



**MINISTRY OF SOCIAL
DEVELOPMENT**

TE MANATŪ WHAKAHIATO ORA

29 JUN 2020

Dear [REDACTED]

On 29 May 2020, you emailed the Ministry of Social Development (the Ministry) requesting, under the Official Information Act 1982, the following information:

- *Which regions provide the flexi-wage subsidy?*

Flexi-Wage Self-Employment Wage Subsidy is designed to help clients overcome financial barriers associated with moving into self-employment. The aim of the subsidy is for the client to eventually be able to fully support themselves from their business.

There is no formal application process or application form for the Flexi-Wage Self-Employment Wage Subsidy. Instead, clients are required to prepare a business plan and have it independently assessed by a Vetting Agent.

Funding for the Flexi-wage Self-Employment Wage Subsidy is provided to regions through the Multi-Category Appropriation (MCA). Each region budgets their own allocation to Flexi-Wage Self-Employment Wage Subsidies from this funding pool, based on local demands and funding availability from other MCA programmes. This means the average rate of Flexi-Wage Self-Employment Wage Subsidy can vary region to region. While an average budget per grant is derived for planning purposes, the actual subsidy paid is tailored to meet individual client circumstances and specific business plans.

I can confirm that the maximum payable amount for the Flexi-Wage Self-Employment Wage Subsidy in any region over a 52-week period cannot exceed the current adult minimum wage (including GST) for a 30-hour week. Where the budgeted amount for a region is set at a rate lower than the absolute maximum, that region can exceed this amount under exceptional circumstances.

An applicant for the Flexi-Wage Self-Employment Wage Subsidy is not automatically entitled to the maximum rate of subsidy. To accurately determine the actual rate, additional information such as the applicant's weekly living expenses, needs and skills, and the expected cash flow generated by the business, is necessary. That is why a business plan must be submitted before an amount under the subsidy can be calculated.

Table One below, shows the regional breakdown of the Flexi-Wage Self-Employment Wage Subsidy for the 2020 financial year.

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Table One: Regional breakdown of Flexi-Wage Self-Employment Wage Subsidy for the 2020 financial year.

Region	Financial year 2019-20	
	Maximum (\$)	Average (\$)
Auckland	18,000	2,058
Bay of Plenty	23,000	6,800
Canterbury	27,360	12,032
Central	8,000	7,000
East Coast	10,000	8,390
Nelson	10,166	7,729
Northland	15,900	9,810
Southern	21,910	2,663
Taranaki	-	-
Waikato	9,072	7,220
Wellington	14,425	9,970

Notes:

- Maximum amounts are the maximum individual rates paid in the given year, not maximum possible, or 'cap'. These amounts are decided on a case by case basis.
- The maximum amount for the Southland region includes the start-up grant cost.
- The Taranaki region expected low levels of take up in the 2020 financial year for the Flexi-Wage Self-Employment Wage Subsidy. The budgeted amount was instead incorporated into the Flexi-Wage Subsidy.

The principles and purposes of the Official Information Act 1982 under which you made your request are:

- to create greater openness and transparency about the plans, work and activities of the Government,
- to increase the ability of the public to participate in the making and administration of our laws and policies and
- to lead to greater accountability in the conduct of public affairs.

This Ministry fully supports those principles and purposes. The Ministry therefore intends to make the information contained in this letter available to the wider public. The Ministry will do this by publishing this letter on the Ministry of Social Development's website. Your personal details will be deleted, and the Ministry will not publish any information that would identify you as the person who requested the information.

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 this response regarding the Flexi-Wage Self-Employment Wage Subsidy across Work and Income regions, 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.

Yours sincerely



 Bridget Saunders
Manager, Issue Resolution, Service Delivery