MINISTRY OF SOCIAL DEVELOPMENT
TE MANATŪ WHAKAHIATO ORA

16 June 2026

Tēnā koe

Official Information Act request

Thank you for your email of 19 May 2026, requesting information about Flexi-Wage Self-Employment.

I have considered your request under the Official Information Act 1982 (the Act). Please find my decision on your request set out below.

A definition of part-time employment can be found on the Ministry's Manuals and Procedures (MAP) page:

- www.workandincome.govt.nz/map/definitions/part-time-employment.html.

I also refer you to Schedule 2 of the Social Security Act 2018. The dictionary outlines further definitions of part-time work:

- https://www.legislation.govt.nz/act/public/2018/32/en/latest/#LMS1578897

Please find the attached **Appendix** for the following documents:

- REP/21/01/007 Policy settings for the Flexi-Wage Self-Employment
- Review criteria for Flexi-Wage Self-Employment
- REP/20/12/1170 Initial advice on Flexi-Wage Self-Employment
- Flexi-Wage products
- Flexi-Wage Self-Employment Eligibility
- Debt recovery process for Mana in Mahi and Flexi-Wage
- Flexi-Wage Self-Employment Factsheet
- Flexi-Wage Self-Employment and Self-Employment Start-Up – Process
- Flexi-Wage Self-Employment
- Flexi-Wage Self-Employment Business Process

I will be publishing this decision letter, with your personal details deleted, on the Ministry's website in due course.

If you wish to discuss this response with us, please feel free to contact OIA_Requests@msd.govt.nz.

If you are not satisfied with my decision on your request, you have the right to seek an investigation and review by the Ombudsman. Information about how to make a complaint is available at www.ombudsman.parliament.nz or 0800 802 602.

Ngā mihi nui

pp.

Anna Graham
General Manager
Ministerial and Executive Services

MINISTRY OF SOCIAL DEVELOPMENT
TE MANATŪ WHAKAHIATO ORA

Policy settings for the Flexi-Wage Self-Employment expansion

Date:	21 January 2021	**Report no.:**	REP/21/01/REP/21/1/007
Security level:	IN CONFIDENCE	**Priority:**	High

Action Sought

Hon Grant Robertson Minister of Finance	Agree	27 January 2020
Hon Carmel Sepuloni Minister for Social Development	Agree	27 January 2020

Contact for telephone discussion

Name	Position	Telephone	1st Contact
Out of Scope [redacted]			☑

Report prepared by: Out of scope [redacted] Policy Analyst, Employment Policy

Other departments consulted: The Treasury, the Department of the Prime Minister and Cabinet, the Ministry of Business, Innovation and Employment, Te Puni Kōkiri, the Ministry for Pacific Peoples, the Office for Seniors, the Office for Disability Issues

Minister's office comments

- ☑ Noted
- ☑ Seen
- ☐ Approved
- ☐ Needs change
- ☐ Withdrawn
- ☐ Not seen by Minister
- ☐ Overtaken by events
- ☐ Referred to (specify)

Comments

MOF copies sent to MSD
28/1/21

Date received from MSD

22 JAN 2021

Date returned to MSD

29 JAN 2021

Report

Date: 21 January 2021 **Security Level:** IN CONFIDENCE

To: Hon Grant Robertson, Minister of Finance

Hon Carmel Sepuloni, Minister for Social Development

Policy settings for the Flexi-Wage Self-Employment expansion

Purpose of the report

1 This report seeks agreement to policy settings for the expanded Flexi-Wage Self-Employment (FWSE) and to an amendment of the Employment and Work Readiness Assistance Programme, to enable increased maximum payments from the Business Training and Advice Grant (BTAG).

2 This is a companion report to the briefing seeking agreement to policy settings as part of the wider Flexi-Wage programme [REP/21/1/015 refers].

Executive summary

3 On 30 November 2020 Cabinet agreed to the expansion of the Flexi-Wage scheme, including ring-fencing $30 million to expand Flexi-Wage Self-Employment, with a portion of this funding going towards self-employment support pilots [CAB-20-MIN-0493 refers].

4 We have reviewed current eligibility settings and recommend they remain in place as they align with the purpose of the FWSE expansion and allow us to target those who face the highest barriers to self-employment and are at greater risk of longer-term negative impacts from job loss.

5 All FWSE applicants will need to provide a business plan that is independently vetted by a business expert contracted by the Ministry of Social Development (MSD). This will ensure applicants have the appropriate motivation, expectations and a viable business idea prior to granting FWSE support. Up-front support for clients to develop this plan will be provided where required and of benefit.

6 Dependant on your agreement, all accepted applicants will receive payments to cover their first 28 weeks of starting their own business. For most clients, the rate of FWSE will be equivalent to the adult minimum wage ($20.00 per hour effective from 1 April 2021) for 30 hours a week over 28 weeks, or $16,800 total (GST inclusive). Changing to a fixed initial payment period and amount will provide certainty for clients about how much they could receive and simplify the process for frontline staff.

7 Payment of FWSE at a part-time rate for those with part-time work obligations (ie sole parents and disabled people) will remain. This rate will be set at the equivalent of the adult minimum wage for 20 hours a week over 28 weeks, with an expectation that these clients will support themselves from their business earnings in time.

8 Subject to your agreement, increased wraparound supports will be provided both up-front and on-going to give participants the greatest chance of success. This aligns with international evidence on critical success factors for self-employment start up programmes. Changes to operational guidelines will ensure people are seen to be

The Aurora Centre, 56 The Terrace, PO Box 1556, Wellington – Telephone 04-916 3300 – Facsimile 04-918 0099

meeting their work obligations while they are training to produce a business plan, as they would be actively working towards a self-employment pathway. Clients would also not need to exhaust all other job-search opportunities before applying for FWSE.

9 In order to ensure clients have access to the right amount of support both before and throughout the duration of FWSE, we propose increasing the level of the Business Training and Advice Grant (BTAG) from which this training and mentoring can be paid out, to up to $5,000. This aligns with international evidence about effectiveness and will put funding more in line with current pricing for vetting, business training and mentoring services. Increasing the BTAG will require an amendment to the Employment and Work Readiness Assistance Programme (EWRAP). Dependant on Ministerial approval, we will provide the Minister for Social Development and Employment with an updated instrument for signing in the week commencing 8 February 2021.

10 MSD also proposes piloting culturally specific self-employment support services. This will allow us to test whether, beyond increasing wraparound supports, culturally specific service provision will reduce barriers to Māori and Pacific participation in FWSE and result in more equitable outcomes. Further detail, including which regions these pilots will be carried out and the date we expect the pilots to be operational by, will be provided to the Minister for Social Development and Employment's office ahead of the 18 February Flexi-Wage announcement.

11 There are also several small business networks and supports available through agencies such as the Ministry for Business Innovation and Employment (MBIE), Te Puni Kōkiri and the Ministry for Pacific Peoples. In implementing the expanded FWSE, MSD intends to ensure these are accessed where available and that clients are referred on to further networks of support once their FWSE support has completed.

12 MSD will implement changes to expand the length and rate for FWSE beginning from 22 February 2021, subject to discussion with you. Whilst MSD has some existing contracts with providers, further procurement and contracting of services will be required to expand the coverage and scope of services required for the expansion. The FWSE expansion and accompanying supports will be monitored and evaluated. This will support ongoing improvements.

Recommended actions

It is recommended that you:

1 **note** that on 30 November 2020 Cabinet agreed to the expansion of the Flexi-Wage scheme, including ring-fencing $30 million to expand Flexi-Wage Self-Employment, with a portion of this funding going towards self-employment support pilots [CAB-20-MIN-0493 refers]

2 **agree** to retain current Flexi-Wage Self-Employment eligibility criteria; that is, a person receiving Flexi-Wage Self-Employment must be:

- a New Zealand citizen or permanent resident and ordinarily resident in New Zealand
- within New Zealand's working-age population (ie between 18 and 64 inclusive, or aged 65 or over and not qualified to receive New Zealand Superannuation)
- disadvantaged in the local labour market and
- at risk of likelihood of long-term benefit dependency

Minister of Finance	**Minister for Social Development and Employment**
agree / disagree	**agree / disagree**

3 **agree** at risk of long-term benefit receipt has the same meaning as in the Employment and Work Readiness Assistance Programme, which means "in relation to a person, means the risk that the person will receive or continue to receive a main benefit under the Act for an indefinite period"

Minister of Finance	Minister for Social Development and Employment
agree / disagree	**agree / disagree**

4 **agree** to define disadvantaged in the labour market as meaning people who have, or are expected to have, difficulty in obtaining or retaining sustainable employment and include people who are:

- experiencing significant barriers to employment
- experiencing low job security or are underemployed
- have or are expected to experience extended displacement due to an economic disruption to their occupation, industry or region
- are in a group of people who are identified as a priority cohort as specified in operational guidelines

Minister of Finance	Minister for Social Development and Employment
agree / disagree	**agree / disagree**

5 **note** that the definition to determine disadvantage in the labour market is aligned with that used for the broader Flexi-Wage (refer to companion Flexi-Wage expansion paper, reference REP/21/1/015).

6 **agree** to set a standard rate for the expanded Flexi-Wage Self-Employment of $600 a week over 28 weeks ($16,800 in total)

Minister of Finance	Minister for Social Development and Employment
agree / disagree	**agree / disagree**

7 **agree** to retain the ability for those with part-time work obligations and disabled people to access Flexi-Wage Self-Employment part-time, with the expectation that they be able to support themselves from their earnings in time

Minister of Finance	Minister for Social Development and Employment
agree / disagree	**agree / disagree**

8 **agree** to allow a discretionary rate (no more than the standard rate and for no longer than 52 weeks) of Flexi-Wage Self-Employment, which may be provided in exceptional circumstances following the conclusion of the standard 28 weeks of subsidy

Minister of Finance	Minister for Social Development and Employment
agree / disagree	agree / disagree

9 **agree** to increase the maximum amount of Business Training and Advice Grant that can be paid per person from up to $1,000 to up to $5,000

Minister of Finance	Minister for Social Development and Employment
agree / disagree	agree / disagree

10 **note** that MSD will implement changes to expand FWSE nationally beginning from 22 February 2021, or as agreed by you, using a staged approach

11 **agree** to pilot culturally specific service provision of self-employment supports for Māori and Pacific peoples with the intention of reporting back on next steps at the conclusion of the pilots

Minister of Finance	Minister for Social Development and Employment
agree / disagree	agree / disagree

12 **note** the rollout of FWSE changes and the pilots will be evaluated and learnings will be applied through an iterative process

13 **agree** that clients on current Flexi-Wage Self-Employment contracts may be assessed at the end of their contracts and, in line with the expanded service, an extension of FWSE may be granted in exceptional circumstances

Minister of Finance	Minister for Social Development and Employment
agree / disagree	agree / disagree

Minister for Social Development and Employment only

14 **agree** to give effect to the increase in Business Training and Advice Grant by amending the Employment and Work Readiness Assistance Programme

Minister for Social Development and Employment

agree / disagree

15 **agree** to waive the 28-day rule to ensure the Employment and Work Readiness Assistance Programme amendment is in place from the go-live date

Minister for Social Development and Employment

agree / disagree

16 **note** that MSD will provide the Minister for Social Development and Employment with the legislative instrument to amend the Employment and Work Readiness Assistance Programme in the week commencing 8 February 2021

17 **agree** to forward this briefing to the Prime Minister for her information.

Minister for Social Development and Employment

agree / disagree

Out of scope	21/1/21
General Manager	Date
Employment and Housing Policy	

Hon Grant Robertson	Date
Minister of Finance	

	24/1/21
Hon Carmel Sepuloni	Date
Minister for Social Development and Employment	

Background

13 On 30 November 2020 Cabinet agreed to the expansion of the Flexi-Wage scheme, including ring-fencing $30 million to expand FWSE, with a portion of this funding going towards self-employment support pilots [CAB-20-MIN-0493 refers].

14 MSD provided initial advice on FWSE to Minister Sepuloni on 16 December 2020 (forwarded to the office of the Minister of Finance). This included information about current FWSE settings and analysis of current take-up and international evidence.

15 Current use of FWSE is relatively low, with 186 people taking up the assistance in the 2019/20 financial year. Additional funding through the FWSE expansion will allow MSD to expand this assistance to approximately 800 clients across two years, while still ensuring we are selecting from a pool of high-calibre applications.

Current eligibility criteria remain fit for purpose

16 We have reviewed the current eligibility criteria for FWSE in light of the expanded purpose for FWSE, to help out-of-work New Zealanders to start their own business and to encourage entrepreneurship and innovation as part of the COVID-19 response.

17 Under current settings, a person receiving FWSE must be:

- a New Zealand citizen or permanent resident and ordinarily resident in New Zealand
- within New Zealand's working-age population (ie between 18 and 64 inclusive, or aged 65 or over and not qualified to receive New Zealand Superannuation)
- disadvantaged in the local labour market and
- at risk of likelihood of long-term benefit dependency.

18 MSD may also grant FWSE to a person who would not normally qualify but who has exceptional circumstances that justify payment.

19 We recommend that these settings remain in place as they allow us to target assistance to those who face the highest barriers to self-employment and are at greater risk of longer-term negative impacts from job loss.

20 As such, a person will need to be both at risk of long-term benefit receipt and disadvantaged in the labour market. The definition of the terms will be the same as the broader expansion but will be applied differently as the wider expansion is designed to include those at risk of job loss or who are underemployed. FWSE, by contrast, is targeted at those who are unemployed because international evidence suggests that self-employment programmes are most effective for this group.

21 A definition of at risk of long-term benefit receipt is currently set out in the Employment and Work Readiness Assistance Programme (EWRAP) – "in relation to a person, means the risk that the person will receive or continue to receive a main benefit under the Act for an indefinite period". Disadvantaged in the labour market, however, does not have a definition within the EWRAP, although operational guidance does set out considerations and factors that indicate a client is disadvantaged in the labour market.

22 As such, we are proposing to define disadvantaged in the labour market as:

- people who have, or are expected to have, difficulty in obtaining or retaining sustainable employment such as people who:
  - experience significant barriers to employment
  - experience low job security or are underemployed
  - have or are expected to experience extended displacement due to a disruption to their occupation, industry or region caused by an economic disruption

- are in a group of people who come under the priority cohorts set in operational guidelines.

23 These definitions are aligned with those being used as part of the wider Flexi-Wage expansion (refer to companion Flexi-Wage expansion paper, reference REP/21/1/015).

24 In order to ensure FWSE is only granted to those that are serious and motivated to start their own business, all applicants will need to provide a business plan that is independently vetted by a business expert contracted by MSD. Up-front support for clients to develop this plan will be provided where required and of benefit. The decision to grant FWSE will also be dependent on a number of factors including the viability of the business idea, local labour market and economic conditions and the suitability of the applicant (eg is motivated and has realistic expectations about the work needed to start a business). This process of screening applicants is supported by international evidence[1].

Clients will receive a fixed set of payments over 28 weeks

25 All eligible clients will receive payments to cover their first 28 weeks of starting their own business, paid in four-weekly blocks. For most clients, the rate of FWSE will be equivalent to the adult minimum wage ($20.00 per hour effective from 1 April 2021) for 30 hours a week over 28 weeks, or $16,800 total (GST inclusive).

26 This is a change from providing FWSE at a discretionary rate and duration from the outset. Changing to a fixed initial payment period and amount will provide certainty for eligible people about how much they could receive. It will also simplify the process for frontline staff, by removing the discretion in the initial payment amount.

27 Setting the rate at minimum wage ensures that all eligible clients currently on benefit would receive more on FWSE than on their benefit. This includes people receiving Sole Parent Support, Supported Living Payment and those on Jobseeker Support with dependent children. This rate also recognises that people receiving FWSE are actively working and do not have subsidised wages through an employer (like regular Flexi-Wage).

28 Current settings allow clients with part-time work obligations (ie sole parents and disabled people) to receive a part-time payment. This will continue under the expanded scheme, with the rate being equivalent to 20 hours a week at the same rate, rather than 30 hours. Provision for part-time business development is aimed at reducing barriers for those unable to work full time due to child-care responsibilities or disability. It is expected that these clients will be able to support themselves from their business earnings in time. MSD is also reviewing work obligations as part of the wider work contributing to the welfare overhaul.

More wraparound supports will be provided both up-front and on-going

29 The requirement that applicants develop a business plan before they can access FWSE can act as a barrier for those who might not have the existing skills and experience.

30 To address this barrier, clients will be able to remain on a benefit while they undergo training to build a business plan (for up to 12 weeks). This will give certainty and stability for the client to pursue self-employment without needing to exhaust all other employment options first. The 28 weeks of FWSE payments will not start until the client's application is approved.

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[1] OECD. (2016). *Inclusive Business Creation: Good Practice Compendium,* OECD Publishing.

31 Changes to operational guidelines will ensure that people will no longer need to exhaust all job-search opportunities before they can apply for FWSE. Clients would be seen to be meeting their work obligations while they are receiving training to produce a business plan, as they would be actively working towards a self-employment pathway.

32 Clients will be supported with a mentor from the point of being granted FWSE and receive training that will help them to establish their business (eg paying tax on earnings, bookkeeping, general administration etc).

33 To ensure clients have access to the right amount of support both before and throughout the duration of FWSE, we propose increasing the level of Business Training and Advice Grant (BTAG) from which this training and mentoring can be paid out, to up to $5,000. This change aligns with international evidence that shows ongoing business and mentoring supports contribute to more successful outcomes[2]. This change will also put funding in line with current pricing for vetting, business training and mentoring services. Increased funding for BTAG will be drawn from the $30m ringfenced for the FWSE expansion.

34 Should Ministers agree to increase the maximum amount of BTAG that can be paid per person, the EWRAP will need to be amended to reflect this.

35 In order for increased BTAG funding to be in place from go-live on 22 February 2021, we propose waiving the 28-day rule on the basis that the amendment only confers positive benefits on the public and it is in the best interests of the public to allow this change to take effect from the go-live date. This will ensure the increase can be announced, and come into effect, at the same time as the wider Flexi-Wage expansion. We will provide the office of the Minister for Social Development and Employment with the legislative instrument for signing in the week commencing 8 February 2021.

36 Costs associated with starting a business, such as leasing premises will continue to be provided for under Self-Employment Start-Up (up to $10,000). In the 2019/20 financial year, the average per person payment for self-employment start-up costs was $5,733. We are currently looking at how we can maximise the usefulness of this fund.

37 There are also several small business networks and supports available through agencies such as MBIE, Te Puni Kōkiri and the Ministry for Pacific Peoples (MPP). In implementing the expanded FWSE, MSD intends to ensure these are used where available and that clients are referred on to further networks of support once their FWSE support has completed.

Regular check-in points will help determine whether further supports, including continued FWSE, are needed

38 MSD staff will carry out regular check-ins with FWSE participants to ensure they are receiving the right level of support and their business remains viable.

[2] Wandner, Stephen A. and Jon Messenger. (2010). *The Self-Employment Experiments and the Self-Employment Assistance Program.*

Michaelides, Marios and Benus, Jacob. (2011). *Are self-employment training programs effective? Evidence from Project GATE.*

39 Under exceptional circumstances MSD may grant an extension of the FWSE wage subsidy at the end of the 28 week-period. Exceptional circumstances would include circumstances beyond the individual's control, for example a COVID-19 resurgence, major illness, or theft of equipment. In addition, MSD would also require the following:

- The business idea remains viable and is likely to succeed in the near future
- The recipient remains motivated and actively working towards self-employment
- FWSE income support remains essential to success.

40 Business expert advice would help to inform the decision to grant an extension. This would also help to determine whether there are other supports the client could be referred to (eg MBIE supports or business networks) to support them into the future.

Culturally specific service provision will be trialled through regional pilots

41 MSD will carry out pilots in two or three regions to test the effectiveness of culturally specific service provision for Māori and Pacific clients. These will use the same level of supports provided throughout the country as part of the FWSE expansion. However, services will be contracted to Māori and Pacific providers, with the aim of increasing participation, retention and the number of successful outcomes for these communities.

42 Of the FWSE recipients from July 2019 to June 2020, 24 percent were Māori. This is in contrast with Māori making up 36.3 percent of the total number of people receiving a main benefit[3]. Creating a specifically targeted FWSE service will allow us to test whether, beyond increasing wraparound supports, culturally specific service provision will reduce barriers to Māori participation and result in more equitable outcomes. Doing so would align with *He Kai Kei Aku Ringa,* the Crown-Māori Economic Growth Partnership's strategy to 2040 and help Government to meet our obligations under Article Three of te Tiriti o Waitangi/the Treaty of Waitangi, by providing more equitable access to a self-employment pathway.

43 We also know that Pacific people are underrepresented overall in the number of business owners in New Zealand. MBIE's Pacific Economic Strategy for 2015 to 2021 states that just 31 percent of Pacific people report income from other sources such as self-employment and investments, compared with 66 percent of the total population. While this statistic could be mainly due to a difference in investment income, it still shows a disparity in capital that could assist that person to start a business on their own. The report also states that only 1.6 percent (5,400) of the Pacific population are engaged in business (either self-employed, or as an employer). The Pacific-led FWSE pilot will aim to increase the number of Pacific people entering into self-employment, and in alignment with the Pacific Economic Strategy and the Pacific Aotearoa Lalanga Fou report[4], increase the chances of those businesses moving past the start-up phase into sustained self-employment.

44 We will work with Te Puni Kōkiri and MPP to develop the pilots, in consultation with the communities we hope to better serve. We will provide the office of the Minister for Social Development and Employment's office with more detail on the pilots, in

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[3] Compared to 48 percent of Pākehā receiving FWSE from July 2019 to June 2020, while making up 36.9 percent of the total number of main beneficiaries.

[4] Ministry for Pacific Peoples. (2018). *Pacific Aotearoa Lalanga Fou.* Goal 2 of the Lalanga Fou report includes a goal to increase successful and sustainable Pacific entrepreneurs and Pacific-owned businesses in New Zealand.

particular the regions where these pilots will be carried out and the date we expect the pilots to be operational by, ahead of the 18 February Flexi-Wage announcement.

Implementation of changes to Flexi-Wage Self-Employment will be staged

45 MSD will implement changes to expand the length and rate for FWSE beginning from 22 February 2021, subject to discussion with you. Changes to operational guidelines will also be made to ensure clients will not be required to exhaust all job-search opportunities before they can apply for FWSE. This will ensure more people can benefit from the increased support earlier, while also coinciding with the implementation date for the wider Flexi-Wage expansion.

46 Whilst MSD has some existing contracts with providers, further procurement and contracting will be required to expand the coverage and scope of services required for the FWSE expansion, including for establishment of the pilots. We will provide the Minister for Social Development and Employment's office with further information on timeframes and progress in due course.

47 Iterative changes and improvements to our FWSE processes will also be made as necessary, in close consultation with the regions to identify what works.

48 There are currently 106 people whose FWSE contracts are due to expire before 2022. We recommend as part of transitional arrangements that these clients are able be assessed at the end of their contracts and, in exceptional circumstances, MSD may extend their access to FWSE in line with the expanded service. This will ensure current FWSE recipients are able to benefit from the new scheme where appropriate.

The expanded scheme will be monitored and evaluated using an iterative approach

49 The FWSE expansion and accompanying supports, including the set rate and duration, will be monitored and evaluated. This evaluation will be designed to support ongoing learning and improvements. Uptake of the FWSE and expenditure will be monitored on an ongoing basis.

50 Qualitative evaluation will also be important to understand how the FWSE expansion and the pilots providing culturally specific support are meeting the needs of participants.

51 Evaluation will also support assessment of how the pilots testing culturally specific supports are meeting the needs of participants and improving access and outcomes from FWSE. Lessons learnt from evaluation will inform improvements and options for expansion of these supports.

52 FWSE monitoring data will be provided to you monthly as part of wider Flexi-Wage reporting. This reporting will also be provided to the Employment, Education and Training Ministerial Group.

53 Over a longer period evaluation of outcomes, including sustainable benefit exits and employment and income outcomes, will be undertaken using both MSD administrative data and the IDI.

Risks and mitigation

54 There is a risk that increased funding for FWSE could result in MSD supporting people to start up a business who could have done so without support. MSD will mitigate this risk by ensuring FWSE is targeted to people who need the support the most (eg through prioritisation to those disadvantaged in the labour market).

55 There could be a reputational risk should the expanded service have lower than expected uptake, particularly as self-employment will not be a suitable pathway for everyone. This could be mitigated through a robust communications strategy, setting a fixed up-front total payment amount, providing more up-front business support

before people apply to encourage more people with limited business skills to apply, and use of existing regional networks.

56 The expansion could see increased pressure put on MSD frontline staff. This will be mitigated through setting a fixed up-front payment, contracting out business expertise when assessing applications and refining operational processes, which will reduce some administrative load.

57 Introducing a set rate and duration for FWSE could incentivise people to apply for FWSE where they do not have a genuine intent to start their own business. This could increase the number of exits back onto benefit. This risk will be mitigated through robust screening and vetting of applicants. As above, we will also evaluate the impact of the set rate and duration, including potential for inappropriate use.

Next steps

58 Depending on your approval we will draft the necessary changes to the EWRAP to support an increase to the BTAG. We will also work with your office to develop communications material for FWSE alongside the announcement of the broader Flexi-Wage expansion for 18 February. Details about the regions that will pilot culturally specific self-employment and business supports will also be provided to your office ahead of this announcement date.

A13007464

File ref: REP/21/1/007

Author: Out of scope Policy Analyst, Employment Policy

Responsible manager: Out of scope General Manager, Employment and Housing Policy

Review criteria for Flexi-wage Self Employment

Formal review rights don't apply for Flexi-wage Self Employment. This is because this payment isn't provided for under any legislation. Declined BTAG payments and the self-employed start-up payments can be considered by the Benefit Review Committee if the applicant does not agree with the original decision.

A review of Flexi-wage Self Employment should be based on whether an 'informed' decision was made and should have regard to the following:

- was all relevant information obtained
- were the appropriate options and implications considered
- was the decision made at the appropriate level of delegation

Having regard to the delegation level of the original decision, the review should be carried out by the:

- Service Centre Manager
- Regional Director **or**
- Regional Commissioner

MINISTRY OF SOCIAL DEVELOPMENT
TE MANATŪ WHAKAHIATO ORA

Report

Date: 16 December 2020 **Security Level:** IN CONFIDENCE

To: Hon Carmel Sepuloni, Minister for Social Development and Employment

Initial advice on Flexi-Wage Self-Employment

Purpose of the report

1 This report provides advice on current settings and usage of Flexi-Wage Self-Employment (FWSE) and discusses potential improvements and next steps.

Executive summary

2 On 30 November 2020 Cabinet agreed to the expansion of the Flexi-Wage scheme, including ring-fencing $30 million to expand FWSE, with a portion of this funding going towards self-employment support pilots [CAB-20-MIN-0493 refers]. This funding is intended to help out-of-work Kiwis to start their own business, and to encourage entrepreneurship and innovation as part of the COVID-19 response.

3 FWSE is a subsidy intended to help clients to overcome financial barriers associated with moving into self-employment. The expected outcome is that client is able to fully support themselves from their business in time.

4 The FWSE subsidy is calculated on a client's living expenses, needs, skills and expected cash flow of the business they are looking to establish. While the subsidy is available for up to 12 months, in the 2019/2020 financial year, 64 percent of participants received the subsidy for five-to-seven months.

5 FWSE is currently a relatively small-scale programme. Over the past year, 186 clients used the subsidy at a total cost of approximately $2 million. As FWSE is relatively expensive per participant, regions need to manage it very closely to get as many total outcomes as possible from their allocation.

6 The $30 million increase in funding will allow the Ministry of Social Development (MSD) to expand the assistance significantly, front-loading support to ensure that the increase in volumes will occur while enabling us to still select from a pool of high-calibre applications using a robust vetting process. Front-loading support will also assist a greater number of people to develop their business proposals and be accepted following the vetting process.

7 As well as looking at volumes and up-front support, current take-up of FWSE suggests that improvements could be made to better target this support to ensure it is equally accessed across groups. Data shows that FWSE take-up is higher amongst Pākehā, although it is reasonably proportionate to overall numbers of men and women on benefit. Māori and disabled people are underrepresented in FWSE take-up when compared to total proportions of these groups receiving main benefits.

8 Looking at benefit type, the majority of take-up is by those on Jobseeker Support – "Work Ready" followed by those on Sole Parent Support (take-up by the latter group is equal to the proportion on main benefits).

9 MSD, in consultation with other agencies, has identified a number of improvements that could be made to FWSE as part of the expansion, including removing the

expectation that those accessing FWSE have exhausted all other job search alternatives, providing greater operational clarity, increasing the amount of up-front supports, involving subject matter experts in the vetting process, providing on-going support through business mentors, ensuring regional consistency and providing targeted supports to increase access for Māori and Pacific peoples.

10 International evidence supports the consultation and data findings and a summary of selected international supports is attached as **Appendix 1**.

11 Further advice will be provided to you and the Minister of Finance early in the new year (separate from the wider Flexi-Wage expansion report).

Recommended actions

It is recommended that you:

1. **note** the current Flexi-Wage Self-Employment settings and opportunities for improvement (paras 25 to 37)
2. **note** that officials will provide further advice in the new year including:
    - whether any changes to eligibility settings are needed to meet the intent of the expanded programme
    - the appropriate length of the subsidy to ensure Flexi-Wage Self-Employment recipients have the best chance of succeeding
    - what supports will be provided including options for scaling up existing supports and piloting new supports where needed
    - how we intend to report on and evaluate the Flexi-Wage Self-Employment expansion, including evaluation of the pilots.
3. **agree** to forward this briefing to the Minister of Finance for his information

Agree / Disagree

4. **note** that MSD will provide a joint report to you and the Minister of Finance by 22 January 2021, with advice on detailed policy settings for the expanded Flexi-Wage Self-Employment scheme and piloted supports.

pp

Out of scope
General Manager
Employment and Housing Policy

16/12/20
Date

Hon Carmel Sepuloni
Minister for Social Development and Employment

21/12/20
Date

The Government committed to expand Flexi-Wage Self-Employment

12 The Government committed to revamping and expanding the Flexi-Wage programme to support up to 40,000 more New Zealanders into work or to set up a business.

13 On 30 November 2020 Cabinet agreed to the expansion of the Flexi-Wage scheme, including ring-fencing $30 million to expand Flexi-Wage Self-Employment (FWSE). A portion of this funding will go towards self-employment support pilots [CAB-20-MIN-0493 refers]. This funding is intended to help out-of-work Kiwis to start their own business, and to encourage entrepreneurship and innovation as part of the COVID-19 response.

14 This paper also noted that officials would provide more detailed advice, including on FWSE as necessary.

Flexi-Wage Self-Employment currently supports disadvantaged people into self-employment

15 FWSE-style support has been provided by Government in different forms since 1985. When self-employment support was first established as part of the Job Opportunities Scheme, it was targeted to those facing serious obstacles to employment. However, when this was renamed the Enterprise Allowance, eligibility was tightened to "priority status clients" who had been unemployed for at least 26 weeks.

16 Demand for this type of product varies. Following the Global Financial Crisis (GFC), the proportion of the total workforce the rate increased over a three-year period. This may have been driven by employees who lost their jobs during the recession reassessing their employment options and deciding to enter into self-employment. We are seeing the beginnings of a similar trend following COVID-19 with a rise in applications for self-employment assistance. Although this increased interest in entering self-employment may abate once the economy improves, workers who have followed a self-employment pathway will likely experience improved employability as a result.

17 FWSE was established in 2012. It is a subsidy intended to help clients to overcome financial barriers associated with moving into self-employment. The expected outcome is that the client would be able to fully support themselves from their business in time.

18 FWSE is calculated on a client's living expenses, needs, skills and expected cash flow of the business they are looking to establish. FWSE is available for up to 12 months. In the 2019/2020 financial year, 64 percent of participants received the subsidy for five-to-seven months (with the average length being six months).

19 FWSE is currently a relatively small-scale programme - over the past year, 186 clients used the subsidy at a total cost of approximately $2 million (a figure that has remained roughly the same since 2017).

20 FWSE is funded from within the general Flexi-Wage funding allocated to regions and is expensive per participant. Because of this, regions need to manage it very closely to get as many total outcomes as possible from their allocation. Grants from July 2019 to June 2020 show that the majority of FWSE were paid out in the Auckland (46 percent of all grants) followed by Wellington (19 percent), suggesting there is regional variation in using this assistance (although some of this variation could be due to higher population density in those cities).

21 Additional funding through the FWSE expansion will allow MSD to expand this assistance while still ensuring we are selecting from a pool of high-calibre applications. Providing more support at the outset will also assist a greater number of people to develop their business proposals and be accepted following the vetting process.

22 An evaluation of FWSE found that it had a positive impact on time spent independent of the welfare system, but no effect on income or time spent in employment. However, this evaluation was based on less than two years of observed outcomes.

Longer-term impacts on income and employment are expected to become more evident in future evaluations[1].

23 In addition, monitoring data indicates that for the period of 1 July 2018 to 31 May 2020, 77 percent of clients who participated in a FWSE contract remained off benefit for six months after the contract ended (ie achieved sustainable employment).

24 Under current settings, a person receiving FWSE must be:

- a New Zealand citizen or permanent resident and ordinarily resident in New Zealand
- within New Zealand's working-age population
- disadvantaged in the local labour market and
- either:
    - at risk of likelihood of long-term benefit dependency or
    - in a situation where the Regional Director or National Manager for a programme has decided that there is a need to provide assistance (in exceptional circumstances).

Current settings allow for part-time opportunities for some clients...

25 Pro rata wage subsidies for FWSE are also available to clients who are starting to work part-time, between 15-30 hours per week, who either do not have full-time work obligations (eg sole parents) or who have a disability. However, in this situation it is expected that the client will be able to fully support themselves from their business in the near future.

...and for couples or groups to enter into business together

26 People may go into partnership together as a duo or group and receive FWSE if all members intend to participate full-time and if they all individually meet the eligibility criteria. In this situation, only one business plan is needed. FWSE and the Business Training and Advice Grant (see para 20) can be provided on an individual basis.

A number of suitability factors are considered alongside eligibility criteria when deciding to grant Flexi-Wage Self-Employment

27 Due to the demanding nature of self-employment and the relatively high level of financial support provided relative to other employment assistance products, suitability factors are also considered when granting FWSE. Subject matter experts, generally work brokers or labour market advisors, assess eligibility for FWSE. Across regions, the factors that seem to be the most important and frequently used include:

- criteria relating to the viability of the business itself, with consideration to local labour market conditions; for example:
    - has the person researched local labour market conditions?
    - has the person identified a point of difference for their business?
    - has the person considered the market saturation for their product or service (ie how many other similar businesses already exist)?
- criteria regarding the applicant; for example:
    - is the person motivated and serious about starting their own business?
    - does the person have a realistic appreciation of the work needed to make a business successful?

[1] Business survival rates are not currently captured as part of the monitoring of Flexi-Wage Self-Employment.

Flexi-Wage Self-Employment sits within a wider system of self-employment supports

28 FWSE is just one form of self-employment support available through MSD and wider government agencies. As FWSE is a wage subsidy, it is often packaged with other supports to provide mentoring assistance and business advice. For example, other self-employment supports provided by MSD include:

- **Self-Employment Start-Up**– a payment for essential business start-up costs such as leasing premises. Up to $10,000 in a 52-week period
- **Business Training and Advice Grant (BTAG)** – a payment for business advice and training including the development of a business plan. Up to $1,000 in a 52-week period. Over the past year, 285 clients utilised the product at a total cost of approximately $200,000.

29 These forms of assistance are often used to form a package of supports. For example, BTAG is often provided before clients apply for FWSE. BTAG is intended to help them develop the business case that will be used as part of their FWSE application. Self-Employment Start-Up can then be used in conjunction with FWSE when the client starts up their business.

30 In the 2019/20 financial year, 295 people received the Business Advice and Training Grant, while 160 received Self-Employment Start-up and 186 received Flexi-Wage Self-Employment. The average payment for the Business Advice and Training Grant was $735, for Self-Employment Start-Up it was $5,733 and Flexi-Wage Self-Employment was $6,121.

31 There is regional variation in offering these supports, and some regions offer a stronger training component. For example, Auckland currently provides Be Your Own Boss, which is an eight-week long training programme to upskill clients taking a self-employment route.

32 Other agencies, such as the Ministry of Business, Innovation and Employment (MBIE), Inland Revenue and Te Puni Kōkiri (TPK) also provide support and advice for people wanting to enter self-employment (eg covering topics such as taxation, health and safety, book-keeping and cash flow).

33 MSD employment supports are generally targeted to those at-risk of long-term benefit receipt (in alignment with MSD's investment strategy). In contrast, MBIE's self-employment supports are generally non-targeted and provide general business advice, including to business start-ups. Where a person sits outside of our eligibility criteria, MSD can refer potential business owners to supports provided by other agencies.

34 MSD is currently compiling a stocktake of relevant self-employment supports to ensure that the expanded FWSE and pilots do not duplicate existing initiatives. MSD is also looking at opportunities where FWSE could complement existing supports and will leverage these where appropriate.

Officials have identified a number of ways Flexi-Wage Self-Employment could be improved

35 MSD, in consultation with other agencies, has identified a number of improvements that could be made to FWSE as part of the expansion:

- **Eligibility:** removing the expectation that those accessing FWSE have exhausted all other job search alternatives (ie regarding self-employment as an alternative but equal pathway to employment, rather than an option of last resort).
- **Prioritising applicants:** providing greater operational clarity on priority groups to support frontline decision-making.

- **Up-front supports:** ensuring wrap-around supports are provided up-front, including to develop a business plan, before people apply for FWSE. This will help ensure applicants have the appropriate skills, motivation and expectations needed to succeed and to reduce barriers for those without existing business knowledge.
- **Independent expertise:** involving people with the right expertise in vetting applications; for example, having business plans vetted by independent assessors with a background in and understanding of business, to inform regional decision-making.
- **On-going supports:** providing consistent and on-going support through experienced business mentors that continue to be available even after FWSE has ceased.
- **Regional consistency:** increasing regional consistency, whilst allowing adequate flexibility to meet local needs.
- **Targeted supports:** providing supports that are culturally specific to increase access for Māori and Pacific clients.

Improvements could help to better target Flexi-Wage Self-Employment

36 We know that some groups consistently experience poor employment outcomes. As reflected in the all-of-government Employment Strategy, the groups identified as experiencing the most disadvantage in the labour market include Māori, Pacific peoples, youth, disabled people, older people and ethnic minorities and former refugees[2].

37 Current take-up of FWSE suggests that improvements could be made to better target this support to ensure it is equally accessed across groups. As Table 1 shows, when compared to total numbers of main beneficiaries, FWSE take-up is higher amongst Pākehā, although it is reasonably proportionate to overall numbers of men and women on benefit. Take-up from Māori is below the total proportion of Māori receiving main benefits.

Table 1: demographic breakdown of FWSE recipients compared to the total demographic proportion of main beneficiaries

Demographic	Percentage of total FWSE recipients (July 2019 to June 2020)	Total group proportion of main beneficiaries (as at September 2020)
NZ European / Pākehā	48%	36.9%
Māori	24%	36.3%
Pacific peoples	8%	8.7%
Men	46%	46.1%
Women	54%	53.8%

[2] www.mbie.govt.nz/dmsdocument/6614-our-employment-strategy-everyone-working-to-deliver-a-productive-sustainable-and-inclusive-new-zealand.

Tables 2: FWSE grants for the period 1 July 2019 to 30 June 2020 broken down by age group

Age	Percentage
18-24	6%
25-34	27%
25-44	31%
45-54	19%
55-64	17%

Note: the total group proportions of different age groups represented in main benefit numbers are not currently available.

38 Table 2 shows that the highest proportion of FWSE recipients are aged 25 to 44 and receipt tends to skew towards older working-age people. This could be due to older people having the life experience that means they are more prepared for self-employment. While the percentage of recipients aged 19 to 24 may seem low, it is important to note that there are other youth enterprise supports available to this age group, including the Ministry of Youth Development's Youth Enterprise and Entrepreneurship funding.

Table 3: breakdown of FWSE grants for the period 1 July 2019 to 30 June 2020 by benefit type

Benefit type	Percentage of FWSE recipients (July 2019 to June 2020)	Proportion of total benefit type out of total on main benefit
Jobseeker Support - Work Ready	54%	36%
Jobseeker Support – Health Condition or Disability (JS-HCD)	10%	19%
Sole Parent Support	18%	18%
Supported Living Payment (SLP)	4%	25%
Combined JS-HCD & SLP	14%	45%
Not on a benefit	15%	N/A

39 The breakdown of FWSE grants by benefit type (displayed in Table 3 above) shows that the majority of FWSE recipients are "work-ready" jobseekers, followed by a reasonable proportion of sole parents. As might be expected, only a small percentage of people on Supported Living Payment (SLP) are granted FWSE. This is because these clients are less likely to be able to meet the expectation that they will be able to fully support themselves through their business in the near future.

40 Fourteen percent of FWSE recipients are disabled or have a health condition (as shown by the combined JS-HCD and SLP percentages). This is likely an undercount the number of disabled people being supported with FWSE, as some will be captured

under other benefit types, such as Sole Parent Support. However, the numbers still suggest disabled people are underrepresented in total take-up of FWSE.

41 Consultation with TPK and the Ministry for Pacific Peoples suggested the need for bespoke approaches to deliver FWSE and associated supports as a means of attracting and retaining Māori and Pacific participants, reducing barriers and improving equity for these groups. Tailored approaches would also provide better inclusion at the outset by piloting and identifying innovation and options to improve service offerings, as well as provide relevant insights and information that would not be gained by looking at international models[3].

42 The provision of increased wraparound support would also help to reduce barriers for specific groups such as Māori, Pacific peoples and disabled people who may have had fewer opportunities to develop entrepreneurship skills.

43 Ensuring that FWSE materials and services are universally accessible (eg through easy-read formats and hard copy braille) will also contribute to raising the profile of FWSE amongst disabled people as an entry point into self-employment.

Evidence supports these findings

44 Officials have also scanned similar international schemes to understand what self-employment supports are being provided overseas, how they are targeted and what components seem to be the most effective. A summary of selected international supports is attached as **Appendix One**.

45 An OECD report about sustaining self-employment[4] noted four key policy interventions to help improve the sustainability of business starts. These include providing training to boost business management skills, providing coaching and mentoring to address lack of experience, improving access to financing (as new businesses often rely on personal savings and loans), and ensuring access to existing infrastructure of business development services.

46 A number of evaluations of international supports have also been done. One evaluation in the United States (US) looked at two self-employment programmes trialled in different cities. This study found that the programme providing longer-term supports alongside an allowance-type, wage supplement payment was more cost-effective than the programme that front-loaded supports and provided lump-sum allowances to serve as business start-up capital. The more cost-effective programme also saw better business survival rates with 74 percent of participants' businesses still operating nearly three years later versus 61 percent of businesses in the other programme. Both programmes used a thorough screening process to determine suitable candidates[5].

47 Another US study evaluating the effectiveness of a programme called *Project GATE,* which involved significant participant vetting but no monetary support, found that success was dependent on the participants' access to business start-up and mentoring supports. The programme was also found to only be effective for unemployed jobseekers (not those who were employed, self-employed or not in the labour force)[6].

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[3] Improving access for Māori would also help to fulfil our Crown obligations under Article Three of Te Tiriti o Waitangi/The Treaty of Waitangi, by providing more opportunities for Māori to attain self-employment, in line with the rate of Pākehā.

[4] OECD. (2015). *Policy Brief on Sustaining Self-employment*, OECD Publishing.

[5] Wandner, Stephen A. and Jon Messenger. (2010). *The Self-Employment Experiments and the Self-Employment Assistance Program.*

[6] Michaelides, Marios and Benus, Jacob. (2011). *Are self-employment training programs effective? Evidence from Project GATE.*

48 A study looking at a German self-employment assistance programme also found a number of factors that contributed to its success. These included providing a wage subsidy that is equal to the unemployment benefit, using a screening mechanism (including the requirement to develop a business plan that is approved by a third party), generating awareness of the programme through advertising and outreach, and recognising that not everyone is an entrepreneur by implementing restrictive entry requirements.[7]

49 An evaluation of the UK scheme, New Enterprise Allowance, also suggested improvements. In particular it noted that, amongst those involved in the scheme, the broad eligibility criteria were seen as positive (ie assistance was not restricted to longer-duration recipients of income support). It also noted that any future scheme should provide adequate attention to the support provided to participants once they commence trading, given the evaluation highlighted that this was an insufficient feature of the current scheme.

50 At a national level, New Zealand business survival statistics show that 67 percent of all New Zealand businesses born in 2015 were still surviving two years later. This reinforces the need to provide people who are low income and disadvantaged in the labour market with the support they need to boost the likelihood of their new business succeeding.

Further advice will be provided on detailed policy decisions

51 Officials are currently progressing work on how we can best design and deliver the expanded Flexi-Wage Self-Employment and pilots in a way that will achieve the best outcomes.

52 Further advice will be provided to you early in the new year, including:

- whether any changes to eligibility settings are needed to meet the intent of the expanded programme
- the appropriate length of the subsidy to ensure FWSE recipients have the best chance of succeeding
- what supports will be provided including options for scaling up existing supports and piloting new supports where needed
- how we intend to report on and evaluate the FWSE expansion, including evaluation of the pilots.

Next steps

53 MSD will provide a joint report with the Treasury to you and the Minister of Finance by 22 January 2021, with advice on detailed policy settings for the expanded FWSE scheme and piloted supports. This will be separate from the wider Flexi-Wage expansion report.

File ref: REP/20/12/1170

A12920307

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[7] OECD. (2016). *Inclusive Business Creation: Good Practice Compendium,* OECD Publishing.

Appendix One: Summary of selected international self-employment supports

Country	Name of Scheme	Eligibility	Prerequisites	Support provided	Evaluations of the scheme
Australia	New Enterprise Incentive Scheme (NEIS)	People do not have to be receiving a benefit but must be able to work the required hours in proposed business. The scheme has recently been expanded to include people who are working, caring or studying part-time and micro-business owners impacted by COVID-19.	The business idea must meet eligibility criteria. Following this, must complete up to 13 weeks of free small business training, in which a business plan is developed. Following this, business plan must be approved.	Those receiving benefits can receive the NEIS allowance for up to 39 weeks following approval of business plan. The allowance is equivalent to the unemployment benefit. Those on benefits still receive benefits during the training phase. All participants receive a minimum of five Business Mentoring visits over a period of 52 weeks.	A 2002 evaluation found high labour market outcomes for participants. Around 80% of participants were in employment three months after cessation of assistance. Around 70% of those on unemployment benefits at commencement were no longer receiving benefits at both three and six months after completion of NEIS. It was noted that deadweight loss associated with the programme was likely to be very high (in terms of those who would have found employment anyway), but noted that many may never have started up their own business in the absence of the scheme.
United Kingdom	New Enterprise Allowance	People or their partners who are receiving Universal Credit, Jobseeker's Allowance or the Employment and Support Allowance (for people with disabilities). People getting Income Support and who are a lone parent, sick or disabled.	Must attend a workshop, after which business proposition is assessed. Following this, must go through a 12-week mentoring phase to develop a business plan with the support of a mentor. If this plan is agreed, optional 13-week Business Development Phase. During this phase, must start trading and stop claiming benefit.	Weekly allowance worth up to £1,274 over 26 weeks once participant starts trading. Can still receive benefit during mentoring and business development phase. Can apply for a start-up loan of between £500 and £25,000. Business mentors available for first 52 weeks.	A 2018 qualitative evaluation found the programme offered effective support for those interested in self-employment as a route to enter the labour market. The evaluation noted that amongst those involved in the scheme, the broad eligibility criteria were seen as positive. The mentoring phase and the weekly allowance were noted to be a vital part of the design, but the optional loan was less well received. The general impression of the support offered by mentors was that it was flexible and tailored to the needs of participants, however it was noted that ongoing support following approval of business plans was often limited and ad-hoc.

Country	Name of Scheme	Eligibility	Prerequisites	Support provided	Evaluations of the scheme
United States	Self-Employment Assistance (SEA)	Eligible for Unemployment Compensation (UC) Permanently laid off from previous job Identified as likely to exhaust UC benefits Participating in self-employment activities including entrepreneurial training, business counselling, and technical assistance	Differs by state. For example, New York State requires at least 20 hours of entrepreneurial training and at least two meetings with a business counsellor.	A weekly allowance instead of regular unemployment benefits, for the same duration.	Based on a group comparison between SEA participants and SEA-eligible (but non-participating) individuals, a 2001 study highlighted several positive outcomes. First, the analysis concluded that SEA participants were 19 times more likely than eligible non-participants in sample states to be self-employed at any point after their period of unemployment. Second, the study found that SEA program participants were four times more likely to have obtained any type of employment (i.e., self-employment or wage/salary employment) than eligible non-participants. Finally, SEA program participants reported high levels of satisfaction with self-employment and the training they received as part of the SEA program.

Flexi-Wage products

Flexi-wage provides a wage subsidy and extra assistance to support employers to take on eligible people who do not meet the entry level requirements of the job.

This helps people get the employment skills and experience they need to get into and stay in unsubsidised employment.

To get Flexi-wage

A person needs to be:

- at risk of being on a benefit long-term, or
- disadvantaged in the labour market, or
- have specific needs or barriers to employment AND
- must not meet the entry level requirements of the job.

More information

- Flexi-wage Subsidy : Contents - Map
- Flexi-wage Hub - Doogle
- Flexi-Wage Project in the Community - Doogle
- Flexi-wage – job seeker information - Work and Income
- Flexi-wage subsidy - employer information -

Flexi-wage Project in the Community

Flexi-Wage Project in the Community is a wage subsidy that allows disadvantaged job seekers the opportunity to participate in community and environmental based project work. Here, they can develop work habits and general on-the-job skills.

To qualify for Flexi-wage Project in the Community, a client must:

- meet the Flexi-wage general Client eligibility criteria - Map
- qualify for Band 3 Band 3 - Disadvantaged, at risk and has specific needs - Map

Sponsors are employers who manage and supervise the

Flexi-wage for Self-employment

Flexi wage Self-Employment is a wage subsidy to help clients overcome financial barriers associated with moving into self-employment. To qualify for Flexi-wage Self-Employment, people need to:

- be of working age
- meet specific residency criteria
- be at risk of long-term benefit receipt and,
- be disadvantaged in the labour market, and
- have a viable business idea.

For the different types of support available for people starting their self-employment journey, please check: Flexi-wage Self-

Work and Income	client throughout the project, this is the same as an employer in a standard Flexi-wage arrangement. Flexi-Wage Project it the Community – Sponsors - Doogle For more information, see: • Wage subsidy - Map • Flexi-wage Introduction - Doogle	Employment Eligibility and Payments - Doogle. More information • Wage subsidy - Map • Flexi-wage Self-employment - Doogle • Flexi-wage for self-employment - Work and Income • Other support may be available through Self-employment related programmes.

Rates for employers and self-employed people

Flexi-wage may be paid for:

- 24 weeks at $234.945 per week or $5,638.68 total, or
- 36 weeks at $313.26 per week or $11,277.36 total.

The length of the subsidy available depends on the level of support a person needs to meet the entry level requirements of the job.

Additional support is also available for employment-related training, or in-work support, for those people who need different or additional levels of support. If you believe the client needs additional help and support please pass their details, or the details of the employer, to the regional work brokers.

Self-employed

Eligible people may be able to access:

- $600 a week over 28 weeks, totalling $16,800 (pro-rated for those pursuing self-employment part-time)
- increased funding support through the Business, Training and Advice Grant, up to $5,000.

People moving into self-employment may also be able to access up to $10,000 to help with business start-up costs through the existing Self-Employment Start-Up payment.

How to apply for Flexi-wage

Employers

There's more information on our website. There's a form available for businesses to complete if they want MSD to contact them.

When you get a call from an employer who is interested in applying, you should:

- let them know there's detailed information available: Flexi-wage - Work and Income
- if they're ready to apply now, invite them to complete the Flexi-wage employer form - Work and Income

Job seekers

Clients can make enquiries about Flexi-wage:

- let them know there's detailed information available: Flexi-wage - Work and Income
- by speaking with a case manager or work broker,
- or by calling us.

If they'd like more details about Flexi-wage, clients can contact their case manager or work broker directly to have a chat. If they don't have their contact details, transfer or provide the contact details.

Self-employed job seekers

Direct self-employed job seekers wanting to apply for Flexi-wage to: Flexi-wage for self-employment - Work and Income.

- We may be able to help eligible job seekers with business training and advice on how to run a business and complete a business plan. For more info, incl compulsory external vetting: Business Training and Advice Grant - Doogle.
- If the client has a business plan ready, transfer them to (or provide the contact details of) a local work broker.
- You could also direct them to Getting business planning advice - Business.govt.nz for advice and mentoring suggestions.

Feedback

Flexi-wage Self-Employment Eligibility

Flexi wage Self-employment is a subsidy that helps eligible clients with the costs related to moving into self-employment. This page outlines the client, employment, and business eligibility requirements.

On this Page:

Client eligibility criteria

To qualify for Flexi-wage Self-Employment (FWSE), a client must meet the following client eligibility criteria:

be aged 18 years or older and not qualified to get New Zealand Superannuation in their own right
meet the Flexi-wage residency criteria [https://doogle.ssi.govt.nz/map/employment-and-training/specific-employment-related-assistance/flexi-wage-subsidy/residence-01.html]
not be insolvent [https://doogle.ssi.govt.nz/resources/helping-clients/procedures-manuals/work-and-income/employment-training/employment-and-work-readiness-assistance/flexi-wage-self-employment/flexi-wage-self-employment-and-self-employment-start-up-clients-who-may-not-be-eligible.html]
be unemployed
be at risk of long-term benefit receipt, and
be disadvantaged in the labour market.

At risk of long-term benefit receipt

At risk of long-term benefit receipt [https://doogle.ssi.govt.nz/map/employment-and-training/specific-employment-related-assistance/flexi-wage-subsidy/deciding-if-a-client-is-at-risk-of-long-term-benefit-receipt.html] means there is a risk a client will get or continue getting a main benefit for an indefinite period.

To decide whether a person is at risk of getting a benefit long-term, you need to consider several factors. These include:

demographic information e.g., age, gender, ethnicity, and location
level of skills, employment experience and education
specific barriers to employment e.g., medical conditions, caring responsibilities
benefit status and history e.g. ,current period they have been getting a main benefit, time spent on and off benefit, age when they first started getting a benefit
previous times they got, or participated in, MSD employment programmes and services

Generally, a person at risk of long-term benefit receipt is either:

getting or qualifies for a main benefit or
has a partner who is getting or qualifies for a main benefit

Clients not on a main benefit who meet the following criteria may also be at risk of long-term benefit receipt:

they and their partner are unemployed, or
they and their partner are employed, but
they are underemployed (i.e., working part-time but can and wants to work full-time) or have low job security (e.g. casual, fixed term, at risk of redundancy), and
they would qualify for a main benefit if they weren’t employed, and

one or both partners have a recent or long history of receiving a main benefit.

Note there is no income test, even for people not getting a main benefit.

On benefit and not at risk

Not everyone receiving a main benefit will be at risk of long-term benefit receipt. For example a person who is work ready, can get and retain employment without help, and only requires income support for a short period while they find employment, or a person new to benefit with no history of benefit receipt and no barriers to employment.

Disadvantaged in the labour market

A client who is disadvantaged in the labour market [https://doogle.ssi.govt.nz/map/employment-and-training/specific-employment-related-assistance/flexi-wage-subsidy/deciding-if-a-client-is-disadvantaged-in-the-labour-market.html] is someone who has, or is expected to have, difficulty getting into or staying in unsubsidised employment.

This includes a person who:

has significant barriers to employment [https://doogle.ssi.govt.nz/map/employment-and-training/specific-employment-related-assistance/flexi-wage-subsidy/significant-barriers-to-employment.html] or

is underemployed, or is in a job with low job security [https://doogle.ssi.govt.nz/map/employment-and-training/specific-employment-related-assistance/flexi-wage-subsidy/low-job-security-or-underemployed.html] , or

has lost their job, and whose occupation, industry or region is (or is expected to be) affected by an economic downturn [https://doogle.ssi.govt.nz/map/employment-and-training/specific-employment-related-assistance/flexi-wage-subsidy/displacement-due-to-economic-downturn.html] .

Affected by an economic downturn

This could include people in:

industries that have been negatively affected by an economic downturn, particularly industries with a high concentration of people with low-medium education levels

regions that depend on either a lot of industries affected by an economic downturn, or a small number of large employers who have been affected

occupations that are no longer in high demand by employers, or the person has skills which are severely mismatched to the jobs available.

Employment eligibility criteria

To qualify for Flexi-wage Self-Employment the employment must be:

permanent (i.e., on-going), and

30 hours or more per week for people with full-time work obligations, or

15 hours or more per week for people with part-time work obligations or a deferral from work obligations (if they can work 15 hours or more). They must be able to fully support themselves from their business without a main benefit.

Note the hours requirement also applies to clients not getting a main benefit. The work obligations are based on what their obligations would be if they were getting a main benefit.

Business eligibility criteria

To qualify for Flexi-wage Self-Employment the business must:

be based and operating in New Zealand

be viable

not be an inappropriate business [https://doogle.ssi.govt.nz/resources/helping-clients/procedures-manuals/work-and-income/employment-training/employment-and-work-readiness-assistance/flexi-wage-self-employment/flexi-wage-self-employment-and-self-employment-start-up-inappropriate-businesses.html] or an unsuitable industry [https://doogle.ssi.govt.nz/resources/helping-clients/procedures-manuals/work-and-income/employment-training/employment-and-work-readiness-assistance/flexi-wage-self-employment/flexi-wage-self-employment-and-self-employment-start-up-industries-that-may-not-be-suitable.html]

not be a business previously operated by the client [https://doogle.ssi.govt.nz/resources/helping-clients/procedures-manuals/work-and-income/employment-training/employment-and-work-readiness-assistance/flexi-wage-self-employment/flexi-wage-self-employment-and-self-employment-start-up-clients-who-may-not-be-eligible.html] , and

not be a business currently operated by the client [https://doogle.ssi.govt.nz/resources/helping-clients/procedures-manuals/work-and-income/employment-training/employment-and-work-readiness-assistance/flexi-wage-self-employment/flexi-wage-self-employment-and-self-employment-start-up-clients-who-may-not-be-eligible.html] (except in specific circumstances).

Viable

This means the business has high chance of long-term survival and the ability to sustain profits over a long period of time. To decide whether a business is viable you might consider:

how strong the business plan [https://doogle.ssi.govt.nz/resources/helping-clients/procedures-manuals/work-and-income/employment-training/employment-and-work-readiness-assistance/flexi-wage-self-employment/flexi-wage-self-employment-business-plan.html] is

demand for the product or service the client wants to provide

level of competition within the market

information from the independent vetting assessment [https://doogle.ssi.govt.nz/resources/helping-clients/procedures-manuals/work-and-income/employment-training/employment-and-work-readiness-assistance/flexi-wage-self-employment/flexi-wage-self-employment-vetting.html]

any other relevant information about the client that indicates whether they are likely to be successful in running the business.

If a client is going into a business with other people, refer to the People going into business together [https://doogle.ssi.govt.nz/resources/helping-clients/procedures-manuals/work-and-income/employment-training/employment-and-work-readiness-assistance/flexi-wage-self-employment/flexi-wage-self-employment-and-self-employment-start-up-people-going-into-business-together.html] page for more information.

Content owner: Employment Portfolio **Last updated:** 12 March 2024

Debt recovery process for Mana in Mahi and Flexi-wage

This page provides information about how to recover Flexi-wage, Flexi-wage Self-employment and Mana in Mahi debts.

Stage	Steps	Tools & Forms
Contacting the client or employer	**1.** The Contract Manager will contact the client / employer a. If contact with the client/employer is successful, go to step 2. b. If unsuccessful, email Client Support Debt Management (CSDM) at CSDM_FWSE_Debt@msd.govt.nz [mailto:CSDM_FWSE_Debt@msd.govt.nz] with the debt details and advise you have been unable to contact the client/employer. No further action is required. **2.** If you are contacting the: a. Employer, go to step **3** b. Non-current MSD client, go to step **7** c. Current MSD client, go to step **11**.	
Process for recovering debt from an employer	**3.** The process for recovering debt from the employer is the same whether the employer offers, or is required, to repay some funding. Have a discussion with the employer about the amount to be repaid and how they wish to repay it. Repayment can be made: a. In one lump sum payment; or b. As a partial lump sum with regular repayments for the balance, paid within 3 months; or c. By regular repayments over 3 months. **4.** An invoice needs to be raised by completing the National Accounting Centre (NAC) Invoice Request form for NAC to send to the employer. Click on the "*Accounts Receivable*" link in the **Tools & Forms** column if you need help with how to do this. **5.** Create a manual letter to confirm the debt amount and arrangement made. Refer to the links in the **Tools & Forms** column for the appropriate letter e.g.: a. *Letter 1 for Flexi-wage and Mana in Mahi debts*, or b. *Letter 2 for Flexi-wage Self-employment debts* **6.** Send a copy of the manual letter to NAC at: NAC_financial_services@msd.govt.nz [mailto:NAC_financial_services@msd.govt.nz]	Accounts Receivable [https://doogle.ssi.govt.nz/helping-you/finance/finance-forms/accounts-receivable.html] Letter 1 - Flexi-wage and Mana in Mahi [https://doogle.ssi.govt.nz/documents/business-groups/helping-clients/service-delivery/strategy-and-change/employment/flexi-wage-debt-recovery/letter-1-mana-in-mahi-june-2022.docx] Letter 2 - Flexi-wage Self-employment [https://doogle.ssi.govt.nz/documents/business-groups/helping-clients/service-delivery/strategy-and-change/employment/flexi-wage-debt-recovery/letter-2-flexi-wage-self-employment-june-2022-employer.docx]
Process for recovering debt	**7.** Have a discussion with the client about the debt established and arrange the debt recovery.	Letter 3 - Flexi-wage and Mana in Mahi [https://doogle.ssi.govt.nz/documents/business-groups/helping-clients/service-delivery/strategy-

<table>
<tr><th>Stage</th><th>Steps</th><th>Tools & Forms</th></tr>
<tr>
<td>from a non-current MSD client</td>
<td>Repayment can be made:
a. In one lump sum payment, or
b. As partial lump sum with regular repayments for the balance, or
c. By regular repayments

8. Create a manual letter to confirm the debt amount and arrangement made. Refer to the links in the Tools & Forms column for the appropriate letter e.g.:
a. Letter 3 for Flexi-wage and Mana in Mahi debts, or
b. Letter 5 for Flexi-wage Self-employment debts

9. Add notes to the client’s CMS record, include the debt amount and debt reason. Note that an email will be sent to CSDM, and a letter has been sent to the client to confirm the debt amount and the agreed repayment arrangement.

10. Email CSDM with the debt and arrangement details, to ensure they can track the debt at: CSDM_FWSE_Debt@msd.govt.nz [mailto:CSDM_FWSE_Debt@msd.govt.nz] .</td>
<td>and-change/employment/flexi-wage-debt-recovery/letter-3-flexi-wage-mana-in-mahi-non-current-clients-june-2022.docx]

Letter 5 - Flexi-wage Self-employment [https://doogle.ssi.govt.nz/documents/business-groups/helping-clients/service-delivery/strategy-and-change/employment/flexi-wage-debt-recovery/letter-5-flexi-wage-self-employment-june-2022-non-current-clients.docx]</td>
</tr>
<tr>
<td>Process for recovering debt for a current MSD client</td>
<td>11. Have a discussion with the client about the debt established and arrange the debt recovery. Repayment can be made:
a. In one lump sum payment; or
b. As a partial lump sum with regular deductions from their benefit* for the balance; or
c. With regular deductions from their benefit*, use the table below as a guide

*Mana in Mahi, Flexi-wage Self-employment (FWSE) and Self-employment Start-up (SESU) are debts that can be automatically repaid from benefit. FWSE weekly Wage Subsidy cannot be automatically repaid from benefit and requires the client’s agreement or an alternative payment method e.g., Automatic Payments
<table>
<tr><th>Debt Amount</th><th>Weekly Repayment</th></tr>
<tr><td>Under $2000</td><td>$25.00</td></tr>
<tr><td>$2000 to $3000</td><td>$30.00</td></tr>
<tr><td>$3000 to $5000</td><td>$35.00</td></tr>
<tr><td>$5000 to $6000</td><td>$40.00</td></tr>
<tr><td>$6000 to $8000</td><td>$45.00</td></tr>
<tr><td>Over $8000</td><td>$50.00</td></tr>
</table>
12. If repayment will be by deductions from benefit, consider the other debt the client is repaying from their benefit, including attachment orders and agree on a reasonable, sustainable deduction from their benefit. If they are paying</td>
<td>Letter 4 – Flexi-Wage & Mana in Mahi [https://doogle.ssi.govt.nz/documents/business-groups/helping-clients/service-delivery/strategy-and-change/employment/flexi-wage-debt-recovery/letter-4-flexi-wage-and-mana-in-mahi-current-clients-june-2022.docx]

Letter 6 – Flexi-Wage Self Employment [https://doogle.ssi.govt.nz/documents/business-groups/helping-clients/service-delivery/strategy-and-change/employment/flexi-wage-debt-recovery/letter-6-flexi-wage-self-employment-for-a-current-msd-client-june-2022.docx]</td>
</tr>
</table>

Stage	Steps	Tools & Forms
	by an alternative method, agree on a reasonable and sustainable repayment amount **13.** Create a manual letter to confirm the debt amount and arrangement made. Refer to the links in the **Tools & Forms** column for the appropriate letter e.g.: a. *Letter 4 for Flexi-wage and Mana in Mahi debts*, or b. *Letter 6 for Flexi-wage Self-employment debts* **14.** Add notes to the client's CMS record, include the debt amount and debt reason. Note that an email will be sent to CSDM, and a letter has been sent to the client to confirm the debt amount and the agreed repayment arrangement. **15.** Email CSDM with the debt and arrangement details, to ensure they can track the debt CSDM_FWSE_Debt@msd.govt.nz [mailto:CSDM_FWSE_Debt@msd.govt.nz] .	

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Do you want to start your own business?

We may be able to support you and help with costs while you get started.

Flexi-wage Self-employment is one of the ways we support New Zealanders into work.

Who can get Flexi-wage Self-employment?

You may be able to get Flexi-wage Self-employment if you're all of the following:

- out of work
- aged between 18 and 64 inclusive (or 65+ and don't qualify for NZ Super)
- disadvantaged in the local labour market
- at risk of long-term benefit dependency
- able to meet the residency criteria
- not be insolvent.

Flexi-wage Self-employment includes:

- $600 a week over 28 weeks, totalling $16,800 (GST inc) if you're running your business full-time
- a Business Training and Advice Grant of up to $5,000 (to develop a business plan or participate in training for business skills, advice and producing project reports).

Contact us if you're interested

We'll talk with you about your business idea, your needs and what type of help we may be able to offer.

We'll need to see your business plan and, if you don't already have one, help you find out how to create one. We can also tell you how a Business Training and Advice Grant might be able to help.

We then send your business plan to be independently assessed to make sure the business is potentially viable.

We'll let you know the outcome of the assessment and, if it's approved, we'll send you a contract to get Flexi-wage underway.

Find out more by calling our Employer Services team, **0800 778 008**, or go to **www.workandincome.govt.nz/flexiwage**

You may also be able to get up to $10,000, to help with business start-up costs, through our Self-employment start up payment: **www.workandincome.govt.nz/startup**

EMPL1202W – MAY 2021

Flexi-Wage Self-Employment and Self-Employment Start-up – Process

This page explains the process for Flexi-Wage Self-Employment and Self-Employment Start-up. It also provides links to further information on specific parts of the process.

Roles and responsibilities in Flexi-wage Self-employment decisions

When a case manager and client make decisions about Flexi-wage Self-employment (FWSE), there are three key roles in the decision-making process for FWSE. They are:

the FWSE specialist Work Broker in your region (if there is one)
Vetting Agents and,
Business Advisors.

Check out the Roles and responsibilities in FWSE and Start-up [https://doogle.ssi.govt.nz/resources/helping-clients/procedures-manuals/work-and-income/employment-training/employment-and-work-readiness-assistance/flexi-wage-self-employment/flexi-wage-self-employment-specialist-process.html] link to find out about the roles and responsibilities in the process, so you know when to involve them.

Business process links

- FWSE Business Process - Written (Word 38.36KB) [http://doogle/documents/resources/helping-clients/procedures-manuals/work-and-income/employment-training/employment-and-work-readiness-assistance/flexi-wage/fwse-business-process-final.docx]
- FWSE Business Process Flow (PDF 120.61KB) [http://doogle/documents/resources/helping-clients/procedures-manuals/work-and-income/employment-training/employment-and-work-readiness-assistance/flexi-wage/fwse-business-process-final.pdf]

Privacy form and Consent

Before we assess a client's eligibility to FWSE, or complete any part of the process, we need the client to either sign a privacy form or provide their verbal consent for us to do this.

We need the client's consent because we use their personal information to assess their entitlement to FWSE, process the application, and sometimes to refer them to a contracted service provider as part of the application process.

Refer to the Privacy and Consent Process [https://doogle.ssi.govt.nz/resources/helping-clients/products-services/work-and-income/industry-partnerships/mana-mahi/privacy-form-and-consent-process.html] page for this process and to answer any questions or concerns the client might have.

If the client refuses to provide their consent, the application must not continue

If the client agrees to provide their consent, follow the consent process, then continue to the next section, *"Process for FWSE and Self-employment Start-up"*.

Process for FWSE and Start-up

Stage	Steps	Tools & Forms
Job seeker (client) expresses interest in Flexi-Wage Self-Employment (FWSE)	**1.** If a Job Seeker (client) says they are interested in applying for Flexi-wage Self-employment (FWSE) the Case Manager will need to check that they meet the	Eligibility criteria [http://doogle/resources/helping-clients/procedures-manuals/work-and-income/employment-training/employment-and-work-readiness-assistance/flexi-

Stage	Steps	Tools & Forms
and/or Self-Employment Start-up (SESU)	client eligibility criteria. If you need help with this, click on the link for the "*Eligibility criteria*" in the **Tools and Forms** column. If you are unsure, please refer to the FWSE specialist Work Broker within your region. **2.** If the client does not meet the client eligibility criteria the Case Manager will complete and send the "*FWSE TEMPLATE - First Contact & Not Eligible (Decline letter 2)*" in the **Tools & Forms** column. • Advise the client there is other assistance or funding available, that they may want to consider. Refer to the "*Other assistance / funding for job seekers*" link in the **Tools & Forms** column. • Continue to step **3**. If the client meets the client eligibility criteria, the Case Manager will complete and send the "*FWSE TEMPLATE - First Contact & Eligible (Letter 1)*" and the "*FWSE TEMPLATE - Are you thinking of becoming self-employed*" assessment form to the client via email. Both letters/forms can be found in the **Tools & Forms** column. Continue to the next step. **3.** The Case Manager must record the conversation, and any relevant information, into a client event note, on the client's CMS record. If the client doesn't have a CMS record, you'll need to create one. Refer to the "*CMS - Searching and registering a new person*" link in the **Tools & Forms** column. The client event notes must include the following: a. Confirmation that the client has completed the Privacy/Consent process. **Note:** If the client signed the privacy form, scan this onto the client's CMS file and link it to this note. Refer to the "*Uploading electronic documents to CMS*" link in the **Tools & Forms** column if you want help with this. b. Whether the client does or does not meet the client eligibility criteria (include reasons, if appropriate) c. A copy of the email template sent to the client, including the sender details. **4.** If the client is not eligible for FWSE, no further action is taken. **End of process.** If the client is eligible, continue to the next step. **5.** Refer the client to the FWSE specialist Work Broker if they are not already in contact.	wage-self-employment/flexi-wage-self-employment-eligibility.html] Other assistance / funding for job seekers [http://doogle/resources/helping-clients/procedures-manuals/work-and-income/employment-training/employment-and-work-readiness-assistance/flexi-wage-self-employment/other-sources-of-assistance-funding-for-self-employment.html] FWSE TEMPLATE - First Contact & Not Eligible (Decline letter 2) [https://doogle.ssi.govt.nz/documents/resources/helping-clients/procedures-manuals/work-and-income/employment-training/employment-and-work-readiness-assistance/flexi-wage/doc-2-fwse-first-contact-client-not-eligible.docx] FWSE TEMPLATE - First Contact & Eligible (Letter 1) [https://doogle.ssi.govt.nz/documents/resources/helping-clients/procedures-manuals/work-and-income/employment-training/employment-and-work-readiness-assistance/flexi-wage/doc-1-fwse-first-contact-eligible.docx] FWSE TEMPLATE - Are you thinking of becoming self-employed [https://doogle.ssi.govt.nz/documents/resources/helping-clients/procedures-manuals/work-and-income/employment-training/employment-and-work-readiness-assistance/flexi-wage/doc-3-are-you-thinking-of-becoming-self-employed.docx] CMS - Searching and registering a new person [https://doogle.ssi.govt.nz/documents/business-groups/helping-clients/service-delivery/strategy-and-change/employment/cms-searching-and-registering-a-new-person.pdf] Uploading electronic documents to CMS [https://doogle.ssi.govt.nz/business-groups/helping-clients/service-delivery/strategy-and-change/uploading-documents-to-cms.html]

Stage	Steps	Tools & Forms
The FWSE specialist Work Broker discusses the FWSE application process and expectations with the client	**6.** If the client has a business idea the FWSE Specialist Work Broker will check whether it meets the business and employment eligibility criteria. Refer to the "*Eligibility criteria*" link in the **Tools & Forms** column if you need further information. **Note:** the FWSE specialist Work Broker will complete all further actions in this process unless advised otherwise **7.** Explain the next steps of the process and expectations to the client, including: a. the business plan requirements, b. the vetting process, and c. that there may be on-going support from business experts or mentors that can help guide them through these processes, and d. that we have a list of preferred suppliers if the client needs this, or any additional support. **8.** Ask the client if they need help to create a business plan. If the client doesn't need help creating a business plan, continue to step **9**. If the client does need help completing a business plan: a. refer the client to the "*List of preferred suppliers*" link in the **Tools & Forms** column, and b. complete the Business Training and Advice Grant (BTAG) process. Refer to the "*Business Training and Advice Grant*" link in the **Tools & Forms** column. **Note:** Once the business plan has been completed, continue to the next step.	Eligibility criteria [http://doogle/resources/helping-clients/procedures-manuals/work-and-income/employment-training/employment-and-work-readiness-assistance/flexi-wage-self-employment/flexi-wage-self-employment-eligibility.html] List of preferred suppliers (PDF 390.35KB) [http://doogle/documents/resources/helping-clients/procedures-manuals/work-and-income/employment-training/employment-and-work-readiness-assistance/flexi-wage/btag-provider-list.pdf] Business Training and Advice Grant [https://doogle.ssi.govt.nz/resources/helping-clients/procedures-manuals/work-and-income/employment-training/employment-and-work-readiness-assistance/business-training-and-advice-grant-btag-/business-training-and-advice-grant-btag-landing-page.html]
Client submits their business plan for vetting	**9.** Check that the client's business plan and all required information is provided. **Note:** This is not to evaluate the business plan or viability of the business, it is to ensure that all necessary information has been provided, before it is forwarded to the independent vetting agent. This includes, but is not limited to the following: a. Full business details b. What the business does and how c. Strategies and goals d. Market and competitor analysis e. Current and planned assets list. f. Financial planning, including cash flows, profit and loss forecast and any debt owing to MSD. **10.** Complete and send the "*FWSE TEMPLATE - Business Plan Acknowledgement (Letter 4)*" letter to the client via email. The link for this is in	FWSE TEMPLATE - Business Plan Acknowledgement (Letter 4) [https://doogle.ssi.govt.nz/documents/resources/helping-clients/procedures-manuals/work-and-income/employment-training/employment-and-work-readiness-assistance/flexi-wage/doc-4-fwse-business-plan-acknowledgment.docx]

Stage	Steps	Tools & Forms
	the **Tools & Forms** column. • If the business plan is complete, edit the letter to acknowledge this before sending it to the client. • If the business plan is missing information, edit the letter to advise what information is missing and include a return date you need the information by, before sending it to the client. When the client has provided all the information required for the business plan, continue to the next step.	
Vetting agent and vetting report with recommendation	**11.** Provide the vetting agent with the client's business plan and complete the BTAG process. Refer to the "*BTAG process*" link in the **Tools & Forms** column for information about this process. **12.** Once the vetting agent has reviewed the business plan they will provide a report to the FWSE specialist Work Broker and a recommendation letter. Refer to the "*BTAG Vetting*" link in the **Tools & Forms** column for further information about this process. **13.** Re-check the client's eligibility in case their circumstances have changed since the initial application. If the client is no longer eligible for FWSE: • complete and send the "*FWSE TEMPLATE - Application declined - Client Based (Letter 5)*"letter to the client via email. The letter can be found in the **Tools & Forms** column • scan a copy of the letter and email into the client's CMS file • End of process. **Note:** If the client disagrees with this decision and wishes to review/challenge it, refer to step **28** for the review process. If the client is eligible, continue to the next step. **14.** Check whether the vetting agent's recommendation is that the business is viable. If the vetting agent recommends that the business is not currently viable, they may provide advice to the client or help them adjust their business plan **15.** If the vetting agent doesn't recommend the business plan: • complete and send the "*FWSE TEMPLATE - Application declined - Business Based (Letter 6)*" letter to the client via email. The letter can be found in the **Tools & Forms** column • scan a copy of the letter and the email into the client's CMS file	BTAG Process [https://doogle.ssi.govt.nz/resources/helping-clients/procedures-manuals/work-and-income/employment-training/employment-and-work-readiness-assistance/business-training-and-advice-grant-btag-/business-training-and-advice-grant-btag-process-overview.html] BTAG - Vetting [https://doogle.ssi.govt.nz/resources/helping-clients/procedures-manuals/work-and-income/employment-training/employment-and-work-readiness-assistance/business-training-and-advice-grant-btag-/business-training-and-advice-grant-btag-vetting.html] FWSE TEMPLATE - Application declined - Client Based (Letter 5) [https://doogle.ssi.govt.nz/documents/resources/helping-clients/procedures-manuals/work-and-income/employment-training/employment-and-work-readiness-assistance/flexi-wage/doc-5-fwse-application-decline-client-based.docx] FWSE TEMPLATE - Application declined - Business Based (Letter 6) [https://doogle.ssi.govt.nz/documents/resources/helping-clients/procedures-manuals/work-and-income/employment-training/employment-and-work-readiness-assistance/flexi-wage/doc-6-fwse-application-decline-business-based.docx] Uploading electronic documents to CMS [https://doogle.ssi.govt.nz/business-groups/helping-clients/service-delivery/strategy-and-change/uploading-documents-to-cms.html]

Stage	Steps	Tools & Forms
	• End of process. **Note:** If the client disagrees with this decision and wishes to review/challenge it, refer to step **28** for the review process. If the vetting agent has recommended the business plan, the FWSE specialist Work Broker will: • inform the Manager Regional Employment of the outcome, and • scan and save the business plan and vetting report into the client's CMS record. **Note:** these documents will need to be linked to the relevant CMS client event note once they have been created (step **23**).	
Deciding how much to grant	**16.** The FWSE subsidy is paid at a set rate of $600 a week for 28-weeks ($16,800 in total). For couples, the amount will be $360 each per week, for 28 weeks ($10,800 each, in total). **Note:** FWSE can be pro-rated for those with part-time work obligations, but the client must be able to show they can support themselves from their earnings in time and not need a benefit. Refer to the "*FWSE Payments*" link in the **Tools & Forms** column if you need more information about the subsidy or pro-rated rate. **17.** Costs associated with starting a business are provided for under Self-Employment Start-Up, up to $10,000. Use the business plan and vetting agent's report to work out the exact amount of Self-Employment Start-up required. From the business plan and vetting agent's report, work out when the mid-project financial report would be due.	FWSE Payments [http://doogle/resources/helping-clients/procedures-manuals/work-and-income/employment-training/employment-and-work-readiness-assistance/flexi-wage-self-employment/flexi-wage-self-employment-payments.html]
Granting Flexi-Wage Self-employment and / or Self-Employment Start-Up	**18.** To grant Flexi-Wage Self-Employment and/or Self-Employment Start-up, complete the Flexi-Wage Self-Employment Agreement in CMS and send to your Manager Regional Employment. The client will be required to provide you with: • Verified bank account details, IRD and GST numbers • a quote for start-up costs (capital). **Note:** Refer to the "*Bank Account*" link in the **Tools & Forms** column for more information about business bank accounts. **19.** Add the opportunity number to CMS, create an employer profile and client self-placement. Refer to the "*CMS Provider Management User Guide*" link, in the **Tools & Forms** column, for more information, if required.	Bank account [https://doogle.ssi.govt.nz/resources/helping-clients/procedures-manuals/work-and-income/employment-training/employment-and-work-readiness-assistance/flexi-wage-self-employment/flexi-wage-self-employment-and-self-employment-start-up-subsidy-claims.html#Bankaccount4] CMS Provider Management User Guide [https://doogle.ssi.govt.nz/documents/business-groups/helping-clients/service-delivery/strategy-and-change/employment/cms-provider-management-user-guide-august-release.docx] Approval process and decision guidelines for FWSE and SE Start-up [http://doogle/resources/helping-clients/procedures-manuals/work-and-income/employment-training/employment-and-work-readiness-assistance/flexi-wage-self-employment/flexi-wage-self-employment-and-self-

Stage	Steps	Tools & Forms
	20. Submit the recommendation of approval and Flexi-wage self-employment agreement / contract in CMS to the Manager Regional Employment. Refer to the "*Approval process and decision guidelines for FWSE and SE Start-up*" link in the **Tools & Forms** column if you want to information about what will be considered for the approval process. **21.** Contract is approved and sent via CMS to the National Claims Processing Unit (NCPU) to be processed. Send "*FWSE TEMPLATE - Application Approved (Letter 7)*" to the client via email. Refer to the letter in the **Tools & Forms** column. **22.** Refer the client to a case manager with expertise in business income to discuss the benefit impacts with the client and offer any potential non-benefit assistance. If required, they can also refer to the "*FWSE and Self-employment start up – How payments affects benefits*" link in the **Tools & Forms** column, for further information. • Cancel benefit and organise any additional assistance the client has requested • Offer provider support - complete Business Training and Advice Grant process, if required, for people requesting or needing ongoing support.	employment-start-up-approval-process-and-decision-guidelines.html] FWSE TEMPLATE - Application Approved (Letter 7) [https://doogle.ssi.govt.nz/documents/resources/helping-clients/procedures-manuals/work-and-income/employment-training/employment-and-work-readiness-assistance/flexi-wage/doc-7-fwse-application-approved.docx] FWSE and Self-Employment Start-up – How payments affects benefits [https://doogle.ssi.govt.nz/resources/helping-clients/procedures-manuals/work-and-income/employment-training/employment-and-work-readiness-assistance/flexi-wage-self-employment/flexi-wage-self-employment-and-self-employment-start-up-how-payments-affects-benefits.html]
Entering client event notes in CMS	**23.** Enter document details of the Flexi-Wage Self-Employment subsidy and Self-Employment Start-up payment in client event notes in CMS. Include: • the length of time the FWSE has been approved for • when the project financial report is due • what the weekly subsidy amount is ($600 for full time, or a pro-rated amount for part time) • how much the Flexi-Wage Self-Employment is and what it will be used for and • any other details relating to the FWSE that you believe are relevant. Record all decisions in CMS client event notes. Note anything which is considered unusual so that an independent person can read the notes later and see how and why you made that decision.	
Subsidy claims	**24.** Once the FWSE agreement has been approved and all documents received, NCPU will process and release the first lot of payments to the client within 48 hours. NCPU will process all remaining subsidy claims when received from the client during the subsidy period. Refer to the "*Subsidy claims for FWSE and Start-up*" link in the **Tools & Forms** column for further information	Subsidy claims for FWSE and Start-up [http://doogle/resources/helping-clients/procedures-manuals/work-and-income/employment-training/employment-and-work-readiness-assistance/flexi-wage-self-employment/flexi-wage-self-employment-and-self-employment-start-up-subsidy-claims.html]

Stage	Steps	Tools & Forms
Change of bank account	**25.** For any changes to the bank account during the subsidy period, the client must provide verification of this. Refer to the "*Bank account*" link in the **Tools & Forms** column for more information on acceptable bank account evidence and ways we can accept this. **26.** Once verification of the new bank account number has been received, email the NCPU team to update this, at: Flexi_Wage_Self_Employment@workandincome.govt.nz [mailto:Flexi_Wage_Self_Employment@workandincome.govt.nz]	Bank account [https://doogle.ssi.govt.nz/resources/helping-clients/processing-standards/bank-accounts-01.html]
Monitoring	**27.** The FWSE specialist Work Broker will complete check-ups at the 1, 3- and 6-month milestones of the business starting. a. **1 month:** The client is required to provide receipts for what the Self-employment Start-up funding was spent on. This is to check that they used the money for the purpose it was paid. b. **3 months:** The FWSE specialist Work Broker contacts the client to check in on how business is going. The supplier support continues here (if this was already included in initial BTAG support package). Otherwise if there sufficient BTAG funding, re-offer this support to the client. c. **6 months:** FWSE specialist contacts client for check in. Supplier support can continue here or is re-offered to client	
Review process for clients	**28.** Decisions regarding the Flexi-Wage Self-Employment wage subsidy are **not** reviewable to the Benefit Review Committee or Social Security Appeal Authority. Find out more about the review process in the "*Review process for clients*" link in the **Tools & Forms** column.	Review process for clients [http://doogle/resources/helping-clients/procedures-manuals/work-and-income/employment-training/employment-and-work-readiness-assistance/flexi-wage-self-employment/flexi-wage-self-employment-review-process-for-clients.html]

Flexi-wage Self-employment

Welcome to the Flexi-Wage Self-employment homepage. This page provides an overview of Flexi-Wage Self-employment and links if you want more information.

Flexi-wage Self-employment Overview

Flexi-wage Self-employment (FWSE) replaced the assistance previously known as the Enterprise Allowance. The FWSE weekly subsidy payments are not included in the Employment and Work Ready Assistance Programme [https://doogle.ssi.govt.nz/map/legislation/welfare-programmes/employment-and-work-readiness-assistance-programme/index.html] (EWRAP), however the Self-employment Start-up and Business Training and Advice Grant (BTAG) are.

To be eligible for FWSE subsidy a person must be **both** disadvantaged in the labour market [https://doogle.ssi.govt.nz/map/employment-and-training/specific-employment-related-assistance/flexi-wage-subsidy/deciding-if-a-client-is-disadvantaged-in-the-labour-market.html] and at risk of long-term benefit receipt [https://doogle.ssi.govt.nz/map/employment-and-training/specific-employment-related-assistance/flexi-wage-subsidy/deciding-if-a-client-is-at-risk-of-long-term-benefit-receipt.html] .

To receive the FWSE subsidy, eligible applicants must have a viable business plan. MSD can provide support to develop a business plan through BTAG, of up to $5,000 per person, per project. $5,000 is the maximum payable BTAG amount that can be paid in a 52-week period.

The FWSE subsidy is paid at a set rate of $600 gross (GST inclusive), per week for 28 weeks ($16,800 in total). Under **exceptional circumstances** this may be extended up to a maximum of 52 weeks (less the 28 weeks already paid). FWSE can be pro-rated for those with part-time (or no) work obligations, but the self-employed person must be able to show they can support themselves from their earnings in time and not need a benefit. FWSE can also be paid to couples or groups wanting to start a business together.

The costs involved in starting a business can be provided for, under Self-Employment Start-Up, for up to $10,000 per business.

If an eligible person has a viable business idea and is motivated to start their own business, they should be given the opportunity to apply for self-employment assistance through the FWSE programme.

There is a Self-employment (BTAG, SESU and FWSE) eLearning module [https://ministry.plateau.com/learning/user/common/viewItemDetails.do?componentTypeID=Online%20Learning%20Module&componentID=EMPL%5fPROD%5fFLEXI%5fWAGE%5fSELF%5fEMP&revisionDate=[illegible]&fromHistory=true&menuGroup=Lea that is available if people would like an overview of these. Or click on the relevant links on this page, for further information.

What's new Flexi-wage Self-employment

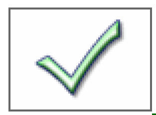
In early 2026, we will be implementing improvements to strengthen the gateway for Flexi-Wage Self Employment applications. These improvements aim to encourage a more consistent approach across the country and ensure we are supporting viable applications that are most likely to succeed through to the next stage.

Throughout 2025, we worked alongside kaimahi and the business to identify key areas that needed to be addressed to support these improvements.

These improvements will include:

- Increased visibility of criteria, expectations, and requirements for potential applicants
- Streamlined and strengthened client pre-application process
- Strengthened and updated resources, tools, and guidance for staff

More information and detailed timelines will be shared through key communication channels soon. Watch this space.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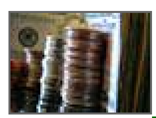
Flexi-wage Self-Employment - Eligibility [http://doogle/resources/helping-clients/procedures-manuals/work-and-income/employment-training/employment-and-work-readiness-assistance/flexi-wage-self-employment/flexi-wage-self-employment-eligibility.html]

Outlines the eligibility criteria for Flexi-wage Self Employment


[http://doogle/resources/helping-clients/procedures-manuals/work-and-income/employment-training/employment-and-work-readiness-assistance/flexi-wage-self-employment/flexi-wage-self-employment-payments.html]

Flexi-wage Self-employment Payments [http://doogle/resources/helping-clients/procedures-manuals/work-and-income/employment-training/employment-and-work-readiness-assistance/flexi-wage-self-employment/flexi-wage-self-employment-payments.html]

Outlines the payments and assistance available under Flexi-wage Self-employment

 [http://doogle/resources/helping-clients/procedures-manuals/work-and-income/employment-training/employment-and-work-readiness-assistance/flexi-wage-self-employment/flexi-wage-self-employment-and-self-employment-start-up-process.html]

Flexi-wage Self-Employment and Self-Employment Start-up - Process [http://doogle/resources/helping-clients/procedures-manuals/work-and-income/employment-training/employment-and-work-readiness-assistance/flexi-wage-self-employment/flexi-wage-self-employment-and-self-employment-start-up-process.html]

The process(es) for Flexi-wage Self-employment and Self-employment Start-up.

 [https://doogle.ssi.govt.nz/resources/helping-clients/procedures-manuals/work-and-income/employment-training/employment-and-work-readiness-assistance/self-employment-start-up/self-employment-start-up.html]

Self-employment Start-up (SESU) [https://doogle.ssi.govt.nz/resources/helping-clients/procedures-manuals/work-and-income/employment-training/employment-and-work-readiness-assistance/self-employment-start-up/self-employment-start-up.html]

Everything you need to know about Self-employment Start-up

 [https://doogle.ssi.govt.nz/resources/helping-clients/procedures-manuals/work-and-income/employment-training/employment-and-work-readiness-assistance/business-training-and-advice-grant-btag-/business-training-and-advice-grant-btag-landing-page.html]

Business Training and Advance Grant (BTAG) [https://doogle.ssi.govt.nz/resources/helping-clients/procedures-manuals/work-and-income/employment-training/employment-and-work-readiness-assistance/business-training-and-advice-grant-btag-/business-training-and-advice-grant-btag-landing-page.html]

Everything you need to know about the Business Training and Advance Grant (BTAG)

Content owner: Employment Portfolio **Last updated:** 19 December 2025

Flexi-wage Self-employment Business Process

1. Client makes an expression of interest through their selected entry point. Either:
    a. Calling into the call centre
    b. Coming into a Work and Income site
    c. Coming through the online enquiry form (via S2P and the centralised team)
2. Refer client to a Work Broker (if not already connected to one).

Work Broker responsibilities (Can be the FWSE specialist)

3. Provide client with basic Flexi-wage Self-employment (FWSE) information. (link here)
4. Perform eligibility check. Is the client disadvantaged in the labour market and at risk of long-term benefit receipt?
    a. If the client is eligible continue to step 5.
    b. If the client is not eligible decline and send Decline Letter #2 to client via email (link here)
5. Send letter #1 and 'Are You Thinking of Becoming Self-Employed' assessment form to client via email.
6. Scan completed form to clients CMS file
7. Refer client to FWSE specialist.

Flexi-wage Self-employment Specialist responsibilities

8. If the client has a business idea check whether it meets the business/industry eligibility.
9. Explain the next steps of the process and expectations to the client, including potential availability of on-going support from business experts/mentors, business plan requirements and vetting process.
10. Explain list of preferred suppliers if the client requests or requires additional support.
11. Ask the client for their business plan if they have one.
    a. If the client requires assistance completing a business plan refer the client to the list of preferred suppliers.
    b. Complete the Business Training and Advice Grant (BTAG) process (link here)

12. Before sending the client's business plan to the vetting agent, check that all required information is provided. This is not to evaluate the business plan and viability of the business, it is to ensure that the information being forwarded to the independent vetting agent is complete. This includes, but is not limited to the following:
    a. Full business details
    b. What the business does and how
    c. Strategies and goals
    d. Market and competitor analysis
    e. Current and planned assets list.
    f. Financial planning, including cash flows, profit and loss forecast and any debt owing to MSD.
13. Send letter #4 to client via email.
    a. If the business plan is complete, edit letter #4 to reflect this before sending it to the client.
    b. If the business plan is missing information, edit letter #4 to reflect this before sending it to the client.
14. Provide vetting agent with the business plan and complete BTAG process (link here).
15. Upon reviewing the business plan the vetting agent will provide a report to the FWSE specialist and a recommendation letter. Check whether the vetting agent recommends the business is viable.
    a. If the agent recommends that the business is not currently viable, they may provide advice to the client or help them adjust their business plan
16. Recheck clients eligibility in case their circumstances have changed since initial application.
    a. If the client is no longer eligible send decline letter #5
    b. If the client is still eligible continue to step 15
17. If the vetting agent has recommended the business plan then advise the approver of the outcome, and complete and submit the Flexi-wage Self-employment agreement.
        i. If the clients business plan has not been approved, send decline letter 6 to client via email
18. Complete Flexi-wage Self-employment agreement with client
    a. Client will be required to provide
        i. Verified bank account details and,

        ii. IRD and GST numbers

19. Add opportunity number to CMS, create an employer profile and client self-placement
20. Submit the recommendation of approval and Flexi-wage self-employment agreement to the regional approver.
21. Contract is approved and sent via CMS to Central Processing Unit to be processed.
22. Send approval letter #7 to client via email.
23. Refer the client to a case manager with expertise in business income to discuss the benefit impacts with the client and offer any potential non-benefit assistance.
    a. Cancel benefit and organise any additional assistance the client has requested
    b. Offer provider support
        i. Complete Business Training and Advice Grant process if required for people requesting or needing ongoing support.

Post-supports

24. Check-ups are complete in 1, 3- and 6-month increments
    a. Month 1: Receipts for Start Up Grant funding
    b. 3 months: FWSE specialist contacts client to check in on how business is going, supplier support continues here if already included in initial support package, or if there sufficient BTAG funding it is re-offered to client
    c. 6 months: FWSE specialist contacts client for check in. Supplier support can continue here or is re-offered to client