

Report



MINISTRY OF SOCIAL
DEVELOPMENT
TE MANATŪ WHAKAHIATO ORA

Date: 7 September 2026 **Security Level:** In Confidence
To: Hon Louise Upston, Minister for Social Development and
Employment
File Reference: REP/26/8/701

Final approval for the Bonus Payment Programme

Purpose of the report

- 1 This report seeks your agreement to the attached Bonus Payment Programme (the welfare programme), which will come into force by 20 October 2026, and will broadly reward eligible young jobseekers who enter employment and remain off a main benefit.

Recommended actions

It is recommended that you:

- 1 **note** on 17 September 2025, Cabinet authorised you to establish a welfare programme for the Bonus Payment intended to reward eligible young jobseekers who enter employment and remain off a main benefit [SOU-25-MIN-0130 refers]
- 2 **note** that, subject to your agreement, the Bonus Payment Programme (the welfare programme) will come into force by 20 October 2026
- 3 **agree** to approve and sign the welfare programme, which is attached to this report as **Appendix one**

AGREE / DISAGREE
- 4 **direct** your office to arrange for a copy of the welfare programme to be presented to the House of Representatives within 20 working days after it is made, in compliance with section 114 of the Legislation Act 2019

YES / NO
- 5 **note** this report will need to be signed and returned to the Ministry of Social Development (MSD) no later than 16 September 2026, so that officials can

arrange for the welfare programme to be notified in the New Zealand Gazette by 23 September 2026 to comply with the 28-day rule

- 6 **note** that MSD will also publish the instrument on our website at the earliest opportunity.



Christian Opetiaia
Manager, Child and Youth Policy
Ministry of Social Development



Date



Hon Louise Upston
Minister for Social Development
and Employment



Date

Background

- 2 On 17 September 2025, Cabinet authorised you to establish a welfare programme for the Bonus Payment to reward eligible young jobseekers who enter employment and remain off a main benefit for 12 months [SOU-25-MIN-0130 refers]. They also agreed to you making further detailed design decisions, which you confirmed with the Ministry of Social Development (MSD) on 1 July 2026 [REP-26-6-482 refers].

MSD has drafted a welfare programme to reflect your agreed policy intent for the Bonus Payment

- 3 The Bonus Payment is broadly intended to reward eligible young people who achieve their off-benefit outcome through MSD's community job coaching (CJC) programme. The payment is linked to a wider suite of government priorities known as Welfare that Works, which aim to reduce the risks of long-term benefit receipt and establish sustainable employment outcomes.
- 4 You agreed to key settings for the design of the Bonus Payment which are now reflected in the welfare programme attached as **Appendix one**. These include decisions on eligibility and employment requirements which are attached as **Appendix two** for your reference.
- 5 The welfare programme drafting considered operational design to ensure the policy intent could be achieved in practice. We consider this effective and have no further adjustments or decisions to seek from you.

You may want to note the following drafting decisions made to establish your direction for the welfare programme

- 6 The definition of full-time employment is based on the definition provided in Schedule 2 of the Social Security Act 2018 (SSA). The welfare programme defines the eligible minimum weekly hours based on what an applicant would normally work or is contracted to work. This ensures applicants (including, for example, those on parental leave, sick leave, or ACC leave) can apply for Bonus Payment according to their actual employment rather than the hours they worked on the week they apply. As in the SSA, the definition also includes employment that does not meet the minimum 30 weekly hours but is still regarded as full-time employment (for example full-time teacher aides).
- 7 The definition of part-time employment in the welfare programme is also based on Schedule 2 of the SSA. This covers 15 or more hours per week for those with part-time work obligations in alignment with your previous decisions [REP-25-6-471].
- 8 The welfare programme includes no specific requirement that the Bonus Payment cannot be paid to someone in prison or remand, because the reference to section 217 of the SSA in clause 5 of the welfare programme covers this requirement.

- 9 We have aligned the Bonus Payment settings wherever possible with the CJC programme given the link between the two. Your decision that an eligible young person must have participated satisfactorily with their CJC led to the requirements in clause 7(1)(c) and (d) of the welfare programme. This ensures that an applicant obtained their employment and exited benefit while enrolled with their CJC, and this helps MSD to confirm their employment outcomes through existing reporting.

The new instrument will come into effect on 20 October 2026

- 10 The welfare programme will come into effect on 20 October 2026. This will align with timing for the first potential clients to become eligible, which we expect to be in early November 2026.

Next steps

- 11 If you approve the welfare programme, it will need to be signed and returned to MSD no later than 16 September 2026. This deadline is required to enable us to comply with the 28-day rule for secondary legislation. The signed instrument will be notified in the New Zealand Gazette by 23 September 2026 and published on MSD's website.
- 12 Subject to your approval, and to comply with section 114 of the Legislation Act 2019, your office must arrange for the welfare programme to be presented to the House of Representatives within 20 working days after you have signed and agreed to the welfare programme.

Appendices

- 13 Appendix one: Bonus Payment Programme
- 14 Appendix two: Summary of your previous decisions

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Appendix two: Summary of your previous decisions

You confirmed your agreed design decisions with the Ministry of Social Development (MSD) on 1 July 2026 [REP-26-6-482 refers]. These included the requirements for eligible clients to:

- have been under 25 years old on referral to CJC
- have been receiving Jobseeker Support for 12 months on referral to CJC
- have, while in the CJC service, started employment and moved off benefit
- apply for the Bonus Payment after 12 months but no later than 15 months after exiting benefit into employment
- not have received a main benefit or student allowance since leaving benefit to enter employment
- be employed at benefit exit and at the time of application
- have obtained employment according to work obligations they were under while on benefit, per the definition in the Social Security Act 2018, which means full-time employment of generally 30+ hours per week or part-time employment as per the definition in the Act for a Jobseeker with a health condition, injury, or disability (generally 15+ hours per week)
- if they do not meet the expected hours, be earning income over the threshold established for the Bonus Payment, which is based on the equivalent single Jobseeker support cutoff point
- be in employment at the time of application which is expected to be indefinite, or for at least three months
- be New Zealand citizens or residents and ordinarily resident and present in New Zealand at the time of application
- not be in prison or on remand at the time of application.

Bonus Payment Programme

This welfare programme for special assistance is established and approved under section 101 of the Social Security Act 2018 by the Minister for Social Development and Employment.

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Programme

1 Title

This programme is the Bonus Payment Programme.

2 Commencement

This programme comes into effect on 20 October 2026.

3 Purpose

The purpose of this programme is to provide for a payment to reward young, long-term jobseekers who have worked with a community job coach and left jobseeker support to go into employment.

Part 1

General Provisions

4 Interpretation

- (1) In this programme, unless the context otherwise requires,—

Act means the Social Security Act 2018

community job coach means a person engaged under a contracted provider through the community job coaching programme administered by MSD to support young people into employment

employment, in relation to an applicant, means—

- (a) work under a contract of service or an apprenticeship; or
- (b) self-employment of the person in any business, profession, trade, manufacture, or undertaking

full-time employment, in relation to an applicant, means employment—

- (a) in which a person works no less than an average of 30 hours each week; or
- (b) that is regarded as full-time employment under the applicant's employment agreement for the purposes of any award, agreement, or contract relating to that employment, even if the applicant works less than an average of 30 hours each week

minimum employment income means the amount of gross income (before income tax) that would reduce the rate of jobseeker support to zero, if the relevant income test is applied to the rate of jobseeker support set out in clause 1(b) of Part 1 of Schedule 4 of the Act

part-time employment, in relation to an applicant, means employment that is not full-time employment, but is employment in which a person works no less than an average of 15 hours each week

sustainable employment means a period of employment that is permanent, a fixed term contract that ends no less than 3 months after the date of application, or employment that is otherwise expected to last no less than 3 months after the date of application.

- (2) Other terms defined in Schedule 2 of the Act have the same meanings in this programme.

5 Application of the Social Security Act 2018

- (1) Sections 6, 18, 19, 24, 110, 111, 217, 290, 292, 293, 298, 299, 301, 304-306, 337, 339, 340, 353, 362, 417 and clause 1 of Schedule 6 (see also the Social Security Regulations 2018) of the Act apply to the following as if payments made under this programme were a benefit under the Act:
 - (a) this programme:
 - (b) any applicant for assistance under this programme:
 - (c) any person granted assistance under this programme.

- (2) Nothing in subclause (1) limits the application of any other provision of the Act.

Part 2

Eligibility

6 Payment of assistance

MSD must make a payment to an applicant under this programme if—

- (a) the applicant is eligible under clause 7; and
- (b) the applicant is not ineligible under clause 8; and
- (c) the applicant meets the application requirements under clause 10.

7 Eligibility

- (1) An applicant is eligible under this programme if MSD is satisfied that the applicant—

- (a) was aged 18 to 24 years inclusive on the date they were referred to a community job coach; and
- (b) was granted jobseeker support; and
- (c) had remained entitled to jobseeker support for a continuous period of 12 or more months on the date they were referred to a community job coach; and
- (d) obtained employment while they were enrolled with a community job coach; and
- (e) had their jobseeker support cancelled while they were enrolled with a community job coach; and
- (f) is not receiving, and has not received, a main benefit or a student allowance at any time from the date on which the applicant's jobseeker support was cancelled to the date the applicant applied for a payment under this programme; and
- (g) is employed at the date of application.

- (2) In relation to the employment referred to in paragraph (1)(d), MSD must be satisfied that the applicant had informed the community job coach, or the community job coach was otherwise aware of that employment, while the applicant was enrolled with the community job coach.

8 Ineligibility

An applicant is ineligible under this programme if—

- (a) the applicant has previously received a payment under this programme; or

- (b) the applicant has received any of the following payments in relation to the employment referred to in clause 7(1)(d):
 - (i) an In-Work Payment, an incentive payment described in clause 6A(a)(i) of the Schedule to the Employment and Work Readiness Assistance Programme, made to a person who had a High Entry-Exit Client programme tag and was participating in the in-work support service;
 - (ii) a Mana in Mahi incentive payment, as described in clause 6A(b) of the Schedule to the Employment and Work Readiness Assistance Programme.

9 Employment requirement

- (1) An applicant meets the employment requirement in clause 7(1)(d) if the applicant—
 - (a) obtained full-time employment; or
 - (b) obtained part-time employment, if the applicant had been subject to part-time work-test obligations, or work preparation obligations, immediately before the date on which the applicant's jobseeker support was cancelled; or
 - (c) was receiving, was contracted to receive, or during their regular hours of work would have received, income from that employment on average no less than the minimum employment income each week.
- (2) An applicant meets the employment requirement in clause 7(1)(g) if, at the date of the application,—
 - (a) the applicant:
 - (i) is in full-time employment; or
 - (ii) is in part-time employment, if the applicant had been subject to part-time work-test obligations, or work preparation obligations, immediately before the date on which the applicant's jobseeker support was cancelled; or
 - (iii) receives, is contracted to receive, or during their regular hours of work would receive, income from that employment on average no less than the minimum employment income each week; and
 - (b) the applicant is in sustainable employment.

Part 3
Administration

10 Application for payment

- (1) MSD must not make a payment under this programme unless MSD has received—
- (a) an application in such form as MSD from time to time prescribes; and
 - (b) any supporting evidence reasonably required by MSD.
- (2) The application referred to in subclause (1) does not have to refer to assistance of any particular kind.
- (3) MSD must not make a payment under this programme unless an application for the purposes of subclause (1) is received by MSD during the period commencing 12 months after the date on which the applicant's jobseeker support was cancelled and ending at the close of the day that is 15 months after the date on which the applicant's jobseeker support was cancelled.
- (4) MSD must not make a payment under this programme unless the person making an application for the purposes of subclause (1) is ordinarily resident and present in New Zealand at the time they apply for a payment.

11 Rate of assistance

Payments under this programme must be paid to the applicant as one lump sum of \$1,000.

12 When this programme expires

This programme expires on the close of 30 June 2029.



Minister for Social Development and Employment

At Wellington this 14th day of September 2026

Explanatory Note

This note is not part of the programme, but is intended to indicate its general effect.

This welfare programme, which comes into effect on 20 October 2026, provides for a one-off, lump sum payment of \$1,000 to be made as a reward to young jobseekers who have worked with a community job coach, have left benefit and remain off benefit, and are employed when they apply for the payment.

To be eligible for a bonus payment, an applicant must:

- have been under 25 years old and been receiving jobseeker support for 12 months when they were referred to a community job coach
- have started employment and left benefit while enrolled with a community job coach
- not have received a main benefit or student allowance since leaving benefit to enter employment
- be employed at benefit exit and the time of application
- be in indefinite employment at the time of application, or employment that is expected to last at least three months
- apply for a payment after 12 months but no later than 15 months after exiting benefit into employment.

The applicant's employment is generally expected to reflect the work obligations the applicant was subject to when they were on jobseeker support.