental, hiring and real estate services
13. Professional, scientific, and technical services
14. Administrative and support services
15. Public administration and safety
16. Education and training
17. Health care and social assistance
18. Arts and recreation services
19. Other (*Please state*)

Q5.6 For how long has your organisation been operating?

Single response

1. Less than two years
2. Two to five years
3. Six to ten years
4. 11 – 20 years
5. More than 20 years
6. Don't know

Q5.7. Thinking about the employees your organisation has accessed the Flexi-wage subsidy for, which of the following best describes the role(s) they worked in?

Multiple response

1. Managers
2. Professionals
3. Technicians and Trades Workers
4. Community and Personal Service Workers
5. Clerical and Administrative Workers
6. Sales Workers
7. Machinery Operators and Drivers
8. Labourers
9. Other (*Please state*)

That's all our questions about Flexi-wage. If you want to check any of your answers, you can use the 'Back' button to do this – but remember to come back to this page and click 'Submit'.

Thank you for sharing your experience of Flexi-wage today. Good luck for the prize draw which will be made at the end of June.