

Social Assistance (Future Focus) Bill

Government Bill

Explanatory note

General policy statement

A fairer system for social assistance

This Bill amends the Children, Young Persons, and Their Families Act 1989, the Education Act 1989, the Income Tax Act 1976, the Income Tax Act 1994, the Income Tax Act 2004, the Income Tax Act 2007, the Social Security Act 1964 (the **Social Security Act**) and the War Pensions Act 1954. It puts into effect the package of proposals to implement the manifesto commitments made by the Government prior to the election and introduce an unrelenting focus on work.

The main objective of the changes is to ensure a fairer system of social assistance with an unrelenting focus on work. This will be achieved by—

- requiring people receiving certain benefits who can work to seek and accept offers of suitable work as a first priority:
- providing financial support that reflects the individual's circumstances and needs:
- providing for the CPI adjustment of social assistance rates in legislation.

The changes reflect and reinforce the principles that underpin the Social Security Act. These are that—

- work in paid employment offers the best opportunity for people to achieve social and economic well-being:
- the priority for people of working age should be to find and retain work:
- people for whom work may not currently be an appropriate outcome should be assisted to plan for work in the future and develop employment-focused skills:
- people for whom work is not appropriate should be supported in accordance with the Social Security Act.

Underlying the proposed changes are three key aims. These are to—

- get people back to work as soon as possible:
- reduce dependency on the benefit system:
- make it clear that people who receive support from the State are expected to meet certain obligations.

The Bill achieves these objectives by—

- introducing a part-time work test for solo parents on domestic purposes benefit once their youngest child turns 6 years old:
- introducing a part-time work test for people on sickness benefit who are assessed as being able to work part-time:
- requiring people receiving unemployment benefit to reapply every 12 months and undertake a comprehensive work assessment at that time:
- ensuring that obligations are work-focused where this is appropriate:
- introducing a graduated sanction regime for work-tested beneficiaries and independent youth beneficiaries:
- increasing both abatement thresholds for people subject to the part-time abatement regime to provide a greater incentive to work:
- increasing the abatement threshold for people receiving the non-qualified spouse or partner rates of New Zealand superannuation and veteran's pension:
- providing for the consumers price index annual adjustment of social assistance rates in legislation rather than by convention:
- clarifying some areas of current policy.

Context

The legislative changes that this Bill introduces support measures being taken in order to achieve a fair social assistance system that is work-focused. The Bill is part of a package of changes to the way that welfare is delivered. Non-legislative changes include improved assessment for eligibility for certain benefits, and improved provision of assistance and support in relation to training and access to work opportunities and childcare. The emphasis in the measures being introduced is to reduce benefit dependency by encouraging and assisting people into work. Legislative change is necessary to support this outcome. At the same time the Bill also introduces measures to ensure that people who are in receipt of income support are treated fairly.

Summary of main measures to provide a fairer social assistance system with an unrelenting focus on work

Part time work test for domestic purposes benefit—solo parents

At present the work test requirements in the Social Security Act do not apply to a solo parent receiving domestic purposes benefit (DPB). After 27 September 2010, solo parents on DPB with a youngest child aged 6 years or over will be required to look for and accept suitable part-time work of at least 15 hours a week. There will be a limited number of circumstances that may exempt a solo parent from the work test requirements, such as having the care of a child with special needs. Solo parents on DPB with a child under 6 years old will continue to be subject to the provisions under which they may be required to plan for a return to work.

Part time work test for sickness benefit

At present people on sickness benefit are subject to provisions under which they may be required to plan for a return to work, but do not have to seek or accept offers of part-time work regardless of any capacity for work that they might have.

Commencing 2 May 2011, a person on sickness benefit assessed as having the capacity to work part-time may be required to look for and accept offers of suitable part-time employment of at least 15 hours a week and undertake the other obligations of the work test.

Reapplication process for people on unemployment benefit

At present unemployment benefit (**UB**) is not time-limited, although a person's entitlement to a benefit can be reviewed at any time. Commencing 27 September 2010, a person who has been on UB for 12 months will have to reapply for the benefit and undergo a comprehensive work assessment.

Emphasising focus on work

Under the Social Security Act at present, the obligations that are or may be placed on benefit recipients can be the result of negotiation and can include aspects of personal development. To ensure that in the future the focus of the system is on work, commencing 27 September 2010, the following changes will be made:

- removing the negotiated job seeker agreement provisions so that a person on a work-tested benefit can be directed to specified work-related activities by the Ministry of Social Development;
- ensuring that obligations are focused on work as a first priority;
- removing the need for activities to be agreed in the activity test for 16- and 17-year-olds on independent youth benefit and for participation in education and training to be the preferred activity;
- bringing all the work test obligations into one place in the Act and ensuring that these have an emphasis on work;
- changing work test exemptions so they will be exemptions from some or all work test obligations instead of exemptions from the work test (and therefore all work test obligations);
- changing personal development and employment plans for non-work-tested benefits to employment plans and refocusing them so that they are plans about returning to work when the person's circumstances allow.

Sanctions

At present, when a person fails the work test (or an independent youth beneficiary does not comply with his or her obligations) for the first time, the person's benefit payment is suspended until the person re-complies. For a second failure in 12 months, it is again suspended, and after a third failure it is cancelled for 13 weeks. During the

period the benefit is suspended or cancelled, the person is not able to access supplementary assistance (accommodation supplement, temporary additional support, or special benefit).

Commencing 27 September 2010, a graduated sanction regime will be introduced so that a person will have the benefit payment reduced by 50% for a first failure rather than suspended. The person will still be receiving some benefit payment and will be able to continue to receive 100% of the supplementary assistance the person had been receiving prior to the sanction. For second and third failures, when the benefit is 100% suspended or cancelled, no supplementary assistance is payable.

At present, recompliance requirements do not relate to the original failure. This is being amended so that a person subject to the work test will have to carry out the same activity or an activity similar to the failed activity—making recompliance more meaningful.

The current 50% protection for sole parents and couples with dependent children, where both parents fail the work test, is retained to ensure that families with children continue to receive some support for their children. The 50% protection rule also means that these families continue to receive 100% of the supplementary assistance they had been receiving prior to the sanction. At present people cannot access third-tier assistance while sanctioned. This has not changed.

Abatement

All main benefits are income-tested. This means that the benefit rate payable may be reduced (abated) depending on the amount that a person receives. At present, recipients of domestic purposes benefits, widow's benefit, and invalid's benefit can receive income of \$80 a week (gross) before the benefit starts to abate, and income of between \$80 and \$180 reduces the benefit payment by 30c for every dollar. A person aged under 65 years on veteran's pension can receive employment income of \$80 gross a week before the benefit starts to abate, and employment income of between \$80 and \$180 reduces the benefit payment by 30c for every dollar. Income (or employment income) over \$180 reduces the benefit payment by 70c in the dollar.

Commencing 27 September 2010, these thresholds will increase from \$80 to \$100, and from \$180 to \$200. This means that people on these

benefits, who work part time, will be better off as they will be able to retain more of their benefit payments. New Zealand superannuation and veteran's pension are not income-tested but if the qualifying person elects to include a non-qualified spouse in the payment then an income test of 70c in the dollar for income over \$80 a week is applied. Commencing 27 September 2010, people in this situation will be able to receive \$100 of income a week before the superannuation or pension is abated. In conjunction with this, the income threshold for disability allowance (for couples only) will be increased by \$14 so that couples receiving income-tested New Zealand superannuation or veteran's pension do not lose entitlement to disability allowance as a result of taking advantage of the increased earning threshold.

Annual adjustment of social assistance rates

At present, social assistance rates (including main benefit rates, student allowance rates, and foster care allowances (minimum board rates) under the Children, Young Persons, and Their Families Act 1989) are increased each year, by convention, according to movements in the all groups consumers price index (**CPI**). Legislating for the CPI adjustment for main benefits, student allowances, and foster care allowances provides beneficiaries, students, and foster carers with the same certainty as people receiving New Zealand superannuation or veteran's pension and provides equitable treatment across all these forms of income support.

Other amendments

The Bill provides for a number of other amendments. These are outlined below.

Introduction of new model for delivery of hardship assistance

The Act does not have a regulation-making power allowing for rules to be made in relation to the advance payment of benefits. Guidance for such payments is provided through Ministerial direction and operational guidelines. There are also no obligations on people who apply for or receive advance payments of benefits.

Commencing 27 September 2010, a new provision will be inserted in the Act to allow the Ministry of Social Development in certain circumstances to refuse an advance payment of benefit. A new regu-

lation-making power will also be inserted to provide for rules in relation to how advance payments of benefit can be applied for and authorising the Ministry to require applicants for advances to undertake budgeting activities.

Payments to parents for children returned to their care whilst still in the care or custody of Chief Executive or approved organisation under Children, Young Persons, and Their Families Act 1989

The Family Court has determined that the current practice of the Ministry of Social Development to treat a child who has been returned to the care but not the custody of his or her parents under the Children, Young Persons, and Their Families Act 1989 as a dependent child for benefit and tax credit purposes is not supported by the legislation. Legally, the family should not receive assistance through the benefit system or under the income tax system, as the child should continue to be provided for by Child, Youth and Family (CYF) or the approved organisation concerned. As it is not considered appropriate for natural parents to be treated as foster parents, the Bill provides for current practice to continue and for past practice to be validated. These provisions come into effect from the day after the Bill receives Royal assent.

Accommodation supplement costs

At present, service costs (other than water rates included in the rent) are excluded from the costs that are taken into account when calculating a person's entitlement to accommodation supplement. A recent High Court decision interpreted accommodation costs as including the total cost of a person's rent including the costs for any services that are included in that rent. This change is to clarify the wording in the Social Security Act to make it clear that services such as electricity should not be included. It comes into effect from the day after the Bill receives Royal assent.

Childcare assistance thresholds

At present, there is a legislative requirement for the income thresholds for childcare assistance to be increased for cumulative percentage movements in the CPI of 5% or more. The thresholds have more

than doubled in the last 5 years. The highest income threshold (for a family with 3 children) is now \$99,320.

Commencing 27 September 2010, the thresholds will be reduced to the 1 April 2008 levels. People who are receiving childcare assistance on that date or who received childcare assistance at any time in the 12 months prior to that date will be able to continue to access childcare assistance at the current thresholds for a further 3 years. The current legislative provisions for the future indexation of the childcare assistance thresholds are also removed.

Transitional arrangements

In order to ensure that agreements in place at the time of transition to the new system remain enforceable until such time as the person's obligations are amended, the Bill provides for—

- any personal development and employment plan in force before the Bill's commencement to be treated as an employment plan;
- a job seeker agreement and activities specified in relation to it to continue until such time as the chief executive directs otherwise;
- current rules about sanctions to apply to any sanctions that are in place or in the process of being imposed at the time of the Bill's commencement;
- an exemption from the work test in force at the time of the Bill's commencement to be treated as an exemption from all work test obligations until it is varied or revoked.

Other related amendments

New regulations and amendments to existing regulations will need to be made separately. These are—

- new regulations in relation to advance payments of benefit;
- amendments to the Social Security (Exemptions under Section 105) Regulations 1998;
- amendments to the Social Security (Application of Work Test Obligations) Regulations 2007.

Clause by clause analysis

Clause 1 is the title clause.

Clause 2 provides for the commencement of the Bill. Most of the Bill's provisions come into force on 27 September 2010. *Clauses 1 to 3, 4(1), 7 to 11, 12, 13(1), 21, 24, 36, and 37* come into force on the day after the Bill receives Royal assent. *Clauses 13(11) to (14) and 16 and Schedule 2* come into force on 2 May 2011.

Part 1

Amendments to Children, Young Persons, and Their Families Act 1989

Clause 3 provides that **Part 1** amends the Children, Young Persons, and Their Families Act 1989 (the **principal Act** in this Part).

Clause 4 amends section 363. Under section 363(1), the chief executive of the department responsible for administering the principal Act must determine rates of payment to persons or organisations in whose charge a child or young person is placed under section 362, and section 363(2) places a duty on the person or organisation who placed the child or young person to make those payments and any additional payments to meet the reasonable needs of the child or young person. Section 363(3) authorises payments at a higher rate than determined under subsection (1) subject to any limits set by the chief executive.

Clause 4(1) adds a *new subsection (4)* to section 363. This provides that section 363(1) to (3) do not apply, and must be considered to have never applied, in respect of a child or young person to whom section 361 applies, if the child or young person has been placed in the charge of his or her parent under section 362. Section 361 applies to children and young persons who are placed, or ordered to be detained, in the care or custody of the chief executive, or an iwi social service, or a cultural social service, or the director of a child and family support service, under various provisions of the principal Act.

Clause 4(2) adds *new subsections (5) to (8)* to section 363.

New subsection (5) requires the minimum rates of payment determined under section 363(1) in respect of the board and lodgings of children and young persons to be adjusted by Order in Council as at 1 April each year for increases in the consumers price index-all groups (**CPI**) in the preceding calendar year.

New subsection (6) provides that an adjustment under *new subsection (5)* must not reduce the weekly amounts payable.

New subsection (7) provides that an adjustment under *new subsection (5)* comes into force, and applies to rates payable in respect of the board and lodgings of children and young persons, on and after 1 April in a year.

New subsection (8) defines the term CPI.

Part 2

Amendments to Education Act 1989

Clause 5 provides that **Part 2** amends the Education Act 1989.

Clause 6 amends section 303, which empowers the making of regulations providing for student allowances. The amendments insert *new subsections (3B) to (3E)*.

New subsection (3B) requires the rates of student allowances (except the rates of allowances provided for accommodation expenses), after the deduction of standard tax, to be adjusted by regulations as at 1 April each year for increases in the consumers price index-all groups (**CPI**) in the preceding calendar year.

New subsection (3C) provides that an adjustment under *new subsection (3B)* must not reduce the weekly amounts of student allowances payable.

New subsection (3D) provides that an adjustment comes into force, and applies to student allowances payable, on and after 1 April in the year concerned.

New subsection (3E) defines the terms CPI and standard tax.

Part 3

Amendments to Income Tax Act 1976, Income Tax Act 1994, Income Tax Act 2004, and Income Tax Act 2007

Clause 7 provides that the purpose of **Part 3** of the Bill is to make amendments to the definitions of **dependent child** in the above Acts.

Clauses 8 to 10 amend the definitions of the term dependent child in the Income Tax Act 1976, Income Tax Act 1994, and Income Tax Act 2004 by including as a dependent child, a child or young person

as defined in the Children, Young Persons, and Their Families Act 1989, to whom section 361 of that Act applies if the child or young person has been placed under section 362 of that Act in the charge of his or her parent. Section 361 of the Children, Young Persons, and Their Families Act 1989 applies to children and young persons who are placed or ordered to be detained in the care or custody of the chief executive, or an iwi social service, or a cultural social service, or the director of a child and family support service, under various provisions of that Act. The amendments apply in relation to the 1991–92 income year and subsequent income years, but only for the purpose of validating payments of family support credits of tax and other tax credits under those Acts.

Clause 11 substitutes the definition of dependent child in section YA 1 of the Income Tax Act 2007. The new definition similarly includes as a dependent child a child or young person as defined in the Children, Young Persons, and Their Families Act 1989, to whom section 361 of that Act applies, if the child or young person has been placed in the charge of his or her parent under section 362 of that Act. The new definition applies for the 2008–09 and subsequent income years.

Part 4

Amendments to Social Security Act 1964

Clause 12 provides that **Part 4** amends the Social Security Act 1964 (the **principal Act** in this Part).

Clause 13 amends section 3(1), which is the main interpretation provision.

Clause 13(1) substitutes a new definition of dependent child. *Paragraphs (a), (b), and (d)* of the new definition are to the same effect as the current definition. *Paragraph (c)* of the new definition treats as a dependent child, a child or young person as defined in the Children, Young Persons, and Their Families Act 1989 to whom section 361 of that Act applies, if, under section 362 of that Act, the child or young person has been placed in the charge of his or her parent. Section 361 of the Children, Young Persons, and Their Families Act 1989 applies to children and young persons who are placed or ordered to be detained in the care or custody of the chief executive, or an iwi social service, or a cultural social service, or the director of a child and family support service, under various provisions of that Act.

Clause 13(2) inserts a new definition of employment plan, to have the meaning in section 60O (see the new definition inserted in section 60O by *clause 18*). It also inserts a new definition of work-tested domestic purposes beneficiary, to mean a person granted a domestic purposes benefit under section 27B (the domestic purposes benefit for solo parents) whose youngest dependent child is aged 6 years or older and under 18 years, or who is aged 18 years and is a child in respect of whom the benefit is paid, or continues to be paid, under section 63A.

Clause 13(3) and (4) amend the definitions of Income Test 1 and Income Test 2. The amendments increase the amount of income that a beneficiary subject to one of these income tests and his or her spouse or partner may receive without abating the benefit from \$80 to \$100 a week. They also increase the amount of income that a beneficiary and his or her spouse or partner may receive before the benefit is abated at the rate of 70 cents in the dollar from \$180 to \$200 a week.

Clause 13(5) substitutes a new definition of Income Test 3. The new definition is to the same effect as the repealed definition except that it increases the amount of income that a beneficiary being paid New Zealand superannuation at a rate stated in clause 2 of Schedule 1 of the New Zealand Superannuation and Retirement Income Act 2001 and his or her spouse or partner may receive without abating the benefit from \$80 to \$100 a week. A superannuitant whose spouse or partner is not qualified to receive New Zealand superannuation in his or her own right may elect to receive New Zealand superannuation at a rate stated in clause 2 of that schedule.

Clause 13(6) repeals the definition of Income Test 5 as it is no longer used.

Clause 13(7) amends paragraph (a) of the definition of part-time work-tested beneficiary to include a work-tested domestic purposes beneficiary. In accordance with paragraph (b) of the definition, a work-tested domestic purposes beneficiary with a youngest dependent child aged 6 years or older and under 18 years will be a part-time work-tested beneficiary.

Clause 13(8) repeals the definition of personal development and employment plan.

Clause 13(9) amends the definition of work-tested beneficiary to include a person who is a work-tested domestic purposes beneficiary,

and *clause 13(10)* amends the definition of work-tested benefit to include, in relation to a work-tested domestic purposes beneficiary, a domestic purposes benefit under section 27B.

Clause 13(11) inserts a new definition of work-tested sickness beneficiary to mean a person granted a sickness benefit who is required under *new section 54DA(1)* (as inserted by *clause 16*) to comply with the work test.

Clause 13(12) substitutes the definition of part-time work-tested beneficiary to include a work-tested sickness beneficiary.

Clause 13(13) and (14) amend the definitions of work-tested beneficiary and work-tested benefit to include, respectively, references to a work-tested sickness beneficiary, and a sickness benefit in relation to a work-tested sickness beneficiary.

Clause 14 substitutes a *new section 27B(2A)*, which currently relates to the obligations of a person who receives a benefit under that section (the domestic purposes benefit for solo parents) to comply with a requirement under section 60Q, and any obligations under sections 60Q to 60S. The effect of the amendment is to require the person to comply with the work test instead of those obligations if the person is a work-tested domestic purposes beneficiary.

Clause 15 amends section 54D, which relates to the rates of sickness benefit. The clause repeals section 54D(2), which is an obsolete provision relating to grandparenting of the rates of sickness benefit payable to a person who was formerly in receipt of the community wage, and makes a consequential amendment to section 54D(1).

Clause 16(1) inserts a *new section 54DA* (sickness beneficiaries may be required to comply with work test) in the principal Act.

The *new section 54DA(1)* provides that the chief executive may by notice in writing require a person granted a sickness benefit to comply with the work test from the date specified in the notice if the chief executive is satisfied that the person has, while receiving the benefit, the capacity to seek, undertake, and be available for part-time work (a term defined in section 3(1) as employment averaging not less than 15 hours a week). The chief executive must have regard to the medical certificate and any report obtained under section 54B before making a requirement.

New section 54DA(2) provides that the time specified in the notice may, in the case of a new grant of a sickness benefit, be the date on

which the benefit is first paid, but otherwise may not be before the date the chief executive considers that the person will receive the notice.

New section 54DA(3) provides that the chief executive may, whether on application by the person or otherwise, review a requirement under *new section 54DA(1)* at any time and may confirm or revoke it.

Clause 16(2) makes consequential amendments to the principal Act as set out in *Schedule 2*.

In accordance with *clause 2(2)*, *clause 16* and *Schedule 2*, and the corresponding new definition of work-tested sickness beneficiary and amendments to other definitions in section 3(1) made by *clause 13(11) to (14)*, come into force on **2 May 2011**.

Clause 17 amends section 60GAB, which states the obligations of a person granted an independent youth benefit. *Subclause (1)* removes the requirement in section 60GAB(2)(a) that the person agree in writing to undertake approved activities before he or she may be required by the chief executive to undertake them. *Subclause (2)* amends section 60GAB(2)(b) so that the person has the obligation of being available for and taking reasonable steps to obtain full-time employment, as an alternative to undertaking approved activities under section 60GAB(2)(a), only when the chief executive requires.

Clause 18 amends section 60O, which is the interpretation section for sections 60P to 60Z.

Subclause (1) repeals the definition of personal development and employment plan or plan.

Subclause (2) inserts a new definition of employment plan. The new definition is to the same effect as the repealed definition of personal development and employment plan, but omits reference to economic and social participation, and capabilities other than employment capabilities.

Clause 19 amends section 60P, which sets out the purpose of sections 60Q to 60Z. It clarifies that the purpose does not relate to work-tested domestic purposes beneficiaries.

Clause 20 amends section 60Q, under which a beneficiary may be required to undertake personal development and employment planning obligations (amended by *clause 40* and *Schedule 1* to employment planning obligations). The amendment provides that the section ap-

plies to a beneficiary receiving a domestic purposes benefit under section 27B (the domestic purposes benefit for solo parents) if the recipient has a dependent child under the age of 6 years.

Clause 21 amends section 61E, which is the interpretation section for the provisions relating to accommodation supplement.

Subclause (1) repeals paragraph (a) in the definition of accommodation costs and substitutes a new paragraph. The substituted paragraph—

- allows a person renting premises to claim the amount payable for rent of the premises as accommodation costs instead of the total cost of the premises; and
- makes it clear that any service costs included in the rent, and as currently, any arrears, are not accommodation costs.

Subclause (2) makes an amendment to paragraph (b) of the definition of accommodation costs to exclude service costs from the accommodation costs that can be claimed by an owner of premises.

Subclause (3) defines the term service costs to mean the costs of any services supplied to or in connection with the premises for the consumption or use by the occupants of the premises. The definition expressly excludes the costs of water supplied to the premises.

Clause 22 inserts a *new section 61HA* (annual CPI adjustment of rates of certain benefits) in the principal Act.

New section 61HA(1) defines the term CPI to mean the consumers price index-all groups published by the Department of Statistics.

New section 61HA(2) requires the rates of benefits set out in Schedules 3, 4, 6, 9, 16, 17, and 26, and clause 1 of Schedule 22, to be adjusted by Order in Council as at 1 April each year for any increase in the CPI in the preceding calendar year. The rates required to be adjusted as set out in those schedules are the rates of widows' benefits, the maximum rates of orphans' benefits and unsupported children's benefits, the rates of invalids' benefits, the rates of unemployment benefits and sickness benefits, the rates of domestic purposes benefits, and the rates of independent youth benefits. Schedule 22 sets out the rates of benefit payable under section 75 for persons hospitalised for more than 13 weeks.

New section 61HA(3) and (4) provide that an adjustment under *new section 61HA(2)* must not reduce the weekly amounts of benefits payable, and that an Order in Council comes into force, and applies

to benefits payable on and after 1 April in a calendar year in which it is made.

New section 61HA(5) provides that section 61H(3) to (6) apply to every Order in Council made under *new section 61HA(2)* as if the order were made under that section. Section 61H(3) provides that an Order in Council expires 12 months after it is laid before the House of Representatives unless it is validated and confirmed by Act of Parliament passed before that date. Section 61H(4) provides that an Order in Council that has been revoked by a subsequent Order in Council in the calendar year following the date on which it was laid before the House is deemed invalid unless it is validated and confirmed by Act of Parliament passed before 31 December of that year. Section 61H(5) provides that every Order in Council has the force of law as if enacted by the principal Act. Section 61H(6) provides that the validity of an Order in Council is not affected by the repeal of an Act of Parliament validating and confirming it.

Clause 23 amends section 82, which governs the payment of benefits. Section 82(6) gives the chief executive discretion to make payment in advance of any number of instalments of a benefit if the chief executive considers an advance payment of benefit would best meet the immediate needs of the beneficiary. The clause inserts *new subsections (6A) to (6C)*.

New subsection (6A) authorises the chief executive to pay the whole or any part of an advance payment of benefit to the supplier of any goods or services if the immediate needs of the beneficiary relate to the supply of goods or services to the beneficiary or a member of his or her family.

New subsections (6B) and (6C) authorise the chief executive to refuse to make an advance payment of a benefit, or any subsequent advance payment of a benefit, if the beneficiary (or the beneficiary's spouse or partner) has failed to take reasonable steps to reduce costs or increase income, better manage finances, obtain other assistance towards costs, or failed to comply with a requirement of the chief executive to undertake a budgeting activity under regulations made under *new section 132K* (as inserted by *clause 37*).

Clause 24 inserts a *new section 86K* in the principal Act. This validates payments of benefits and other payments under the Act before the commencement of the Bill made to a person in respect of a de-

pendent child within the meaning of *paragraph (c)* of the new definition of that term inserted by *clause 13(1)*.

Clause 25 inserts *new section 99AA* in the principal Act, which relates to expiry of unemployment benefits and requirements for re-grant of an unemployment benefit.

New section 99AA(1) provides that entitlement to an unemployment benefit ceases on the beneficiary's anniversary date, and the benefit expires, but may be re-granted if the beneficiary reapplies for it. The term anniversary date is defined in *new section 99AA(9)* to mean the day that is the 12-month anniversary of the date on which the person's unemployment benefit commenced.

New section 99AA(2) requires the chief executive to give notice to an unemployment beneficiary at least 20 working days before entitlement to the unemployment benefit ceases stating—

- entitlement to an unemployment benefit will cease unless the benefit reapplies for the benefit and it is re-granted; and
- the date on which entitlement will cease; and
- what the beneficiary must do to reapply for the benefit and the time within which the beneficiary must do so.

New section 99AA(3) sets out the requirements for a re-grant of a benefit. The department must have received a completed reapplication form, any supporting evidence reasonably required, and the beneficiary must have participated in a comprehensive work assessment to the chief executive's satisfaction.

New section 99AA(4) provides that if the requirements are completed on or before the beneficiary's anniversary date, the chief executive must re-grant the benefit if satisfied the beneficiary meets or continues to meet the eligibility criteria for it in section 89. The re-granted benefit commences on the beneficiary's anniversary date.

New section 99AA(5) provides that if the requirements are completed after the beneficiary's anniversary date and within 20 working days of that date, the chief executive must re-grant the benefit only if satisfied that there were exceptional circumstances why the beneficiary could not complete the requirements on or before the anniversary date, and that the beneficiary meets the eligibility criteria for the benefit in section 89 and continued to be available for and seeking full-time employment after the anniversary date (unless exceptional

circumstances prevented that). The re-granted benefit commences on the beneficiary's anniversary date.

New section 99AA(6) gives the chief executive discretion to extend time for completing reapplication requirements (for up to 10 working days after the anniversary date) if the person contacts the department on or before his or her anniversary date.

New section 99AA(7) provides that *new section 99AA(4) to (6)* override section 11D(2), which would otherwise require an application under it before the benefit could be granted.

New section 99AA(8) provides that an unemployment benefit must not be re-granted under *new section 99AA* to a person who fails to complete the requirements of *new section 99AA(3)* within 20 working days after the anniversary date, or completed the requirements within that time and after the anniversary date but without exceptional circumstances for failing to do so by the anniversary date. Any reapplication form received from the person must be treated as an application form for the purposes of section 11D(2).

New section 99AA(9) defines the term anniversary date.

Clause 26 inserts *new section 101* in the principal Act which states the purpose of sections 102 to 123D.

Clause 27 repeals section 102 and substitutes *new sections 102 and 102A*.

New section 102 (application of the work test) is to the same effect as the current section 102(1), (5), and (6).

New section 102A (work test obligations) is to the same effect as current section 102(2)(a) to (da), (g) and (h), and (2A), (2B), and (3) with some changes. The obligations in current section 102(2)(g) will from the commencement of *new section 102A* apply only to a person in respect of whom a job seeker agreement was in force immediately prior to that commencement and until the chief executive directs otherwise (see *new section 102A(1)(h)*). The new section also contains new obligations. *New section 102A(1)(f)* requires a work-tested beneficiary, when required by the chief executive, to participate in certain activities corresponding to the activities that the chief executive may define as job seeker development activities under paragraphs (a) to (d) of current section 110(2) (which is repealed by *clause 30*). *New section 102A(1)(g)* contains a new obligation to report to the department on the beneficiary's compliance with his or her work test obliga-

tions. *New section 102A(5)* places an obligation on the chief executive to take reasonable steps to arrange for a beneficiary to undertake an activity the chief executive has required the beneficiary to undertake, which is similar to the obligation in current section 111(1) relating to job seeker development activities.

Clause 28 amends section 105, which empowers the chief executive to grant exemptions from the work test to people of a category and on grounds specified in regulations made under section 123D. *Subclause (1)* amends section 105(1) to allow an exemption to be granted from some or all of a beneficiary's work test obligations instead of from the work test (and therefore all work test obligations). *Subclause (2)* amends section 105(5) so that the power to require a person exempted from the work test to attend an interview with an officer of the department applies only to a person exempted from all work test obligations.

Clause 29 repeals sections 105A, 105B, and 105D and the heading above section 105A. Sections 105A and 105B relate to job seeker agreements and entering into and reviewing job seeker agreements. Section 105D is a spent transitional provision.

Clause 30 repeals section 110 and the heading above it. This provision relates to defining job seeker development activities.

Clause 31 amends section 117, which sets out the sanctions arising from failing to perform work test obligations and obligations under section 60GAB (independent youth benefits).

Subclause (1) substitutes *new section 117(1)(a)* to provide that the sanction for a first failure within a 12-month period is a reduction of 50% of the person's benefit (and not, as currently, a suspension of the benefit) until the person recomplies.

Subclause (2) adds a *new section 117(4)*, which provides that if an unemployment benefit is subject to a sanction of reduction or suspension of benefit and the unemployment benefit is re-granted under *new section 99AA*, the reduction or suspension continues to apply to the re-granted benefit on and after its commencement until the person recomplies.

Clause 32 amends section 119, which relates to calculation of the number of failures for the purpose of imposing sanctions under section 117.

Subclauses (1) and (2) amend section 119(1) to allow, if the benefit being paid in respect of the beneficiary is a work-tested benefit, failures incurred while another work-tested benefit was being paid in respect of the beneficiary to be counted if both work-tested benefits have been paid continuously in respect of the beneficiary.

Subclause (3) inserts a *new subsection (3A)*. This requires the chief executive, for the purposes of the calculation under subsection (1)(a), to treat an unemployment benefit that expires under *new section 99AA* (see *clause 25*) and any unemployment benefit re-granted under that section as the same benefit.

Subclause (4) amends section 119(5), which defines the term working day for the purpose of section 119. The amendment corrects a drafting error and replaces a reference to subsection (2) with a reference to subsection (3).

Clause 33 amends section 120, which modifies the effect of sanctions on the rate of benefit payable to people who are married or in a civil union or de facto relationship.

Subclause (1) amends section 120(1) to include the new sanction of reduction of benefit.

Subclause (2) inserts a *new subsection (1A)* to clarify the effect of sanctions for a couple who have no dependent children where both spouses or partners are subject to sanctions under section 117.

Subclause (3) amends section 120(2) to provide that it applies to a sanction of cancellation of benefit under section 60H.

Clause 34 amends section 122, which defines recompliance for the purpose of ending a sanction of reduction or suspension of benefit under section 117. The amendment substitutes a *new paragraph (a)*, which has the effect of requiring a work-tested beneficiary who wishes to re-comply to undertake an activity that is the same as, or substantially similar to, the activity the person failed to comply with under the applicable work-test obligation.

Clause 35 amends section 123D, which is the regulation-making power for regulations specifying the categories of people who may apply for exemption from the work test under section 105, and the grounds on which exemptions may be granted. The amendment replaces “the work test” with “some or all of their work test obligations” and corresponds with the change made to section 105 by *clause 28*.

Clause 36 amends section 132AC, which is the regulation-making power for regulations relating to childcare assistance. It repeals subsections (2) to (4), which are provisions requiring any income limits specified in the regulations to be adjusted for movements in the all groups New Zealand consumers price index of 5% or more.

Clause 37 inserts *new section 132K* in the principal Act. The new section allows regulations to be made for the purpose of section 82(6), which relates to advance payments of benefit. Regulations may specify the manner and form of applications for advance payments of benefit, authorise the chief executive to require an applicant to undertake budgeting activities of a kind specified in the regulations, and define activities that the chief executive may require and their terms and conditions.

Clause 38 repeals Schedule 8, which is an obsolete provision relating to grandparenting of the rates of sickness benefit payable to a person who was formerly in receipt of the community wage. This amendment is for the same purpose as the repeal of section 54D(2) by *clause 15(2)*.

Clause 39 amends clause 12 of Schedule 31, which sets an income limit for receipt of disability allowance for a person who is married or in a civil union or in a de facto relationship with or without dependent children. The limit is increased from \$791.53 to \$821.04.

Clause 40 makes consequential amendments to the principal Act, as set out in *Schedule 1*, relating to the repeal of the definition of Income Test 5 in section 3(1), the amendments to section 60GAB, the amendments to section 60O (definition of employment plan), the new section 61HA, the substitution of section 102 and repeal of sections 105A, 105B, 105D, and 110, the substitution of section 117(1)(a) and amendments to section 120, and repeal of Schedule 8.

Clause 41 is a transitional provision relating to personal development and employment plans made and in force before the commencement of the Bill. The personal development and employment plan is to be treated as an employment plan made under section 60Q of the principal Act (as amended by the Bill).

Clause 42 is a transitional provision relating to job seeker agreements and job seeker development activities.

Subclause (1) provides that job seeker agreements in force on the commencement of the Bill continue in force for the purpose of *new*

section 102A(1)(h) of the principal Act (as substituted by *clause 27*) until the chief executive directs otherwise under that provision.

Subclause (2) provides that job seeker development activities defined under section 110 (before its repeal by *clause 30*) continue in force for the purpose of *new section 102A(1)(h)* of the principal Act.

Clause 43 is a transitional provision relating to sanctions under the former section 117(1)(a) of the principal Act, which is repealed and substituted by *clause 31(1)*. The former section 117(1)(a) continues in force despite its repeal for the purpose of completing any sanction under it to which a beneficiary was subject when the Bill commenced, or imposing a sanction that a beneficiary had been given notice of under section 113(2) before the Bill commenced.

Clause 44 is a transitional provision relating to exemptions from the work test granted under section 105(1) of the principal Act and in force before the Bill commenced. On that commencement, and until the exemption is varied or revoked under section 105(6), the exemption must be treated as an exemption from all work test obligations.

Clauses 46 to 48 amend the Social Security (Childcare Assistance) Regulations 2004. The amendments make changes to the provisions relating to the rates of childcare subsidies and OSCAR subsidies, and replace the Schedule of the regulations setting out the rates of childcare subsidies and OSCAR subsidies with *new Schedules 1 and 2* set out in *Schedule 3* of the Bill. *New Schedule 1* reduces the maximum income limits for receipt of childcare and OSCAR subsidies at particular rates but makes no changes to those rates. *New Schedule 2* grandfathers the current higher income limits for a person who is receiving childcare assistance on the commencement of these amendments or received childcare assistance at any time within 12 months before that commencement, until 27 September 2013.

Part 5

Amendments to War Pensions Act 1954

Clause 49 provides that **Part 5** amends the War Pensions Act 1954.

Clause 50 amends the definition of Income Test 3 in section 67(1). The amendment increases the amount of combined income that a veteran's pensioner with a spouse, a civil union partner, or de facto partner may earn before the benefit starts to abate from \$80 to \$100.

Clause 51 amends section 74D, which relates to abatement of veteran's pension on account of income for a person who has not attained the New Zealand superannuation qualifying age. The amendments—

- increase the amount of employment income that the person may earn before the veteran's pension starts to abate from \$80 to \$100, and increase the amount of employment income the person may earn before the benefit begins to abate at 70 cents in the dollar from \$180 to \$200 a week;
- increase the amount of combined income in section 74D(4) that the person and his or her spouse, civil union partner, or de facto partner may receive before the veteran's pension starts to abate from \$80 to \$100, and increases the amount of combined income the person and his or spouse or partner may receive before the veteran's pension begins to abate at 70 cents in the dollar from \$180 to \$200 a week. Section 74D(4) relates only to a person receiving a veteran's pension at a rate in clause 2 of Schedule 11 (the rate for a person with a spouse or partner who is not qualified to receive a veteran's pension).

Regulatory impact statement

In accordance with Cabinet Office Circular CO (09) 08 this explanatory note does not contain a regulatory impact statement for the Bill. A copy of the regulatory impact statement for this Bill is available at the following website:

- www.msd.govt.nz/about-msd-and-our-work/publications-resources/regulatory-impact-statements/index.html
-

Hon Paula Bennett

Social Assistance (Future Focus) Bill

Government Bill

Contents

		Page
1	Title	4
2	Commencement	4
Part 1		
Amendments to Children, Young Persons, and Their Families Act 1989		
3	Principal Act amended	4
4	Payment to person or organisation providing care	4
Part 2		
Amendment to Education Act 1989		
5	Principal Act amended	5
6	Student allowances	5
Part 3		
Amendments to Income Tax Act 1976, Income Tax Act 1994, Income Tax Act 2004, and Income Tax Act 2007		
7	Purpose	6
	<i>Amendment to Income Tax Act 1976</i>	
8	Interpretation	6
	<i>Amendment to Income Tax Act 1994</i>	
9	Definitions	7

Social Assistance (Future Focus) Bill

	<i>Amendment to Income Tax Act 2004</i>	
10	Definitions	7
	<i>Amendment to Income Tax Act 2007</i>	
11	Definitions	8
	Part 4	
	Amendments to Social Security Act 1964	
12	Principal Act amended	8
13	Interpretation	8
14	Domestic purposes benefits for solo parents	11
15	Rates of sickness benefit	11
16	New section 54DA inserted	11
	54DA Sickness beneficiary may be required to comply with work test	12
17	Independent youth benefits: obligations	12
18	Interpretation	12
19	Purpose of sections 60Q to 60Z	13
20	Personal development and employment plans	13
21	Interpretation	13
22	New section 61HA inserted	14
	61HA Annual CPI adjustment of rates of certain benefits	14
23	Payment of benefits	14
24	New section 86K inserted	15
	86K Validation of benefit payments and other payments in respect of certain children in care	15
25	New section 99AA inserted	15
	99AA Unemployment benefit: expiry and requirements for re-grant	16
26	New section 101 inserted	18
	101 Purpose of sections 102 to 123D	18
27	New sections 102 and 102A substituted	18
	102 Application of work test	18
	102A Work test obligations	19
28	Exemption from obligations	20
29	Sections 105A, 105B, and 105D and heading above section 105A repealed	21
30	Section 110 and heading above section 110 repealed	21
31	Sanctions that may be imposed for failures	21
32	Calculation of failure rate	21

Social Assistance (Future Focus) Bill

33	Modified effect in some cases of sanctions on rate of benefit for people married or in civil union or de facto relationship	22
34	Meaning of recompliance	22
35	Regulations	23
36	Regulations relating to childcare assistance	23
37	New section 132K inserted	23
	132K Regulations relating to advance payments of benefit	23
38	Schedule 8 repealed	23
39	Schedule 31 amended	24
40	Consequential amendments	24
	<i>Transitional provisions</i>	
41	Transitional provision relating to personal development and employment plans	24
42	Transitional provisions relating to job seeker agreements and job seeker development activities	24
43	Transitional provisions relating to sanctions under former section 117(1)(a)	24
44	Transitional provision relating to exemptions from the work test	25
	<i>Amendments to Social Security (Childcare Assistance) Regulations 2004</i>	
45	Social Security (Childcare Assistance) Regulations 2004 amended	25
46	Rate of childcare subsidy	25
47	New regulation 24 substituted	26
	24 Rate of Oscar subsidy	26
48	New Schedules 1 and 2 substituted	26
	Part 5	
	Amendments to War Pensions Act 1954	
49	Principal Act amended	26
50	Interpretation	26
51	Abatement	26
	Schedule 1	27
	Consequential amendments to Social Security Act 1964	
	Schedule 2	35
	Consequential amendments to the Social Security Act 1964 relating to work-testing of sickness beneficiaries	

Schedule 3 37
**New Schedules 1 and 2 of Social Security (Childcare
 Assistance) Regulations 2004**

The Parliament of New Zealand enacts as follows:

- 1 Title**
 This Act is the Social Assistance (Future Focus) Act **2010**.
- 2 Commencement**
- (1) **Sections 1 to 3, 4(1), 7 to 12, 13(1), 21, 24, 36, and 37** come into force on the day after the date on which this Act receives the Royal assent. 5
- (2) **Sections 13(11) to (14) and 16 and Schedule 2** come into force on **2 May 2011**.
- (3) The rest of this Act comes into force on **27 September 2010**.

Part 1 10
**Amendments to Children, Young Persons,
 and Their Families Act 1989**

- 3 Principal Act amended**
This Part amends the Children, Young Persons, and Their Families Act 1989. 15
- 4 Payment to person or organisation providing care**
- (1) Section 363 is amended by adding the following subsection:
- “(4) Subsections (1) to (3) do not apply, and must be treated as never having applied, in respect of a child’s or young person’s placement with his or her parent (before or after the commencement of this subsection) if— 20
- “(a) the child or young person is or was a child or young person to whom section 361 applies or applied; and
- “(b) under section 362, the child or young person is or was placed in the charge of the parent.” 25
- (2) Section 363 is further amended by adding the following subsections:

- “(5) The minimum rates of payment determined under subsection (1) in respect of the board and lodgings of children and young persons must be adjusted, by Order in Council, as at 1 April each year so that in each case the new rate is the rate as at that date adjusted by any percentage movement upwards in the CPI between the CPI for the quarter ended with 31 December 1 year before the immediately preceding 31 December and the CPI for the quarter ended with the immediately preceding 31 December. 5
- “(6) An adjustment under **subsection (5)** must not reduce the weekly amounts payable under subsection (1) in respect of the board and lodgings of children and young persons. 10
- “(7) Every Order in Council made under **subsection (5)** comes into force or is considered to have come into force on 1 April of the calendar year in which it is made, and applies to the rates payable in respect of the board and lodgings of children and young persons on and after that date. 15
- “(8) In this section, **CPI** means the consumers price index-all groups published by the Department of Statistics.”

Part 2 20

Amendment to Education Act 1989

5 Principal Act amended

This Part amends the Education Act 1989.

6 Student allowances

Section 303 is amended by inserting the following subsections after subsection (3A): 25

- “(3B) The rates of student allowances set under this section (except the rates of allowances provided in respect of accommodation expenses) must be adjusted, by regulations made under subsection (1), as at 1 April each year so that in each case the new rate (after the deduction of standard tax) is the rate at that date (after the deduction of standard tax and before the adjustment under this section is made) adjusted by an amount equal to the percentage movement upwards in the CPI between the CPI for the quarter ended with 31 December 1 year before the 30 35

immediately preceding 31 December and the CPI for the quarter ended with the immediately preceding 31 December.

“(3C) An adjustment under **subsection (3B)** must not reduce the weekly amounts of student allowances payable.

“(3D) Every adjustment made under **subsection (3B)** comes into force, or is considered to have come into force, on 1 April of the calendar year in which it is made, and applies to student allowances payable on and after that date.

“(3E) In this section,—

“**CPI** means the consumers price index-all groups published by the Department of Statistics

“**standard tax** means the amount of tax reckoned on a weekly basis that would be withholdable in accordance with tax code ‘M’ stated in section 24B of the Tax Administration Act 1994.”

Part 3

Amendments to Income Tax Act 1976, Income Tax Act 1994, Income Tax Act 2004, and Income Tax Act 2007

7 Purpose

The purpose of **this Part** is to make amendments to the definitions of **dependent child** in the Income Tax Act 1976, Income Tax Act 1994, Income Tax Act 2004, and Income Tax Act 2007.

Amendment to Income Tax Act 1976

8 Interpretation

(1) In section 374A, in the definition of **dependent child**, the following is inserted after paragraph (d):

“(da) despite paragraph (d), who is a child or a young person (as defined in section 2(1) of the Children, Young Persons, and Their Families Act 1989)—

“(i) of whom the person is a parent within the meaning of that Act; and

“(ii) to whom section 361 of that Act applies; and

“(iii) who, under section 362 of that Act, is placed in the charge of the person; and”.

- (2) **Subsection (1)** applies for the 1991–92 and subsequent income years and only for the purpose of validating payments of family support credits of tax made under Part 11A of the Income Tax Act 1976 in relation to any of those income years.

Amendment to Income Tax Act 1994 5

9 Definitions

- (1) In section OB 1, in the definition of **dependent child**, the following is inserted after paragraph (d):
 - “(da) despite paragraph (d), who is a child or a young person (as defined in section 2(1) of the Children, Young Persons, and Their Families Act 1989)—
 - “(i) of whom the person is a parent within the meaning of that Act; and
 - “(ii) to whom section 361 of that Act applies; and
 - “(iii) who, under section 362 of that Act, is placed in the charge of the person; and”.
- (2) **Subsection (1)** applies for the 1995–96 and subsequent income years and only for the purpose of validating payments of any credits of tax made under subpart KD of the Income Tax Act 1994 in relation to any of those income years. 20

Amendment to Income Tax Act 2004

10 Definitions

- (1) In section OB 1, in the definition of **dependent child**, the following is inserted after paragraph (d):
 - “(da) despite paragraph (d), who is a child or a young person (as defined in section 2(1) of the Children, Young Persons, and Their Families Act 1989)—
 - “(i) of whom the person is a parent within the meaning of that Act; and
 - “(ii) to whom section 361 of that Act applies; and
 - “(iii) who, under section 362 of that Act, is placed in the charge of the person; and”.
- (2) **Subsection (1)** applies for the 2005–06 and later income years and only for the purpose of validating payments of credits of tax made under subpart KD of the Income Tax Act 2004 made in relation to any of those income years. 35

*Amendment to Income Tax Act 2007***11 Definitions**

- (1) In section YA 1, the definition of **dependent child** is replaced by the following:

- “**dependent child**, for a child and a person,— 5
- “(a) means a child—
- “(i) whose care is primarily the responsibility of the person; and
- “(ii) who is maintained as a member of that person’s family; and 10
- “(iii) who is financially dependent on that person:
- “(b) does not include a child in relation to whom—
- “(i) a payment is made under section 363 of the Children, Young Persons, and Their Families Act 1989: 15
- “(ii) a benefit is being paid under section 28 or 29 of the Social Security Act 1964:
- “(c) despite **paragraph (b)(i)**, includes a child or a young person, as defined in section 2(1) of the Children, Young Persons, and Their Families Act 1989,— 20
- “(i) of whom the person is a parent within the meaning of that Act; and
- “(ii) to whom section 361 of that Act applies; and
- “(iii) who, under section 362 of that Act, is placed in the charge of the person”. 25

- (2) **Subsection (1)** applies for the 2008–09 and later income years.

Part 4**Amendments to Social Security Act 1964**

- 12 Principal Act amended** 30
- This Part** amends the Social Security Act 1964.

13 Interpretation

- (1) The definition of **dependent child** in section 3(1) is repealed and the following definition substituted:

- “**dependent child**, in relation to any person,— 35
- “(a) means a child—

- “(i) whose care is primarily the responsibility of the person; and
 - “(ii) who is being maintained as a member of that person’s family; and
 - “(iii) who is financially dependent on that person: 5
 - “(b) does not include a child in respect of whom payments are being made under section 363 of the Children, Young Persons, and Their Families Act 1989;
 - “(c) despite **paragraph (b)**, includes a child or a young person (as defined in section 2(1) of the Children, Young Persons, and Their Families Act 1989)— 10
 - “(i) of whom the person is a parent within the meaning of that Act; and
 - “(ii) to whom section 361 of that Act applies; and
 - “(iii) who, under section 362 of that Act, is placed in 15
 - the charge of the person:
 - “(d) for the purposes only of Schedules 3, 6, 9, 16, 17, and 18 of this Act, does not include a child in respect of whom an orphan’s benefit or an unsupported child’s benefit is being paid”. 20
- (2) Section 3(1) is amended by inserting the following definitions in their appropriate alphabetical order:
- “**employment plan** has the meaning specified in section 600
 - “**work-tested domestic purposes beneficiary** means a person— 25
 - “(a) who has been granted a domestic purposes benefit under section 27B; and
 - “(b) whose youngest dependent child is aged 6 years or older, but under 18 years, or is aged 18 years and is a child in respect of whom that benefit is paid, or 30
 - continues to be paid, under section 63A”.
- (3) The definition of **Income Test 1** in section 3(1) is amended by—
- (a) omitting “\$80” and substituting “\$100”;
 - (b) omitting “\$180” in each place where it appears and substituting in each case “\$200”. 35
- (4) The definition of **Income Test 2** in section 3(1) is amended—
- (a) by omitting “\$80” and substituting “\$100”:

- (b) by omitting “\$180” in each place where it appears and substituting in each case “\$200”.
- (5) The definition of **Income Test 3** in section 3(1) is repealed and the following definition substituted:
 “**Income Test 3** means that the applicable rate of benefit must be reduced by 70 cents for every \$1 of total income of the beneficiary and his or her spouse or partner which is more than,—
 “(a) if the rate of benefit is a rate of New Zealand superannuation stated in clause 2 of Schedule 1 of the New Zealand Superannuation and Retirement Income Act 2001, \$100 a week; or
 “(b) in any other case, \$80 a week”.
- (6) The definition of **Income Test 5** in section 3(1) is repealed.
- (7) Paragraph (a) of the definition of **part-time work-tested beneficiary** in section 3(1) is amended by inserting “or a work-tested domestic purposes beneficiary” after “work-tested spouse or partner”.
- (8) The definition of **personal development and employment plan** in section 3(1) is repealed.
- (9) The definition of **work-tested beneficiary** in section 3(1) is amended by adding the following paragraph:
 “(f) a work-tested domestic purposes beneficiary”.
- (10) The definition of **work-tested benefit** in section 3(1) is amended by repealing paragraph (e) and substituting the following paragraphs:
 “(e) in relation to a work-tested spouse or partner—
 “(i) a sickness benefit; or
 “(ii) an emergency benefit; or
 “(iii) an invalid’s benefit; or
 “(f) in relation to a work-tested domestic purposes beneficiary, a domestic purposes benefit under section 27B”.
- (11) Section 3(1) is amended by inserting the following definition in its appropriate alphabetical order:
 “**work-tested sickness beneficiary** means a person granted a sickness benefit who is required under **section 54DA(1)** to comply with the work test”.

- (12) Section 3(1) is amended by repealing the definition of **part-time work-tested beneficiary** and substituting the following definition:
- “**part-time work-tested beneficiary** means—
- “(a) a person with a youngest dependent child aged 6 or older, but under 18 years, and who is—
- “(i) a work-tested spouse or partner; or
- “(ii) a work-tested domestic purposes beneficiary; or
- “(b) a person who is a work-tested sickness beneficiary”.
- (13) The definition of **work-tested beneficiary** in section 3(1) is amended by adding “; or” and also by adding the following paragraph:
- “(g) a work-tested sickness beneficiary”.
- (14) The definition of **work-tested benefit** in section 3(1) is amended by adding “; or” and also by adding the following paragraph:
- “(g) in relation to a work-tested sickness beneficiary, a sickness benefit”.

14 Domestic purposes benefits for solo parents

Section 27B is amended by repealing subsection (2A) and substituting the following subsection:

- “(2A) A person who receives a benefit under this section must—
- “(a) comply with—
- “(i) a requirement under section 60Q; and
- “(ii) any other obligation arising under any of sections 60Q to 60S; or
- “(b) comply with the work test if that person is a work-tested domestic purposes beneficiary.”

15 Rates of sickness benefit

- (1) Section 54D(1) is amended by omitting “, unless subsection (2) applies”.
- (2) Section 54D(2) is repealed.

16 New section 54DA inserted

- (1) The following section is inserted after section 54D:

“54DA Sickness beneficiary may be required to comply with work test

- “(1) The chief executive may, by notice in writing, require a person who is granted a sickness benefit under section 54 to comply with the work test from a date specified in the notice if the chief executive, having regard to the certificate and any report obtained under section 54B, is satisfied that the person has, while receiving that benefit, the capacity to seek, undertake, and be available for part-time work. 5
- “(2) The date specified in a notice under **subsection (1)**,— 10
- “(a) in the case of a new grant of the benefit, may be the date on which the benefit is first paid; but
- “(b) in any case, must not be a date before the date on which the chief executive reasonably considers the person will receive the notice. 15
- “(3) The chief executive may at any time, whether on the application of the person or otherwise, review a requirement under **subsection (1)** and may confirm or revoke it.”
- (2) The principal Act is consequentially amended in the manner set out in **Schedule 2** of this Act. 20

17 Independent youth benefits: obligations

- (1) Section 60GAB(2)(a) is amended by omitting “the person has previously agreed in writing to undertake”.
- (2) Section 60GAB(2)(b) is amended by inserting “when required by the chief executive,” before “to be”. 25

18 Interpretation

- (1) The definition of **personal development and employment plan** or **plan** in section 60O is repealed.
- (2) Section 60O is amended by inserting the following definition in its appropriate alphabetical order: 30
- “**employment plan** means a plan that—
- “(a) has goals to assist the beneficiary to move towards employment:
- “(b) sets out a plan of action designed to meet the goals referred to in **paragraph (a)**, including the activities that 35

will be undertaken by the beneficiary to facilitate the achievement of those goals:

- “(c) includes a statement of the information the department will provide to assist the beneficiary to do 1 or more of the following: 5
 - “(i) achieve the goals referred to in **paragraph (a)**:
 - “(ii) improve his or her employment capabilities:
 - “(iii) obtain employment:
- “(d) includes, if agreed to by the chief executive, a statement of the assistance that the department will provide to assist the beneficiary to do 1 or more of the things described in **paragraph (c)(i) to (iii)**”. 10

19 Purpose of sections 60Q to 60Z

Section 60P(a) is amended by inserting “(other than work-tested domestic purposes beneficiaries)” after “domestic purposes beneficiaries”. 15

20 Personal development and employment plans

Section 60Q(6)(a) is amended by repealing subparagraph (ii) and substituting the following subparagraph:

- “(ii) a benefit under section 27B (the domestic purposes benefit for solo parents) if the recipient has a dependent child under the age of 6 years; or”. 20

21 Interpretation

(1) The definition of **accommodation costs** in section 61E(1) is amended by repealing paragraph (a) and substituting the following paragraph: 25

- “(a) in relation to premises rented by the person, the amount payable by the person for rent of the premises, excluding any service costs included in that rent and any arrears:”. 30

(2) Paragraph (b) of the definition of **accommodation costs** in section 61E(1) is amended by inserting “any service costs and” after “excluding”.

(3) Section 61E(1) is amended by inserting the following definition in its appropriate alphabetical order: 35

“**service costs**, in relation to any premises,—

“(a) means the cost as reasonably determined by the chief executive of any services (for example, electricity supply, gas supply, telephone network connection, or broadband Internet connection) provided to or in connection with the premises for consumption or use by the occupants of the premises; but

“(b) does not include the cost of water supplied to the premises”.

22 New section 61HA inserted

10

The following section is inserted after section 61H:

“61HA Annual CPI adjustment of rates of certain benefits

“(1) In this section, **CPI** means the consumers price index-all groups published by the Department of Statistics.

“(2) The rates of benefits set out in Schedules 3, 4, 6, 9, 16, 17, and 26, and in clause 1 of Schedule 22 must be adjusted, by Order in Council, as at 1 April each year so that in each case the new rate is the rate at that date adjusted by any percentage movement upwards in the CPI between the CPI for the quarter ended with 31 December 1 year before the immediately preceding 31 December and the CPI for the quarter ended with the immediately preceding 31 December.

“(3) An adjustment under **subsection (2)** must not reduce the weekly amounts of benefits payable under those schedules.

“(4) Every Order in Council made under **subsection (2)** comes into force or is considered to come into force on 1 April of the calendar year in which it is made, and applies to benefits payable on and after that date.

“(5) Section 61H(3) to (6) apply to every Order in Council made under **subsection (2)** as if that order were made under that section.”

23 Payment of benefits

Section 82 is amended by inserting the following subsections after subsection (6):

“(6A) Despite subsection (3), if the immediate needs of the beneficiary relate to the supply of any goods or services to the beneficiary or a member of the beneficiary’s family, the chief ex-

ecutive may pay the whole or any part of an advance payment of a benefit under subsection (6) to the supplier of the goods or services.

“(6B) **Subsection (6C)** applies in respect of an applicant for an advance payment of a benefit under subsection (6) if the chief executive is satisfied that— 5

“(a) the applicant or the applicant’s spouse or partner has failed to take reasonable steps to reduce his or her costs or increase his or her income or better manage his or her finances; or 10

“(b) the applicant or the applicant’s spouse or partner has failed to take all necessary steps to obtain any assistance towards his or her costs from any other source from which he or she may be entitled to assistance; or

“(c) the applicant or the applicant’s spouse or partner has failed to comply with any requirement of the chief executive to undertake a budgeting activity under regulations made under **section 132K**. 15

“(6C) If this subsection applies, the chief executive may refuse to make an advance payment of a benefit under subsection (6), or any subsequent advance payment of a benefit, to or in respect of the applicant.” 20

24 **New section 86K inserted**

The following section is inserted after section 86J:

“**86K Validation of benefit payments and other payments in respect of certain children in care** 25

“(1) This section applies to any payment before the commencement of this section of a benefit or other assistance under this Act to a person in respect of a child who is a dependent child within the meaning of **paragraph (c)** of the definition of that term in section 3(1) (as that definition was substituted by **section 13(1)** of the Social Assistance (Future Focus) Act **2010**). 30

“(2) The payment must be taken to be, and to always have been, as valid and authorised as if that definition were in force, and applied in respect of the payment, when it was made.” 35

25 **New section 99AA inserted**

The following section is inserted after section 99:

“99AA Unemployment benefit: expiry and requirements for re-grant

- “(1) If it has not ceased earlier, an unemployment beneficiary’s entitlement to the unemployment benefit ceases on the beneficiary’s anniversary date (as defined in **subsection (9)**), and the benefit expires on that date, but the unemployment benefit may be re-granted if the beneficiary reapplies for the benefit in accordance with **subsection (3)**. 5
- “(2) The chief executive must, not less than 20 working days before an unemployment beneficiary’s anniversary date, give notice to the beneficiary stating— 10
- “(a) that entitlement to the benefit will cease unless the beneficiary reapplies for the benefit and it is re-granted; and
 - “(b) the date on which entitlement to the benefit will cease; and 15
 - “(c) what the beneficiary must do to reapply for the benefit and the time within which he or she must do so.
- “(3) No unemployment benefit may be re-granted under this section unless—
- “(a) the department has received— 20
 - “(i) a reapplication form (provided by the chief executive for the purpose) completed by or on behalf of the beneficiary and his or her spouse or partner (if any) to the chief executive’s satisfaction; and 25
 - “(ii) any supporting evidence reasonably required by the chief executive; and
 - “(b) the beneficiary has participated, to the satisfaction of the chief executive, in a comprehensive work assessment of a kind specified by the chief executive. 30
- “(4) If, in relation to a person, the requirements of **subsection (3)** are completed on or before the anniversary date,—
- “(a) the chief executive must re-grant the person’s unemployment benefit if the chief executive is satisfied that the person meets or continues to meet the eligibility criteria for the benefit set out in section 89: 35
 - “(b) if re-granted, the benefit commences on the person’s anniversary date.

- “(5) If, in relation to a person, the requirements of **subsection (3)** are completed after, but within 20 working days after, the person’s anniversary date and the chief executive is satisfied that there were exceptional circumstances why those requirements could not have been completed on or before that date,— 5
- “(a) the chief executive must re-grant the person’s unemployment benefit if the chief executive is satisfied that—
- “(i) the person meets the eligibility criteria for the benefit set out in section 89; and
- “(ii) after the person’s anniversary date, and unless 10 exceptional circumstances prevented the person from doing so, the person continued to—
- “(A) seek, and be available for, full-time employment; and
- “(B) be willing and able to undertake it; and 15
- “(C) take reasonable steps to find it:
- “(b) if re-granted, the benefit commences on the person’s anniversary date.
- “(6) If a person intending to reapply for an unemployment benefit contacts the department on or before the person’s anniversary date,— 20
- “(a) the chief executive may set a time (not later than 10 working days after the person’s anniversary date) for completing the requirements of **subsection (3)**; and
- “(b) if those requirements are completed within that time, 25 the chief executive may re-grant the benefit under **subsection (5)**.
- “(7) **Subsections (4) to (6)** override section 11D(1).
- “(8) An unemployment benefit must not be re-granted under this section to a person, and any reapplication form received from 30 or on behalf of the person must be treated as an application form for the purposes of section 11D(2), if the requirements of **subsection (3)**—
- “(a) are not completed within 20 working days after the person’s anniversary date; or 35
- “(b) were completed within that time but after the person’s anniversary date, and the chief executive is satisfied that there were no exceptional circumstances why those re-

quirements could not have been completed on or before that anniversary date.

- “(9) In this section, **anniversary date**, in relation to a person to whom this section applies, means the day that is the 12-month anniversary of the date on which the person’s unemployment benefit commenced.” 5

26 New section 101 inserted

The following section is inserted before section 102:

“**101 Purpose of sections 102 to 123D**

The purpose of sections **102** to 123D is— 10

“(a) to ensure that work-tested beneficiaries maintain an unrelenting focus on entering, or returning to, employment:

“(b) to reinforce the continuing obligation of work-tested beneficiaries to take reasonable steps to support themselves and their families: 15

“(c) to identify the activities that work-tested beneficiaries may be required to undertake to meet their obligations arising from work-tested benefits being paid in respect of them: 20

“(d) to provide a work test structure applying to all work-tested beneficiaries that is sufficiently flexible to take account of an individual beneficiary’s circumstances.”

27 New sections 102 and 102A substituted

Section 102 is repealed and the following sections are substituted: 25

“**102 Application of work test**

“(1) The work test applies to a person while he or she is a work-tested beneficiary, and unless **subsection (2)** applies, the person is subject to the obligations of the work test set out in **section 102A** from the date on which the work-tested benefit is first paid. 30

“(2) The work test does not apply to a work-tested beneficiary if the chief executive is satisfied that the beneficiary is undertaking employment of the kind required to satisfy the work test for that beneficiary. 35

“(3) A work test obligation set out in **section 102A** applies on—

- “(a) a day that is a day between Monday and Friday (inclusive); or
- “(b) a day of the week on which regulations under this Act provide (in relation to the obligation, obligations that include it, or all obligations) that it applies. 5

“102A Work test obligations

- “(1) The work test obligations are—
 - “(a) to be available for, and take reasonable steps to obtain, suitable employment; and
 - “(b) to accept any offer of suitable employment, including temporary employment or employment that is seasonal or subsidised; and 10
 - “(c) to attend and participate in an interview for any opportunity of suitable employment to which the beneficiary is referred by the chief executive; and 15
 - “(d) when required by the chief executive, to attend and participate in any interview with an officer of the department or other person on behalf of the chief executive; and
 - “(e) when required by the chief executive, to undertake planning for employment; and 20
 - “(f) when required by the chief executive, to participate in or, as the case requires, undertake any of the following the chief executive considers suitable for the beneficiary to improve the beneficiary’s work-readiness or prospects for employment: 25
 - “(i) any work assessment specified by the chief executive:
 - “(ii) any programme or seminar specified by the chief executive to increase particular skills or enhance motivation: 30
 - “(iii) a work experience or work exploration activity specified by the chief executive:
 - “(iv) employment-related training specified by the chief executive: 35
 - “(v) any other activity specified by the chief executive (including rehabilitation but not medical treatment); and

- “(g) to report to the department on his or her compliance with his or her work test obligations as often, and in the manner, as the chief executive from time to time reasonably requires; and
- “(h) in the case of a person in respect of whom a job seeker agreement was in force immediately before the commencement of **section 29** of the Social Assistance (Future Focus) Act **2010**, and until directed otherwise by the chief executive,—
- “(i) to undertake the job-search activities set out in the agreement; and
- “(ii) to undertake and complete any job seeker development activity or recognised community activity described in the agreement (subject to the chief executive’s taking reasonable steps to arrange for the person to undertake the activity); and
- “(iii) to undertake and complete any other activities set out in the agreement.
- “(2) **Subsection (1)(f)** applies whether or not a beneficiary is subject to a sanction for failing to comply with the work test.
- “(3) A person cannot be required under **subsection (1)** to undertake activity in the community (whether or not it is included in a job seeker agreement that continues to apply to him or her under **subsection (1)(h)**).
- “(4) The failure by a beneficiary to undertake or complete a recognised community activity or activity in the community, as set out in a job seeker agreement that continues to apply to him or her, is not a failure to comply with a work test obligation for the purpose of section 115(1)(a).
- “(5) If the chief executive requires a beneficiary to undertake an activity under **subsection (1)(f)**, the chief executive must take reasonable steps to arrange for the beneficiary to undertake that activity.”
- 28 Exemption from obligations** 35
- (1) Section 105(1) is amended by omitting “the work test” and substituting “some or all of his or her work test obligations”.

- (2) Section 105(5) is amended by omitting “the work test” and substituting “all of his or her work test obligations”.
- 29 Sections 105A, 105B, and 105D and heading above section 105A repealed** 5
 Sections 105A, 105B, and 105D and the heading above section 105A are repealed.
- 30 Section 110 and heading above section 110 repealed**
 Section 110 and the heading above section 110 are repealed.
- 31 Sanctions that may be imposed for failures**
- (1) Section 117(1) is amended by repealing paragraph (a) and substituting the following paragraph: 10
 “(a) for a first failure, the person’s benefit must be reduced by 50% until the person recomplies.”
- (2) Section 117 is amended by adding the following subsection:
 “(4) If a person’s unemployment benefit is reduced or suspended under subsection (1) and the person is re-granted an unemployment benefit under **section 99AA**, the reduction or suspension continues to apply to the re-granted unemployment benefit on and after its commencement until the person recomplies.” 15
- 32 Calculation of failure rate** 20
- (1) Section 119(1)(a) is amended by omitting “but” and substituting “and”.
- (2) Section 119(1) is amended by inserting the following paragraph after paragraph (a):
 “(ab) if the benefit being paid in respect of the beneficiary is a work-tested benefit (**benefit A**), may count applicable failures incurred while another work-tested benefit was earlier paid in respect of the beneficiary (**benefit B**) if benefit A and benefit B have been paid continuously in respect of the beneficiary; but” 25
- (3) Section 119 is amended by inserting the following subsection after subsection (3):
 “(3A) For the purpose of subsection (1)(a), the chief executive must treat an unemployment benefit that expires under **section** 30

- 99AA**, and any unemployment benefit re-granted to the beneficiary under that section, as the same benefit.”
- (4) Section 119(5) is amended by omitting “subsection (2)” and substituting “subsection (3)”.
- 33 Modified effect in some cases of sanctions on rate of benefit for people married or in civil union or de facto relationship** 5
- (1) Section 120(1) is amended by omitting “suspension” and substituting “reduction, suspension,”.
- (2) Section 120 is amended by inserting the following subsection after subsection (1): 10
- “(1A) If the reduction, suspension, or cancellation under section 117 of a benefit payable at a work-test married rate results from failures of both spouses or partners to comply with work test obligations, and they have no dependent children,— 15
- “(a) the reduction, suspension, or cancellation in respect of each spouse or partner applies only to 50% of the applicable rate of the benefit before abatement on account of income payable in respect of that spouse or partner; and 20
- “(b) any amount of the benefit payable to the spouses or partners after that reduction, suspension, or cancellation is applied is subject to the appropriate income test but at half the abatement rate under that test.”
- (3) Section 120(2) is amended by— 25
- (a) omitting “under section” and substituting “under section 60H or”;
- (b) inserting “section 60H(3) applying to both work-tested spouses or partners or” after “from”.
- 34 Meaning of recompliance** 30
- Section 122 is amended by repealing paragraph (a) and substituting the following paragraph:
- “(a) in the case of a work-tested beneficiary, an activity that is the same as, or substantially similar to, the activity that the person failed to comply with under the applicable work-test obligation; or” 35

- 35 Regulations**
 Section 123D(a) is amended by omitting “the work test” and substituting “some or all of their work test obligations”.
- 36 Regulations relating to childcare assistance**
 Section 132AC(2) to (4) are repealed. 5
- 37 New section 132K inserted**
 The following section is inserted after section 132J:
“132K Regulations relating to advance payments of benefit
 “(1) The Governor-General may, by Order in Council, make regulations for the purpose of section 82(6) (which relates to advance payments of a benefit), including, without limitation, provisions that— 10
 “(a) specify the manner and form in which an application for advance payments of a benefit may be made under that section, which may differ depending on the number of times the beneficiary has applied for advance payments of a benefit under that section, or special assistance under section 124(1)(d), or for both: 15
 “(b) authorise the chief executive to require a beneficiary who applies for an advance payment of a benefit, or the beneficiary’s spouse or partner, or both, to undertake to the satisfaction of the chief executive a budgeting activity of a kind specified in regulations made under this section: 20
 “(c) define the kinds of budgeting activities that the chief executive may require a person to undertake under **paragraph (b)** and the terms and conditions of those activities: 25
 “(d) prescribe the circumstances in which the power referred to in **paragraph (b)** may be exercised. 30
 “(2) Nothing in **subsection (1)** limits section 132.”
- 38 Schedule 8 repealed**
 Schedule 8 is repealed.

39 Schedule 31 amended

Clause 12 of Schedule 31 is amended by omitting “\$791.53” and substituting “\$821.04”.

40 Consequential amendments

The principal Act is amended in the manner indicated in **Schedule 1** of this Act. 5

*Transitional provisions***41 Transitional provision relating to personal development and employment plans**

Any personal development and employment plan made and in force immediately before the commencement of this Act is to be treated as an employment plan made under section 60Q of the principal Act (as amended by this Act). 10

42 Transitional provisions relating to job seeker agreements and job seeker development activities

(1) Despite the commencement of this Act, any job seeker agreement in force before the commencement of this Act continues in force for the purpose of **section 102A(1)(h)** of the principal Act until the chief executive directs otherwise under that paragraph. 15 20

(2) Despite the commencement of this Act, any job seeker development activity defined, and any conditions of any job seeker development activity specified, under section 110 (before its repeal by this Act) continue in force for the purpose of **section 102A(1)(h)** of the principal Act. 25

43 Transitional provisions relating to sanctions under former section 117(1)(a)

(1) In this section, **former section 117(1)(a)** means section 117(1)(a) of the principal Act as it read before its repeal and substitution by this Act. 30

(2) This section applies to a beneficiary who,—
 (a) on the commencement of this Act, is subject to a sanction of suspension of his or her benefit imposed under the former section 117(1)(a); or

- (b) before the commencement of this Act, has been given written notice under section 113(2) of the principal Act of the chief executive's decision to impose a sanction of suspension of benefit under the former section 117(1)(a) that specifies that the sanction is to take effect on a date that is on or after the commencement of this Act. 5
- (3) For the purposes of completing or imposing the sanction referred to in **subsection (2)**, the former section 117(1)(a) continues to apply to a beneficiary to whom this section applies as if this Act had not been enacted. 10
- 44 Transitional provision relating to exemptions from the work test**
Every exemption from the work test granted under section 105(1) of the principal Act before the commencement of this Act and in force on that commencement must, until the exemption is varied or revoked under subsection (6) of that section, be treated as an exemption from all work test obligations. 15
- Amendments to Social Security (Childcare Assistance) Regulations 2004*
- 45 Social Security (Childcare Assistance) Regulations 2004 amended** 20
Sections 46 to 48 amend the Social Security (Childcare Assistance) Regulations 2004.
- 46 Rate of childcare subsidy**
Regulation 18 is amended by revoking subclause (1) and substituting the following subclause: 25
- “(1) A childcare subsidy is payable,—
- “(a) until the close of **27 September 2013**, at the appropriate rate stated in **Schedule 2** to a person who was receiving childcare assistance on or at any time within the period of 12 months before the commencement of this subclause; or 30
- “(b) if **paragraph (a)** does not apply to the person, at the appropriate rate stated in **Schedule 1**.”

- 47 New regulation 24 substituted**
Regulation 24 is revoked and the following regulation substituted:
- “24 Rate of Oscar subsidy**
An OSCAR subsidy is payable,— 5
- “(a) until the close of **27 September 2013**, at the appropriate rate stated in **Schedule 2** to a person who was receiving childcare assistance on or at any time within the period of 12 months before the commencement of this subclause; or 10
- “(b) if **paragraph (a)** does not apply to the person, at the appropriate rate stated in **Schedule 1**.”
- 48 New Schedules 1 and 2 substituted**
The Schedule is revoked and the **Schedules 1** and **2** set out in **Schedule 3** of this Act are substituted. 15

Part 5

Amendments to War Pensions Act 1954

- 49 Principal Act amended**
This Part amends the War Pensions Act 1954.
- 50 Interpretation** 20
The definition of **Income Test 3** in section 67(1) is amended by omitting “\$80” and substituting “\$100”.
- 51 Abatement**
(1) Section 74D(3)(a) and (4)(a) are amended by omitting “\$80” and substituting in each case “\$100”. 25
(2) Section 74D is amended by omitting “\$180” in each place where it appears and substituting in each case “\$200”.

Schedule 1	s 40
Consequential amendments to Social Security Act 1964	
Part 1	
Amendment consequential on repeal of definition of Income Test 5 in section 3(1)	5
Section 61H(1)(b)	
Omit “Income Test 4, and Income Test 5” and substitute “and Income Test 4”.	
Part 2	
Amendment consequential on amendments to section 60GAB	10
Section 60F(5)	
Insert “educational course or” after “in an”.	
Part 3	
Amendments consequential on amendments to section 60O (definition of employment plan)	15
Heading to section 60Q	
Omit “ Personal development and employment ” and substitute “ Employment ”.	20
Section 60Q(1)(ab)	
Omit “personal development and”.	
Section 60Q(1)(b)	
Omit “a personal development and” and substitute “an”.	25
Section 60Q(1)(c) and (ca)	
Omit “personal development and”.	

Part 3—*continued***Section 60Q(1)(d)**

Omit “plan” in each place where it appears and substitute in each case “employment plan”.

Section 60Q(3)(a)

Omit “a personal development and” and substitute “an”. 5
Omit “the plan” and substitute “the employment plan”.

Section 60Q(3)(b)

Omit “personal development and”.
Omit “a plan” and substitute “an employment plan”.

Section 60Q(3)(c)

Omit “a personal development and” and substitute “an”. 10
Omit “a plan” and substitute “an employment plan”.

Section 60Q(3A) and (3B)

Omit “personal development and” in each place where it appears.

Section 60Q(4)

Omit “A personal development and” and substitute “An”. 15

Heading to section 60R

Omit “personal development and”.

Section 60R(1)

Omit “A personal development and” and substitute “An”. 20

Section 60R(2) and (3)

Omit “a personal development and” and substitute in each case “an”.

Section 60R(3) and (4)

Omit “the plan” in each place where it appears and substitute in each case “the employment plan”. 25

Part 3—*continued***Section 60R(4)**

Omit “personal development and”.

Heading to section 60S

Omit “personal development and”.

Section 60S(1)

5

Omit “a personal development and” and substitute “an”.

Section 60S(2) and (4)

Omit “personal development and”.

Section 60S(4)

Omit “other plan” and substitute “other employment plan”. 10

Section 60S(5)

Omit “a personal development and” and substitute “an”.

Omit “the plan” in each place where it appears and substitute in each case “the employment plan”.

Omit “that plan” in each place where it appears and substitute in each case “that employment plan”. 15

Section 60S(5A)

Omit “plan” and substitute “employment plan”.

Heading to section 60T

Omit “personal development and”. 20

Section 60T

Omit “a personal development and” and substitute “an”.

Section 60T(a) and (b)

Omit “a plan” and substitute in each case “an employment plan”.

Part 3—*continued***Section 60T(c) to (e)**

Omit “plan” and substitute in each case “employment plan”.

Heading to section 60U

Omit “personal development and”.

Section 60U(1)(b) and (2)(a)

5

Omit “personal development and”.

Section 60U(3) and (4)

Omit “a personal development and” and substitute in each case “an”.

Section 60U(3)(a) and (b)

Omit “plan” in each place where it appears and substitute in each case “employment plan”. 10

Section 60V(3)(c)

Omit “personal development and”.
Insert “employment” after “new”.

Section 60W

15

Omit “personal development and” in each place where it appears.

Section 60W(3)

Omit “beneficiary’s plan” and substitute “beneficiary’s employment plan”.

Heading to section 60Y

20

Omit “personal development and”.

Section 60Y(4)(b)

Omit “personal development and”.

Part 3—*continued***Section 77(4)(b)(i)**

Omit “personal development and”.

Section 123C(1)(b)

Omit “a personal development and” and substitute “an”.

Part 4

5

Amendment consequential on insertion of
new section 61HA

Schedule 22: clause 2

Omit “\$34.87 a week” and substitute “the amount specified in clause
1”.

10

Part 5

Amendments consequential on substitution
of section 102 and repeal of sections 105A,
105B, 105D, and 110

Section 3(1)

15

Definition of **employment required to satisfy the work test**: repeal
and substitute:

“**employment required to satisfy the work test** means,—

“(a) for a part-time work-tested beneficiary, part-time work:

“(b) for any other work-tested beneficiary, full-time employ-
ment”.

20

Definition of **work test**: omit “102(2)” and substitute “**102A(1)**”.

Section 12J(4)

Repeal.

Section 88A

25

Definition of **job seeker agreement**: repeal.

Definition of **job seeker development activity**: repeal.

Part 5—*continued***Section 104A(2)(c)**

Omit “included in a job seeker agreement signed by the beneficiary”.

Section 105C

Omit “, before he or she signs a job seeker agreement,”.

Paragraphs (b) and (d): repeal.

5

Paragraph (e): omit “the job seeker agreement” and substitute “his or her work test obligations”.

Section 111

Subsection (1): insert “(before its repeal and substitution by **section 27** of the Social Assistance (Future Focus) Act **2010**)” after “section 102(2)(f)”.

10

Add:

“(5) This section applies only in respect of a beneficiary to whom **section 102A(1)(h)** for the time being applies.”

Section 112

15

Repeal.

Section 115(2)

Repeal.

Section 115(3)

Omit “in the beneficiary’s job seeker agreement”.

20

Paragraph (a): omit “in the person’s job seeker agreement” and substitute “by the department”.

Paragraph (b): omit “in the agreement” and substitute “by the department”.

Section 115(4)

25

Insert “activity required under **section 102A(1)(f)** or” after “completing any”.

Omit “in his or her job seeker agreement”.

Part 5—*continued***Section 123B(1)(b)(i)**

Omit “job seeker development activities” and substitute “activities of the kind referred to in **section 102A(1)(f)**”.

Section 123C(1)(a)

Omit “job seeker agreement” and substitute “work test obligations”. 5
Omit “job seeker activity” and substitute “job search activity”.

Part 6

Amendments consequential on substitution
of section 117(1)(a) (sanctions) and
amendments to section 120 10

Section 60H(5)

Insert “120, 121,” after “sections”.

Section 113(2)

Insert “reduce or” after “must not”.

Paragraph (c): omit “suspending” and substitute “reducing, suspending.” 15

Paragraphs (d) and (e): omit “suspension” in each place where it appears and substitute in each case “reduction, suspension”.

Paragraph (f): insert “reduce or” after “the decision to”.

Section 113(3)

20

Omit “suspension” and substitute “reduction, suspension,”.

Part 7

Amendments consequential on repeal of
Schedule 8

Section 3(1)

25

Paragraph (a) of the definition of **work-test married rate**: omit “8 or”.

Part 7—continued

Section 135(5)

Omit “Schedule 8” and substitute “Schedule 9”.

Schedule 2**s 16(2)****Consequential amendments to the Social Security Act 1964 relating to work-testing of sickness beneficiaries****Section 53A(1)**

5

Insert the following paragraph after paragraph (ba):

“(bab) under **section 54DA(1)**, the chief executive requires a sickness beneficiary to comply with the work test; or”.

Section 54(7)

Insert “(other than a person required to comply with the work test under **section 54DA(1)**)” after “this section”.

10

Section 60H(2)

Insert the following paragraph after paragraph (a):

“(ab) a person who is an applicant for a sickness benefit if the chief executive would be able to require him or her to comply with the work test under **section 54DA(1)** from the date on which the benefit is first paid; or”.

15

Section 60P(ab)

Insert “(other than work-tested sickness beneficiaries)” after “sickness beneficiaries”.

20

Section 60Q(6)(a)(v)

Insert “, unless the person is a work-tested sickness beneficiary” after “benefit”.

Section 102(1) (as substituted by section 27 of this Act)

Repeal and substitute:

25

“(1) The work test applies to a person while he or she is a work-tested beneficiary, and unless **subsection (2)** applies, the person is subject to the obligations of the work test set out in **section 102A** from,—

Section 102(1) (as substituted by section 27 of this Act)—*continued*

- “(a) in the case of a work-tested sickness beneficiary, the date specified in the chief executive’s notice under **section 54DA(1)**; or
- “(b) in any other case, the date on which the work-tested benefit is first paid.”

5

Schedule 3 **s 48**
**New Schedules 1 and 2 of Social Security
 (Childcare Assistance) Regulations 2004**

Schedule 1 rr 18, 24
Rates of childcare and OSCAR subsidies **5**

- 1 For a principal caregiver with 1 dependent child where household income before the deduction of income tax is—
- | | | |
|-----|--|-----------------|
| (a) | less than \$1,200 a week | \$3.63 per hour |
| (b) | \$1,200 or more but less than \$1,300 a week | \$2.52 per hour |
| (c) | \$1,300 or more but less than \$1,400 a week | \$1.40 per hour |
| (d) | \$1,400 or more a week | Nil |
- 2 For a principal caregiver with 2 dependent children where household income before the deduction of income tax is—
- | | | |
|-----|--|-----------------|
| (a) | less than \$1,380 a week | \$3.63 per hour |
| (b) | \$1,380 or more but less than \$1,490 a week | \$2.52 per hour |
| (c) | \$1,490 or more but less than \$1,600 a week | \$1.40 per hour |
| (d) | \$1,600 or more a week | Nil |
- 3 For a principal caregiver with 3 or more dependent children where household income before the deduction of income tax is—
- | | | |
|-----|--|-----------------|
| (a) | less than \$1,540 a week | \$3.63 per hour |
| (b) | \$1,540 or more but less than \$1,670 a week | \$2.52 per hour |
| (c) | \$1,670 or more but less than \$1,800 a week | \$1.40 per hour |
| (d) | \$1,800 or more a week | Nil |
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Schedule 2

rr 18, 24

**Rates of childcare and OSCAR subsidies
applicable until close of 27 September
2013 for persons receiving childcare
assistance on 27 September 2010 or
who received childcare assistance at any
time within the 12-month period before
27 September 2010**

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- | | | |
|---|---|-----------------|
| 1 | For a principal caregiver with 1 dependent child where household income before the deduction of income tax is— | |
| | (a) less than \$1,274 a week | \$3.63 per hour |
| | (b) \$1,274 or more but less than \$1,380 a week | \$2.52 per hour |
| | (c) \$1,380 or more but less than \$1,486 a week | \$1.40 per hour |
| | (d) \$1,486 or more a week | Nil |
| 2 | For a principal caregiver with 2 dependent children where household income before the deduction of income tax is— | |
| | (a) less than \$1,465 a week | \$3.63 per hour |
| | (b) \$1,465 or more but less than \$1,581 a week | \$2.52 per hour |
| | (c) \$1,581 or more but less than \$1,698 a week | \$1.40 per hour |
| | (d) \$1,698 or more a week | Nil |
| 3 | For a principal caregiver with 3 or more dependent children where household income before the deduction of income tax is— | |
| | (a) less than \$1,634 a week | \$3.63 per hour |
| | (b) \$1,634 or more but less than \$1,772 a week | \$2.52 per hour |
| | (c) \$1,772 or more but less than \$1,910 a week | \$1.40 per hour |
| | (d) \$1,910 or more a week | Nil |