

Submission to the Social Services and Community Committee on the:

Social Security (Jobseeker Support and Accommodation Supplement) Amendment Bill

Submitted by the New Zealand Council of Trade Unions Te Kauae Kaimahi

10 June 2026

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This submission is made on behalf of the 32 unions affiliated to the New Zealand Council of Trade Unions Te Kauae Kaimahi (NZCTU). With over 370,000 union members, the NZCTU is one of the largest democratic organisations in New Zealand.

The NZCTU acknowledges Te Tiriti o Waitangi as the founding document of Aotearoa New Zealand and formally acknowledges this through Te Rūnanga o Ngā Kaimahi Māori o Aotearoa (Te Rūnanga), the Māori arm of Te Kauae Kaimahi (NZCTU), which represents approximately 60,000 Māori workers.

Introduction

1. The NZCTU strongly opposes the Social Security (Jobseeker Support and Accommodation Supplement) Amendment Bill.
2. The Bill will not achieve the stated intention of “reduc[ing] benefit dependency among young people by strengthening the incentives to enter employment, education, or training”.
3. The Bill continues the government’s strategy of squeezing the social welfare system during a very challenging economic time for many households, in which both living costs and unemployment have been rising sharply.
4. The reality is that there simply aren’t enough jobs being created in the New Zealand economy right now to provide employment to everyone who wants it. Economic downturns, such as we’ve been experiencing in recent years, are particularly harsh on young workers, as they have fewer skills and less experience and are more likely to work in precarious industries that are vulnerable to economic cycles.
5. Young people have also experienced significant disruption to their education in recent years, due to the COVID-19 pandemic. This is borne out in the decline in NCEA achievement rates compared to a decade ago. This means that some young people are leaving secondary school without basic skills needed to attain employment. This can include literacy and numeracy skills as well as soft skills, and practical things like time management and the ability to multi-task.
6. Simply eliminating Jobseeker Support for a sub-set of 18 and 19 year olds will not improve this situation. It will not fix the economic problems that are driving unemployment upwards. It will not provide young people with employable skills. And it will not address the social and psychological barriers to employment that some young workers face, such as mental health issues.
7. The government needs to take a different approach if it wants to improve work outcomes for young New Zealanders. In the short term, this approach should involve significantly increasing support to young people who are struggling to find or keep a job. This support needs to include education and training, job matching, one-on-one career counselling, and wraparound services to address social and psychological barriers to employment. In the long term it requires taking a different approach to economic management by prioritising

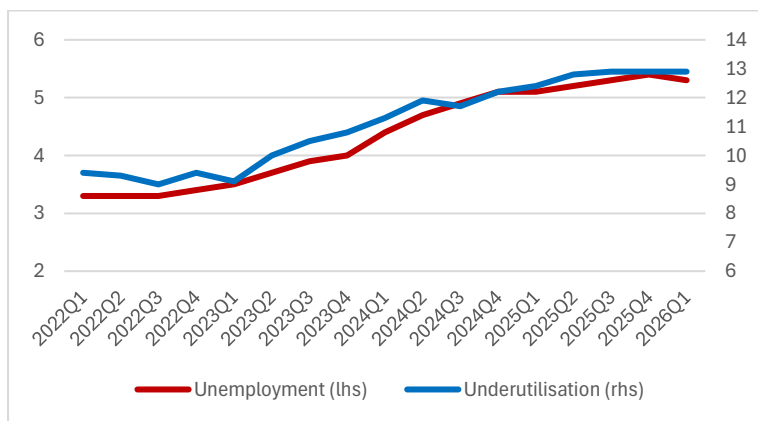
full employment through the coordinated use of macroeconomic, industrial, and education and training policies.

8. Our submission focuses on the changes to Jobseeker eligibility. However, we also note here our concern with the decision to reduce Accommodation Supplement support during a cost-of-living crisis. This will further squeeze households that are struggling week to week to manage their budget in the context of rising prices across most essential goods and services.
9. **NZCTU recommendation: the Social Services and Community Committee should recommend this Bill is withdrawn.**

The economic context

10. The New Zealand labour market has significantly weakened over the past three years, due to higher interest rates, international shocks, and failed government policy. Compared to 2022 and 2023, filled jobs have fallen, job advertisements are down significantly, and unemployment, underutilisation, and Jobseeker numbers have all risen.
11. Unemployment has increased from its pre-downturn low of 3.3% in the September 2022 quarter to 5.3% in the March 2026 quarter, and underutilisation has risen from 9% to 12.9% over the same period. Using seasonally adjusted figures, there were around 163,000 people unemployed and 406,000 people underutilised in the March 2026 quarter.

Figure 1: Unemployment and underutilisation rates (%)

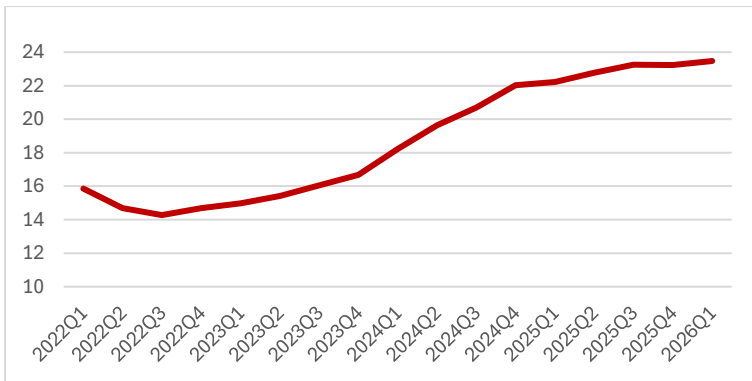


Source: Stats NZ

12. In this context, youth unemployment has risen more rapidly. The unemployment rate for 15–19 year olds has risen from 14.3% in September 2022 to 23.5% in March 2026 (see Figure 2).¹ The NEET rate (not in employment, education, or training) has also risen, though less spectacularly, as people in this age group are highly likely to be in some form of education or training (Figure 3). The number of young people receiving Jobseeker Support has, unsurprisingly, also risen over this period (Figure 4).

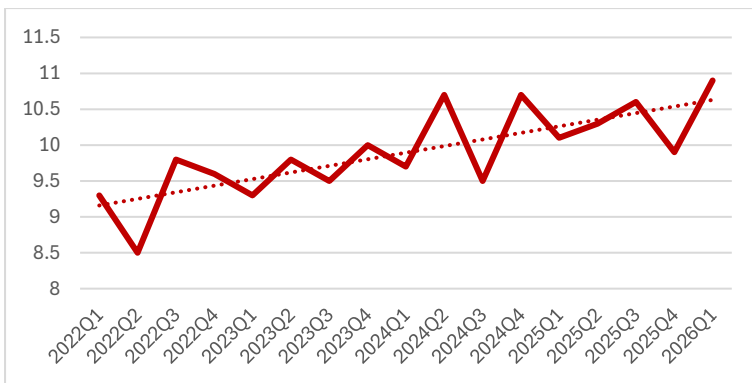
¹ These figures are annual averages, used to smooth unreliable movement in the data from quarter to quarter.

Figure 2: Unemployment rate for 15–19 year olds, annual rolling average (%)



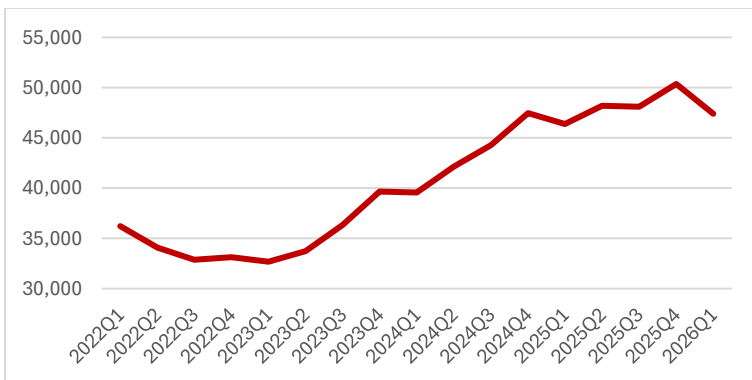
Source: Stats NZ

Figure 3: NEET rate for 15–19 year olds, seasonally adjusted (%)



Source: Stats NZ

Figure 4: People aged 18–24 receiving Jobseeker support



Source: MSD

13. The youth unemployment, NEET, and Jobseeker figures have risen not because young people have suddenly become lazy and uninterested in working, but because of the poor state of the job market.

14. Young people tend to be more heavily impacted by economic downturns as they have fewer employable skills, are less likely to be embedded in stable employment, and tend to be concentrated in industries that are particularly vulnerable to economic swings, such as

hospitality and retail. In simple terms: there aren't enough jobs to go around at present, and young people are particularly hard hit by this.

15. On the latest forecasts from the Reserve Bank, the Treasury, and the commercial banks, the job market is expected to continue to weaken across 2026, and most likely into 2027. The Jobseeker Support elements of this Bill are set to come in from 2 November 2026, so will be taking effect when the unemployment rate is expected to be at its highest level in over a decade and the number of persons unemployed at its highest level since the early 1990s.

The Bill will not achieve its stated objectives

16. The two objectives of the Bill that relate to the changes to Jobseeker Support are to:

- “support fiscal sustainability in the welfare system by targeting welfare assistance to those most in need of support; and
- reduce benefit dependency among young people by strengthening the incentives to enter employment, education, or training”.

The NZCTU doubts that the Bill will achieve either of these objectives.

17. To the first objective, it is likely, as noted by the Ministry of Social Development in the Regulatory Impact Statement (RIS), that in the short-term the savings made to government will outweigh the additional administrative costs associated with managing these changes to eligibility.² However, it is quite possible that over the longer run this decision will end up costing the Crown more money than it saves (a possibility also noted in the RIS). Direct costs may rise due to increased use of emergency supports and student loans, while indirect costs may rise due to the social and health problems associated with economic hardship.
18. Beyond this, we are concerned by the government's broader drive to narrow eligibility for social welfare support. This is not limited to the current Bill but also extends across numerous initiatives from this government including changes to the Best Start Payment, Income-related Rent contributions, Temporary Additional Support payments, and the reduction of emergency housing support, among others. The government claims to be targeting those “most in need”. This works to suggest that those who will be excluded don't really require welfare support. This is simply not true.
19. To the second objective, there is little reason to believe this Bill will reduce benefit dependency in the long run. The evidence, both domestic and international, shows that the most effective way to support people to move from benefits into work is to provide education and training opportunities, personalised employment services, and, for high-

² [Ministry of Social Development](#), *Regulatory Impact Statement: Tightening Access to Jobseeker Support and Emergency Benefit for 18 and 19 Year Olds*, 10 September 2025.

needs people, wraparound support.³ Active labour-market programmes are fragmented and under-resourced in New Zealand, and we spend less on them than many of our OECD peers.

20. Making a sub-set of 18 and 19 year olds ineligible for Jobseeker Support will not support these people to attain work as it does nothing to address the barriers these people are facing. The change this Bill makes appears to be based on the assumption that the main driver of unemployment among young people is laziness. Even the most cursory look at the economic data and the literature on social welfare shows this is incorrect. Unfortunately, this government appears to be uninterested in basing its policy on evidence.
21. Further, we note that the second objective is inconsistent with the purpose of the Social Security Act itself. Section 3 (d) states that the purpose of the Act is “to provide services to encourage and help young people to move to or remain in education, training, and employment, rather than receiving financial support under this Act”. What this Amendment Bill does is remove financial support without providing the necessary services to get young people into jobs.

The carve out of 18 and 19 year olds is inconsistent with other parts of New Zealand law

22. The age of full adulthood generally recognised in New Zealand law is 18. Some rights associated with adulthood kick in earlier, at 16 and 17, but by the age of 18 a person has full voting rights, can stand for Parliament, can serve on a jury, and will be processed by the adult justice system for any crimes.
23. There is also a strong cultural expectation in New Zealand that people are adults by the age of 18 and should be able to support themselves if required.
24. Carving 18 and 19 year olds out from automatic eligibility for Jobseeker Support creates an inconsistency with how we define adulthood in New Zealand law and culture. The government has not provided a sound basis for this carve-out; it has simply stated that people of this age “should be financially supported by their parents”.

The Bill will cause unnecessary economic hardship and suffering

25. The Bill sets the parental income level for eligibility extremely low. Based on the rates set at 1 April 2026, an 18 or 19 year old will be ineligible for Jobseeker Support if their parents earn a gross annual income of \$67,225. The reality is that many people earning over this threshold will struggle to support their children, particularly in the current context of rapidly rising costs. This extremely low threshold may also create perverse incentives for parents

³ For overviews of this evidence, see the reports from [Welfare Expert Advisory Group](#), *Whakamana Tāngata: Restoring Dignity to Social Security in New Zealand*, 2019, and [Institute for Democratic and Economic Analysis](#), *The Pipeline of Potential: How New Zealand can Better Connect Businesses with Untapped Local Talent*, 2025.

around work – for example, it may act as a disincentive to taking on increased work if this would tip them over the income threshold and thereby make their unemployed 19-year-old child ineligible for Jobseeker Support.

26. The situation will be particularly difficult for disabled young people and their parents, due to the inclusion of the Jobseeker Support Health and Disability category in the carve-out. Disabled people tend to face higher living costs than other cohorts due to increased health-related expenses. And disabled people are far less likely to be able to find paid work than other cohorts.
27. There is also the fact that some young people affected by this Bill will be refused support by their parents. As noted in the RIS, this is a particular risk for some groups, such as the rainbow community, who are less likely than other cohorts to be able to rely on parental support. Other young people may be compelled to remain in dangerous or toxic household environments – for example, to continue living with abusive parents – because they are unable to find a job and are ineligible for Jobseeker Support.
28. The Bill has a theoretical safeguard against these risks in the form of the “parental support gap determination”, which leaves it at the discretion of MSD to determine if a person cannot reasonably be expected to rely on their parents for financial support. However, this mechanism will in practice be very difficult for benefit claimants to navigate. For example, it will be difficult in many cases to compile evidence that a parent refuses to support a young person, or that the young person is at increased risk due to having to continue living with their parents.
29. The Bill may also incentivise young people who are unable to find work, and are ineligible for Jobseeker Support, to engage in illegal activities or the informal economy to earn money. This is neither desirable for the individuals involved nor New Zealand society at large.
30. In sum, it is well put in the RIS: “In terms of impact on young people and their families, the costs will significantly outweigh the benefits”.⁴

Increased complexity

31. It is well-established that the welfare system is excessively complex as it is. As the Welfare Expert Advisory Group found in its landmark 2019 report: “Agreement is near universal that the benefit and tax credit systems are unmanageably complex”.⁵
32. The government is wilfully ignoring this well-known issue by introducing further complexity to the system with this carve-out. The Bill itself runs to 38 pages, most of which relates to the Jobseeker Support carve-out. Sections 23A to 23I are labyrinthine and will create an increased administrative burden for the Ministry of Social Development to manage.

⁴ [Ministry of Social Development](#), *Regulatory Impact Statement: Tightening Access to Jobseeker Support and Emergency Benefit for 18 and 19 Year Olds*, 10 September 2025, p. 5.

⁵ [Welfare Expert Advisory Group](#), *Whakamana Tāngata: Restoring Dignity to Social Security in New Zealand*, 2019, p. 6.

33. Most importantly, the complexity it introduces for young people claiming Jobseeker Support will likely mean that people who are eligible – either because of the real gross income of their parents/caregivers, or the fact that they cannot actually rely on their parents for financial support – will make failed applications or will neglect to apply altogether.
34. Unfortunately, we suspect the added complexity this Bill will introduce is a feature, not a bug. There is a long-standing practice in the welfare system of creating unnecessary complexity for benefit claimants to navigate to reduce application rates and application success rates and therefore reduce costs for the Crown.

A better approach

35. There is a better way to improve youth employment outcomes and reduce the number of young people on Jobseeker Support. This is to increase the level of support provided to young jobseekers across a range of key skills, including literacy, numeracy, soft skills, and practical skills like time management and the legal ability to drive.
36. Crucially, in many cases this needs to be supplemented by an additional layer of support to overcome other barriers to employment, such as those related to mental health. These wraparound services are resource intensive, but they provide long-term benefits in terms of employment outcomes, more secure and stable communities, and reduced welfare costs for the Crown.⁶
37. These active labour-market supports need to be complemented by macroeconomic, industrial, and education and training policies oriented to achieving and maintaining full employment. At a high level, the current system of macroeconomic management in New Zealand is to use unemployment as a lever with which to control inflation (this is the basic mechanism that underpins the Reserve Bank's monetary policy). We disagree with this approach to macroeconomic management. It becomes truly perverse and cruel when it is combined with a punitive approach to the welfare system that punishes people for having the bad luck to become unemployed.

Conclusion

38. The NZCTU thanks the Committee for the opportunity to comment on this Bill.
39. We reiterate our strong opposition to this Bill, which will do nothing to support people into work, but will increase financial hardship for young people and their whānau.
40. The Social Services and Community Committee should recommend this Bill is withdrawn.

⁶ [Institute for Democratic and Economic Analysis](#), *The Pipeline of Potential: How New Zealand can Better Connect Businesses with Untapped Local Talent*, 2025.

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