

## **H2R Consulting (H2R Limited)**

### **Submission to the Ministry of Business, Innovation and Employment**

#### **Response to the New Zealand Income Insurance Scheme Discussion Document**

26 April 2022

H2R Consulting welcomes the opportunity to make a submission to the Ministry of Business, Innovation and Employment (MBIE) in response to the New Zealand Income Insurance Scheme Discussion Document (the scheme).

H2R Consulting are members of RCSA, the peak body for the recruitment and staffing industry in New Zealand. As such, in addition to our own brief comments below, we also submit our strong support for the verbal and written submissions provided by RCSA to this process.

With unemployment at 3.2%, a trend toward permanent over non-permanent engagement by businesses, and wages on the rise, it is clear that New Zealand is experiencing an unprecedented shortage of skills and labour. We are therefore confused by the proposal of such a scheme at a time when the realities of the employment market challenge the very need for it, and at a time when additional levies will put significant pressure on businesses already struggling with access to labour and increasing wage costs.

More specifically, we have several significant concerns with the scheme as it is proposed, particularly in the way that it relates to casual and fixed term employees. The unintended or perhaps ill-considered consequences of how the scheme might apply to non-traditional forms of work is something that will require more interrogation as a priority before the concept takes any firmer shape.

Casual employment does not belong in the Income Insurance Scheme. Individuals who are hired on a casual basis are used to fill intermittent and irregular gaps in the workforce. They have no guaranteed hours of work, no regular pattern of work and no ongoing expectation of employment. Casual employees are able to accept or reject work offered by their employer, and able to enter employment agreements with other employers if they choose. In signing a casual employment agreement, an individual acknowledges that their employment is likely to cease to exist after a certain period. It is this awareness, and in fact the absence of it, that redundancy payments and income insurance seek to compensate permanent employees for.

For the same reasons, the scheme should not apply to individuals engaged on fixed-term contracts, which contain a clear date of termination of agreement. Fixed-term employees are engaged to fill workforce gaps, such as maternity leave, or to carry out projects that have a clear start and end date. For many employees, fixed-term employment is a preference. A good example would be the many New Zealanders who specialise in IT and software development, where there is a critical need for skills. Fixed-term contracts offer higher wages and more diverse work opportunities.

Not bound to a single employer, fixed-term workers can leverage different contracts against each other to negotiate higher earnings. They can also arrange contracts to suit their needs, either doing multiple at one time, moving straight from one to another, or taking holidays and breaks when they

need to. Ultimately, they will take on a contract when it works for them. The inclusion of on-hired fixed-term employees in a scheme designed to protect people for adverse events beyond their control ignores the amount of notice and control that fixed-term employees are given within their contract.

An especially concerning concept within the scheme is the use of the term 'good jobs' when it comes to obligations to accept certain types of employment. The concept of a 'good job' is highly subjective and seek to unjustly label jobs as either 'good' or 'bad' based on an individual and undefined set of parameters. The use of the term 'good job' contributes to job-shaming and should be avoided by government of all persuasions. A 'good job' is what an individual determines is right for them, and their life choices.

We believe the term 'good jobs' should be removed if the scheme truly seeks to avoid people remaining unemployed and disconnected from work. Attempting to define 'good jobs' as those that can provide similar pay and conditions is problematic, not least because of the detachment such a definition has from the realities of transitioning workers across industries, especially workers who are unfamiliar with new technologies and are required to learn new skills. It also works to prevent claimants from exploring non-traditional employment pathways, such as on-hire work.

Our industry is acutely aware of the vital pathways that on-hire work provides into employment. By sourcing, placing, and assigning workers across a variety of industries and workplaces, we support labour and professional demands across all forms of business and government. This allows individuals to develop skills while working, test out new careers and workplaces.

For people who are experiencing unemployment, or who have a newly discovered or acquired health condition or disability, on-hire is an opportunity to have an advocate in the employment market who can advise on suitable roles and professional pathways that they may never have considered before.

Working with multiple employers and on various projects allows workers to develop skills that help them transition more easily across the workforce. Moving between clients and industries builds a diverse range of professional and social skillsets that enhance adaptability and engagement with future workplaces and environments.

The recruitment and staffing industry is exceptionally well placed to work in partnership with government and business when it comes to movement and placement of workers across the labour market in New Zealand. The mobility and diversity of on-hire work means staffing firms are some of the most active agents when it comes to re-skilling, up-skilling, and transitioning workers across New Zealand's employment market.

On-hire and non-traditional forms are often vital pathways back to meaningful job for people who find themselves out of work. Perhaps most importantly, it allows people to remain connected to work and skills training if they have been made redundant, helping them avoid what can be devastating impacts of longer-term unemployment.

**Very importantly, on-hire work allows individuals to fit work around life, rather than life around work and, in doing so, promotes meaningful work. Work that is meaningful to the individual, rather than work that is determined by academics and policy makers to be 'good'.**

Any scheme or initiative that seeks to deliver confidence in the future of work in New Zealand and offer protections for those who take on jobs in dynamic, yet potentially risky sectors, should look to

leverage the experience and activity of our industry and the broader marketplace. We know that our industry body, RCSA, stands ready to work with government to develop ways to leverage our sectors skills, experience, and activity in support of this ambition.

Thank you for the opportunity to provide our input and feedback to this process. We also commend the submissions provided by RCSA to the same.

Eugene Ng

**Director – H2R Consulting and H2R Technology Limited**