

Social Security (Extension of Young Persons Services and Remedial Matters) Amendment Bill

Government Bill

Explanatory note

General policy statement

This Bill amends the Social Security Act 1964 to implement extensions to the Youth Service and provide for remedial matters. The purposes of the Bill are to—

- extend the existing Youth Service to—
 - all 19-year-old beneficiaries with children; and
 - 18- and 19-year-old beneficiaries without children who are considered at significant risk of long-term welfare dependency; and
- fix certain deficiencies and ambiguities in the legislation.

Implementation date

The Youth Service extension will come into force on a date appointed by the Governor-General by Order in Council. One or more orders may be made bringing different provisions into force on different dates. Commencement of the provisions concerning the extension to youth services by Order in Council will ensure all the necessary programmes and services are in place. It is anticipated that the commencement date will be in 2016.

The remedial matters will come into force on the day after the date the Act receives the Royal Assent.

Youth Service extension

The Youth Service provides wraparound support to young people with the aim of reducing long-term welfare dependency. Currently, 16- to 18-year-old parents receive the young parent payment (YPP) and 16- and 17-year-olds without children receive the youth payment.

Nineteen-year-old beneficiaries with children

The Bill will increase the maximum age of eligibility for the YPP from 18 years to 19 years. People receiving the YPP are automatically referred to a youth service provider to work with a youth coach. As a result of this extension, 19-year-old parents will—

- have youth activity obligations, which are that the parents must be in full-time education leading towards NCEA Level 2, undertake a budgeting course and have ongoing budgeting discussions with their youth coach, and undertake a parenting course and other activities to support good parenting; and
- receive incentive payments of \$10 a week if they meet their obligations; and
- be subject to money management under section 179 of the Act.

Where both spouses or partners are aged 19 years or younger and have children, they will be transferred to YPP. Nineteen-year-old spouses and partners of other main beneficiaries who have children will (as currently) have youth activity obligations and will be newly entitled to receive incentive payments.

Eighteen and 19-year-old beneficiaries without children who are at risk of long-term welfare dependency

The Youth Service extension will also support certain 18- and 19-year-old beneficiaries without children who are considered to be at significant risk of long-term welfare dependency. Youth Service providers will assist those beneficiaries to find work or support them back into education if they have not yet achieved NCEA Level 2.

Those 18- and 19-year-old beneficiaries will remain on their existing benefits, and will be referred to the Youth Service if they are considered to be at significant risk of long-term welfare dependency and are—

- jobseeker support beneficiaries (whether the main recipient, his or her spouse or partner, or both beneficiaries if they both meet the criteria); or
- spouses or partners of supported living payment recipients and emergency benefit recipients who have existing work test obligations.

The Bill will amend the Social Security Act 1964 so that a beneficiary who is referred to the Youth Service will—

- have work-focused obligations (ie, work test and work preparation) with a provision to defer work test obligations to allow the beneficiary to study full-time if he or she does not have NCEA Level 2; and
- be required to undertake a budgeting course and have ongoing budgeting discussions with his or her youth coach; and
- receive incentive payments of \$10 a week if the beneficiary meets certain obligations; and
- be subject to money management under section 179 of the Act.

The Bill extends the period for which the Youth Service requirement applies, or youth support payments continue, to 31 March following the date on which the young person reaches the upper age limit if the young person is in secondary school or if the person's course of education or training ends in December.

The Bill also extends incentive payments to spouses or partners of specified beneficiaries without dependent children who are required to comply with youth activity obligations.

Remedial matters

The Bill will also make amendments of a remedial nature—

- limiting appeal and review rights to decisions about a person's own financial assistance, thereby excluding decisions about other people's benefits (except for the purpose of debt recovery from a beneficiary's spouse or partner); and
- confirming that terminal benefits are paid into the account of the deceased unless an application has been made by a surviving spouse or partner, or a person caring for a surviving dependent child, to have the payment made to them; and
- correcting the legislation so a benefit commences on the day after a stand down period ends as opposed to the day on which the stand down period ends; and
- authorising the payment of money credited on a payment card to a young person after the young person ceases to be subject to money management, because this is not currently supported by legislation.

Departmental disclosure statement

The Ministry of Social Development is required to prepare a disclosure statement to assist with the scrutiny of this Bill. The disclosure statement provides access to information about the policy development of the Bill and identifies any significant or unusual legislative features of the Bill.

A copy of the statement can be found at <http://legislation.govt.nz/disclosure.aspx?type=bill&subtype=government&year=2015&no=35>.

Regulatory impact statement

The Ministry of Social Development produced a regulatory impact statement on 11 February 2015 to help inform the main policy decisions taken by the Government relating to the contents of this Bill.

A copy of this regulatory impact statement can be found at—

- <http://www.msd.govt.nz/about-msd-and-our-work/publications-resources/regulatory-impact-statements/>
- <http://www.treasury.govt.nz/publications/informationreleases/ris>

Clause by clause analysis

Clause 1 is the Title clause.

Clause 2 is the commencement clause. It provides for certain provisions of the Bill (relating to remedial matters) to come into force on the day after Royal assent, and for the remaining provisions (concerning the extension to youth services) to come into

force on a date or dates to be appointed by 1 or more Orders in Council (it is anticipated that the commencement date will be in 2016).

Part 1

Amendments to Social Security Act 1964

Clause 3 identifies the principal Act amended by the provisions in Part 1: the Social Security Act 1964 (the **Act**). A reference in this analysis to a provision is, unless the context otherwise requires, a reference to a provision of the Act.

Clause 4 amends section 3(1) to insert a definition of NCEA level 2 and a definition of young person.

Clause 5 amends section 3C to insert a reference to this Bill in the table of transitional and savings provisions relating to the Act.

Clause 6 amends section 10A to replace item 1 of the table in that provision. This amendment is related to amendments effected by *clauses 7, 8, and 9*, which are intended to clarify that only a person in respect of whom a decision or determination has been made under the appealable provisions in the Act may apply for a review or appeal in respect of that decision (although in certain circumstances a beneficiary's spouse or partner continues to have a right of appeal against certain decisions or determinations by which the spouse or partner is affected. *See clause 8*).

Clause 7 amends section 10B(1) to clarify that an applicant or a beneficiary may appeal to the medical board against certain decisions of the chief executive only if the relevant decision was made in relation to the applicant or the beneficiary. This amendment overrides case law (such as Social Security Appeal No. SSA 005/12 ([2012] NZSSAA 118)) that suggests that appeal rights under section 10B may extend to applicants and beneficiaries who were affected by decisions or determinations of the chief executive in relation to other people.

Clause 8 amends section 12J, also in response to the case law mentioned in relation to *clause 7*, to clarify that rights of appeal are generally confined to the person in respect of whom the relevant decision or determination was made, and also to clarify that in certain circumstances a beneficiary's spouse or partner continues to have a right of appeal against certain decisions or determinations that affect the spouse or partner.

Clause 9 amends section 12S so that the right to apply to the Supreme Court for leave to appeal against a determination of the High Court made under section 12Q or a determination of the Court of Appeal made under section 12R extends only to a party to those proceedings, rather than to any person affected by the determination.

Clause 10 amends section 20D(1)(b) to increase the age of eligibility for sole parent support from 19 years to 20 years.

Clause 11 amends section 40D(2)(b) to increase, from 19 years to 20 years, the age of eligibility for an applicant with a dependent child to receive a supported living payment on the ground of caring for a patient requiring care.

Clause 12 amends section 80BA(4) to provide that the date for commencement of a benefit after a stand down period is the day after the stand down period ends (not, as is presently the case, on the day on which the stand down period ends).

Clause 13 amends section 82 to align the Act with the Ministry's operational practice of paying a terminal benefit to the estate of a deceased beneficiary, but also to provide that a terminal benefit may, on application, be paid to a surviving spouse or partner or for the benefit of a surviving dependent child or children of the deceased beneficiary.

Clause 14 amends section 88B to increase the age of eligibility for an applicant with a dependent child to receive jobseeker support from 19 years to 20 years, and to insert a cross-reference to a new subsection that provides for the deferral of work test obligations in certain circumstances (*see new subsections (6A) and (6B)* of section 88I, inserted by *clause 16*).

Clause 15 amends section 88D to insert a cross-reference to 2 new subsections that provide for the deferral of work test obligations or an exemption from complying with work preparation obligations under section 60Q in certain circumstances (*see new subsections (6A) and (6B)* of section 88I, inserted by *clause 16*, and *clause 38(2)*).

Clause 16 amends section 88I to give the chief executive discretion to defer work test obligations for a young person receiving jobseeker support in order to enable the person to complete or undertake certain full-time study. The Act currently prohibits full-time students from receiving jobseeker support. This clause amends the Act to provide the chief executive with discretion to allow payment of jobseeker support to 18- and 19-year-old beneficiaries who are completing or proposing to undertake specified full-time study, if the chief executive is satisfied that the study would reduce the beneficiary's risk of long-term welfare dependency.

Clause 17 amends section 123E by expanding the scope of the provision so that it extends to services that encourage young persons to remain in, and not just to move into, education, training, and employment. This provision also extends the cut-off date for services provided to a young person who is continuing in a course of education or training so that in certain cases those services may extend beyond the young person's 18th birthday to the close of the day the course ends, or the following 31 March.

Clause 18 amends section 123F by inserting a reference to Part 9A of the Privacy Act 1993 and adding an additional purpose to the list of purposes for which information may be shared between the chief executive of the department and the chief executive of the Ministry of Education: assessing young person's risk of long-term welfare dependency. Section 123F was inserted into the Act shortly before the enactment of Part 9A of the Privacy Act 1993 (which relates to information-sharing agreements). Those amendments, together with the insertion of *new clause 25* (saving of existing information-sharing agreement) into Schedule 32 of the Act (effected by *clause 33(3)*), will enable the existing information-sharing agreement made under section 123F to become an approved information-sharing agreement under section 96D of the Privacy Act 1993 and therefore to attract the application of other relevant provisions of Part 9A of that Act.

Clause 19 repeals sections 123G and 123H. The repeals will remove the existing overlap and duplication between section 123G of the Act and section 96O of the Privacy Act 1993 and avoid any inconsistency between section 123H of the Act and section 96W of the Privacy Act 1993.

Clauses 20 to 22 make amendments to sections 125C, 125D, and 125H that are consequential to the repeal of section 123G effected by *clause 19*.

Clause 23 repeals the definitions of **NCEA level 2** and **young person** in section 157, as a consequence of these definitions being inserted in section 3 (*see clause 4*).

Clause 24 amends section 162 to extend the exit date from the youth payment to a young person who is continuing in a course of education or training so that in certain cases receipt of the youth payment may extend beyond the young person's 18th birthday to the close of the day on which the course ends, or the following 31 March.

Clauses 25 to 27 amend sections 164, 165, and 168. The amendments have the effect of extending to 19-year-old parents the young parent payment and all components of the Youth Service approach currently provided to 16- to 18-year-old parents.

Clause 28 amends section 171 to provide for the extension of incentive payments to spouses and partners of a main beneficiary and for the increase in the age group of eligible spouses and partners so that it corresponds with the increase in the age group of those eligible to receive young parent payments. This clause also amends section 171 to provide that the obligations in that section continue for a minimum of 6 months even if the spouse or partner turns 18 or 20 in that period, and to clarify that any sanctions for eligible spouses and partners include the loss of incentive payments.

Clause 29 inserts *new section 171A*, which provides the chief executive with the discretion to require certain young persons without dependent children who are receiving jobseeker support or who are the work-tested spouse or partner of a specified beneficiary to receive youth services if the chief executive determines that the young person is at significant risk of long-term welfare dependency. A person required under *new section 171A* to receive youth services will also be subject, in addition to his or her work test obligations or work preparation obligations under section 60Q, to the following:

- obligations under section 170(1) (budgeting, interviews, reporting, etc):
- incentive payments:
- money management.

Clause 30 makes a consequential amendment to section 172 to insert a cross-reference to *new section 171A*.

Clause 31 inserts *new section 174A*, which relates to sanctions for failure by a young person required to receive youth services to comply with certain obligations. *Subsection (2)* of this new section applies to a young person who has been required under *new section 171A(2)* to receive youth services and whose benefit is subject to money management under section 179. If the chief executive is satisfied that a young person to whom this subsection applies has failed without good and sufficient reason to com-

ply with an obligation placed on the person by *new section 171A(4)(a)* or (in relevant cases) the work test or work preparation obligations under section 60Q, the chief executive must treat it as a failure to comply with an obligation under section 170, and section 173 (imposing staggered sanctions that include suspension of allowances and incentive payments, suspension and cancellation of benefits, and periods of ineligibility) applies.

If a young person has been required to receive services under *new section 171A(2)* but is not subject to money management, *subsection (4)* applies, and the failure to comply with an obligation placed on the person by *new section 171A(4)(a)* is treated as failure to comply with the work test or (in relevant cases) section 60Q. In the case of a young person who is subject to a sanction under section 117, the chief executive must (depending on the sanction) either suspend or cancel the young person's incentive payments (if any).

Clause 32 inserts *new subsections (12) and (13)* into section 179. The new subsections permit the chief executive, on application by a young person who ceases to be subject to money management under section 179, to pay to the young person personally in accordance with section 82(3) any remaining credit on the young person's payment card, voucher, or device.

Clause 33 contains validation, transitional, and savings provisions arising from amendments made by this Bill. These provisions are in the form of amendments to Schedule 32 of the Act through the insertion of *new Part 4*.

Part 2

Amendments to other enactments

Clauses 34 to 43 make amendments to various enactments that are consequential to or related to the amendments in *Part 1*.

Hon Anne Tolley

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Government Bill

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The Parliament of New Zealand enacts as follows:

1 Title

This Act is the Social Security (Extension of Young Persons Services and Remedial Matters) Amendment Act **2015**.

2 Commencement

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- (1) **Sections 5 to 9, 12, 13, and 33(1) and (2)** come into force on the day after the date on which this Act receives the Royal assent.
- (2) The rest of this Act comes into force on a date appointed by the Governor-General by Order in Council, and 1 or more orders may be made bringing different provisions into force on different dates.

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Part 1

Amendments to the Social Security Act 1964

3 Principal Act

This Part amends the Social Security Act 1964 (the **principal Act**).

4 Section 3 amended (Interpretation)

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In section 3(1), insert in their appropriate alphabetical order:

NCEA level 2 means a level 2 National Certificate of Educational Achievement issued by the New Zealand Qualifications Authority established under Part 20 of the Education Act 1989

young person,—

20

- (a) in sections 1A(ca) and 123E,—
- (i) means a person who is aged at least 15 years but is under the age of 18 years; and
- (ii) includes a person aged 18 years who continues to receive services of the kind referred to in **section 123E(1)(a)**: 5
- (b) in all other cases,—
- (i) means a person who is aged at least 16 years but is under the age of 20 years; and
- (ii) includes—
- (A) a person aged 20 years or over in respect of whom a young parent payment continues under section 168; and 10
- (B) a person aged 20 years or over to whom obligations in section 170(1) continue to apply under **section 171(5)** or **171A(3)**

5 Section 3C amended (Transitional and savings provisions relating to amendments to this Act) 15

In section 3C(2), the table, after the item relating to the Social Security (Fraud Measures and Debt Recovery) Amendment Act 2014, insert:

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6 Section 10A amended (Review of decisions of chief executive made under delegation by other decision makers) 20

In section 10A(1), the table, replace item 1 with:

1	An applicant or a beneficiary	A decision of the chief executive made in relation to the applicant or beneficiary under any enactment referred to in any of the paragraphs of section 12J(1) (other than a decision referred to in section 12J(2) or (3))
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7 Section 10B amended (Right of appeal on medical grounds)

In section 10B(1), after “chief executive”, insert “made in relation to the applicant or beneficiary”.

8 Section 12J amended (Rights of appeal) 25

- (1) In section 12J(1), replace “Any applicant or beneficiary affected may appeal to the Appeal Authority against any decision or determination of the chief executive” with “An applicant or beneficiary may appeal to the Appeal Authority against any decision or determination of the chief executive made in relation to the applicant or beneficiary”. 30
- (2) Replace section 12J(5) and (6) with:

- (5) For the purposes of subsection (1), a decision or determination is not made in relation to an applicant or a beneficiary by reason only that the decision or determination has an economic or other effect on the applicant or beneficiary.
- (6) A beneficiary's spouse or partner—
- (a) may appeal to the Appeal Authority against a decision by the chief executive that section 83AA applies to the beneficiary in respect of a benefit apportioned under section 83(1) or (2) or against any component decision that some or all of the benefit paid to the spouse or partner—
- (i) is an amount in excess of the amount to which the spouse or partner is by law entitled or is an amount to which the spouse or partner has no entitlement; or
- (ii) is an amount obtained by fraud by the spouse or partner; but
- (b) may not appeal against a decision or determination of the chief executive that relates only to the temporary deferral, rate, or method or methods of debt recovery from the beneficiary.

9 Section 12S amended (Appeals to Supreme Court)

Replace section 12S(1) with:

- (1) Any party to a proceeding under section 12Q or 12R in which a determination of the High Court or the Court of Appeal has been made may apply, in accordance with the Supreme Court Act 2003, to the Supreme Court for leave to appeal against the determination.

10 Section 20D amended (Sole parent support: standard eligibility requirements)

In section 20D(1)(b), replace “19 years” with “20 years”.

11 Section 40D amended (Supported living payment: on ground of caring for patient requiring care: eligibility)

In section 40D(2)(b), replace “19 years” with “20 years”.

12 Section 80BA amended (Calculation of stand down)

- (1) In section 80BA(4)(a)(i), replace “on which” with “after”.
- (2) In section 80BA(4)(b), replace “on the day on which” with “on the day after”.

13 Section 82 amended (Payment of benefits)

After section 82(3), insert:

- (3A) If any instalment of a benefit is payable after the beneficiary's death, that instalment may be paid,—
- (a) on application by the surviving spouse or partner of the beneficiary, to that spouse or partner; or

- (b) if the beneficiary has no surviving spouse or partner but has a surviving dependent child, on application by the person who has the care of the child, to that person (or to another person appointed by the chief executive for the purpose) for the benefit of that child and any other surviving dependent children of the beneficiary; or 5
- (c) in any other case, in the manner in which that instalment would have been paid if the beneficiary had not died.
- 14 Section 88B amended (Jobseeker support: standard eligibility requirements)**
- (1) Replace section 88B(1)(b) with: 10
- (b) is not in full-time employment, but would comply with subparagraphs (i) to (iv) of paragraph (a) if it were not for circumstances that would qualify the person for—
- (i) an exemption under section 105 from some or all work test obligations; or 15
- (ii) a deferral of work test obligations under **section 88I(6A) or (6B)**; or
- (2) In section 88B(2)(b), replace “19 years” with “20 years”.
- 15 Section 88D amended (Jobseeker support: ineligibility)**
- In section 88D(a), after “the situation described in section 88C(2) or (3)”, insert “or if the person’s work test obligations are deferred under **section 88I(6A) or (6B)** or if the person is granted an exemption from some or all of his or her obligations under section 60Q on the grounds in **regulation 3A(2)(g)** of the Social Security (Exemptions under Section 105) Regulations 1998”. 20
- 16 Section 88I amended (Jobseeker support: chief executive’s powers and duties to defer work test obligations)** 25
- After section 88I(6), insert:
- (6A) The chief executive may grant to a beneficiary who is receiving jobseeker support a deferral under this section (whether or not the beneficiary has made an application for it) if the chief executive is satisfied that— 30
- (a) the beneficiary is a young person who is required to receive youth services under **section 171A(2)**; and
- (b) the beneficiary’s undertaking of a full-time course that will give the beneficiary credits towards NCEA level 2 or an equivalent qualification would reduce the beneficiary’s risk of long-term welfare dependency (within the meaning of **section 171A**); and 35
- (c) the deferral is necessary to enable the beneficiary to undertake that study.

- (6B) The chief executive may grant to an applicant for jobseeker support a deferral under this section (whether or not the person has made an application for it) for the purpose of enabling that benefit to be granted if the chief executive is satisfied that—
- (a) the applicant has become eligible for jobseeker support while receiving a youth payment; and 5
 - (b) the applicant is a student in a full-time course of secondary instruction or tertiary education that will give the applicant credits towards NCEA level 2 or an equivalent or higher qualification that he or she commenced or was undertaking while receiving the youth payment; and 10
 - (c) the deferral is necessary to enable the applicant to complete study towards that qualification.
- 17 Section 123E amended (Services to encourage young persons to move to education, training, and employment)**
- (1) In the heading to section 123E, after “**move to**”, insert “**and remain in**”. 15
 - (2) In section 123E(a), after “move into”, insert “and remain in”.
 - (3) In section 123E, insert as subsection (2):
 - (2) If, on the date that a young person turns 18, he or she is, in the chief executive’s opinion, continuing in a course of education or training, the services referred to in **subsection (1)(a)** may continue to be provided to the young person until,— 20
 - (a) if the course is a course of secondary instruction or if the course ends in December, the close of the following 31 March:
 - (b) in any other case, the close of the day on which the course ends.
- 18 Section 123F amended (Chief executive may enter into information-sharing agreement with chief executive of Ministry of Education)** 25
- (1) In section 123F(1), after “Ministry of Education”, insert “under Part 9A of the Privacy Act 1993”.
 - (2) In section 123F(1), replace “123E(a)” with “**123E(1)(a)** or assessing young persons’ risk of long-term welfare dependency (within the meaning of **section 171A)**”. 30
 - (3) In section 123F(2)(a), replace “123E(a)” with “**123E(1)(a)** or is required for the assessment of the young persons’ risk of long-term welfare dependency (within the meaning of **section 171A)**”.
- 19 Sections 123G and 123H repealed** 35
- Repeal sections 123G and 123H.

- 20 Section 125C amended (Release of personal information to and by contracted service provider)**
In section 125C(4), replace “required by section 123G” with “required by section 96O of the Privacy Act 1993”.
- 21 Section 125D amended (Information-sharing in relation to young persons)** 5
In section 125D(5), replace “required by section 123G” with “required by section 96O of the Privacy Act 1993”.
- 22 Section 125H amended (Operation of certain provisions to be reviewed after 3 years)**
In section 125H(1), delete “123G,”. 10
- 23 Section 157 amended (Interpretation)**
In section 157, repeal the definitions of **NCEA level 2** and **young person**.
- 24 Section 162 amended (Youth payment: continuation after age 18)**
Replace section 162(1)(b)(i) and (ii) with:
(i) if the course is a course of secondary instruction or if the course ends in December, the close of the following 31 March: 15
(ii) in any other case, the close of the day on which the course ends.
- 25 Section 164 amended (Young parent payment: basic criteria)**
In section 164(2)(a), replace “18 years” with “19 years”.
- 26 Section 165 amended (Young parent payment: single young persons)** 20
In section 165(4), after “18 years” insert “or 19 years”.
- 27 Section 168 amended (Young parent payment: continuation after age 19)**
(1) In the heading to section 168, replace “**age 19**” with “**turning 20**”.
(2) In section 168(1), replace “under 19 years” with “under 20 years”.
(3) In section 168(1)(a) and (b), replace “turns 19” with “turns 20”. 25
(4) Replace section 168(1)(b)(i) and (ii) with:
(i) if the course is a course of secondary instruction or if the course ends in December, the close of the following 31 March; or
(ii) in any other case, the close of the day on which the course ends.
- 28 Section 171 amended (Obligations of spouses and partners of specified beneficiaries)** 30
(1) In the heading to section 171, replace “**Obligations of spouses**” with “**Obligations of, and incentives for, spouses**”.

- (2) In section 171(1), replace “spouse, or civil union or de facto partner,” with “spouse or partner”.
- (3) In section 171(1)(b), after “60Q”, insert “; and”.
- (4) After section 171(1)(b), insert:
- (c) if the person meets the criteria prescribed for the purposes of section 163 by regulations made under this Act, is entitled to receive the appropriate incentive payment (if any) stated in Schedule 26 as if he or she were receiving a youth payment. 5
- (5) In section 171(2), replace “18 years, has a dependent child or children, and is the spouse, or civil union or de facto partner,” with “19 years, has a dependent child or children, and is the spouse or partner” 10
- (6) In section 171(2)(b), after “60Q”, insert “; and”.
- (7) After section 171(2)(b), insert:
- (c) if the person meets the criteria prescribed for the purposes of section 169 by regulations made under this Act, is entitled to receive the appropriate incentive payment (if any) stated in Schedule 26 as if he or she were receiving a young parent payment. 15
- (8) In section 171(3)(b), replace “116B.” with “116B; and”.
- (9) After section 171(3)(b), insert:
- (c) for a young person who is subject to a sanction under section 117, also results in— 20
- (i) suspension of the young person’s incentive payments (if any) (if that sanction is a reduction or suspension of the young person’s benefit) until the young person recomplies; or
- (ii) cancellation of the young person’s incentive payments (if any) (if that sanction is the cancellation of the young person’s benefit). 25
- (10) After section 171(3), insert:
- (4) If a young person referred to in subsection (1) is aged 17 when the obligations in section 170(1) start to apply to him or her, those obligations continue for a 6-month period even if he or she turns 18 in that period. 30
- (5) If a young person referred to in subsection (2) is aged 19 when the obligations in section 170(1) start to apply to him or her, those obligations continue for a 6-month period even if he or she turns 20 in that period.
- 29 New section 171A inserted (Certain young persons may be required to receive youth services) 35**
- After section 171, insert:

171A Certain young persons may be required to receive youth services

- (1) This section applies to a young person aged 18 or 19 years without dependent children who—
- (a) is receiving jobseeker support under section 88B in his or her own right or as the spouse or partner of the person granted the benefit; or 5
 - (b) is the work-tested spouse or partner of a specified beneficiary (other than a spouse or partner described in **paragraph (a)**).
- (2) If the chief executive determines that a young person to whom this section applies is at significant risk of long-term welfare dependency, the chief executive may require the young person to receive services of a kind referred to in section 125A(1)(a)(ii) (**youth services**). 10
- (3) A requirement under **subsection (2)** that is placed on a young person who is aged 19 at the time the requirement is made continues—
- (a) until the close of the day that is 6 months after the date on which the requirement was placed on the young person, even if he or she turns 20 during that 6-month period; or 15
 - (b) in the case of a young person who, on the day when he or she turns 20, is continuing in a course of education, training, or work-based learning, until,—
 - (i) if the course is a course of secondary instruction or if the course ends in December, the close of the following 31 March: 20
 - (ii) in any other case, the close of the day on which the course ends.
- (4) The following apply to a young person who is required to receive youth services under **subsection (2)** as if the person's jobseeker support, or the portion of the jobseeker support or the specified beneficiary's benefit payable to the young person under section 83, were a youth payment: 25
- (a) the obligations in section 170(1)(b) and (d) to (g) in addition to his or her work test obligations or obligations under section 60Q:
 - (b) sections 163(2) and 178 as if the appropriate incentive payments were those set out in items 7 and 8 of Schedule 26: 30
 - (c) sections 179 and 181:
 - (d) regulations 4 and 5 and Part 2 of the Social Security (Criteria for Incentive Payments and Money Management) Regulations 2012.
- (5) The chief executive may from time to time review a requirement placed on a young person under **subsection (2)** and may confirm or revoke it. 35
- (6) In this section, **risk of long-term welfare dependency**, in relation to a person, means the risk that the person will, for an indefinite period, not be able to obtain full-time employment and will be likely to remain wholly or largely dependent for his or her financial support on all or part of a main benefit under this Act. 40

30 Section 172 amended (Department to explain obligations to young person)

In section 172, replace “170 or 171” with “170, 171, or **171A**”.

31 New section 174A inserted (Sanctions for failure by young person required to receive youth services to comply with obligations)

After section 174, insert:

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174A Sanctions for failure by young person required to receive youth services to comply with obligations

(1) **Subsection (2)** applies to a young person—

(a) who has been required to receive youth services under **section 171A(2)**; and

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(b) whose benefit is subject to money management under section 179.

(2) If satisfied that a young person to whom this subsection applies has, without good and sufficient reason, failed to comply with an obligation placed on him or her by **section 171A(4)(a)** or (in the case of a work-tested beneficiary) the work test or (in the case of a beneficiary who is required to comply with section 60Q(2), the chief executive must treat that failure as if it were a failure to comply with an obligation under section 170, and section 173 applies accordingly.

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(3) **Subsection (4)** applies to a young person—

(a) who has been required to receive youth services under **section 171A(2)**; and

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(b) whose benefit is not subject to money management under section 179.

(4) If satisfied that a young person to whom this subsection applies has, without good and sufficient reason, failed to comply with an obligation placed on him or her by **section 171A(4)(a)**, the chief executive must,—

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(a) in the case of a young person who is subject to the work test, treat the failure as a failure to comply with the work test for the purposes of section 117; and

(b) in the case of a young person who is subject to obligations under section 60Q, treat the failure as a failure to comply with section 60Q(2) for the purposes of section 116B; and

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(c) in the case of a young person who is subject to a sanction under section 117,—

(i) suspend the young person’s incentive payments (if any) (if that sanction is a reduction or suspension of the young person’s benefit) until the young person recomplies; or

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(ii) cancel the young person’s incentive payments (if any) (if that sanction is the cancellation of the young person’s benefit).

32 Section 179 amended (Money management in relation to youth support payments: general)

After section 179(11), insert:

- (12) **Subsection (13)** applies to a young person if—
- (a) the young person ceases to be subject to money management under this section; and 5
 - (b) the young person has a payment card, voucher, or device to which an amount or amounts payable to the young person have been credited for the purchase of goods or services; and
 - (c) the amount on the card, voucher, or device has not been fully spent. 10
- (13) On application by a young person to whom this subsection applies, the chief executive may—
- (a) cancel the young person’s payment card, voucher, or device; and
 - (b) pay the amount standing to the credit of the young person on the payment card, voucher, or device (after the deduction of any debt recoverable from the young person) to the young person in accordance with section 82(3). 15

33 Schedule 32 amended

- (1) In the heading to Schedule 32, replace “**Transitional**” with “**Validation, transitional**”.
- (2) In Schedule 32, after Part 3, insert:

Part 4**Social Security (Extension of Young Persons Services and Remedial Matters) Amendment Act 2015**

- 21 Validation of calculation of end of stand down period** 25
- (1) For the purposes of determining the validity of any decision or determination made on or after 3 June 1998 as to when benefits commence following a stand down period, this Act must be read as if the amendments to section 80BA(4)(a)(i) and (b) made by **section 12** of the Social Security (Extension of Young Persons Services and Remedial Matters) Amendment Act **2015** had come into force on that date. 30
- (2) However, **subclause (1)** does not apply to any decision or determination made before the commencement of this Act that affects—
- (a) the appellant in Social Security Appeal No. SSA 001/14 and SSA 002/14 ([2014] NZSSAA 39); or 35
 - (b) the appellant in Social Security Appeal No. SSA 115/14 and SSA 134/14 ([2014] NZSSAA 106).

- 22 Validation of certain payments made after death of beneficiary**
- (1) In this clause, **commencement date** means the date on which **section 13** of the Social Security (Extension of Young Persons Services and Remedial Matters) Amendment Act **2015** comes into force.
- (2) Any of the following payments of a benefit after the beneficiary's death, made on or after 28 September 1982 and before the commencement date, were validly made: 5
- (a) a payment to the estate of the deceased beneficiary:
- (b) a payment to the surviving spouse or partner of the deceased beneficiary (whether or not the spouse or partner applied for payment): 10
- (c) a payment to or for the benefit of a surviving child of the deceased beneficiary (whether or not an application for payment was made by or on behalf of that child or the child's principal caregiver).
- 23 Validation of other payments**
- (1) In this clause, **commencement date** means the date on which **section 32** of the Social Security (Extension of Young Persons Services and Remedial Matters) Amendment Act **2015** comes into force. 15
- (2) This clause applies to any payment before the commencement date of an amount standing to the credit of a young person on a payment card, voucher, or device in the circumstances and manner described in **section 179(12) and (13)**. 20
- (3) The payment must be taken to be, and to always have been, valid and authorised as if **section 179(12) and (13)** were in force when the payment was made.
- (3) In Schedule 32, after **clause 23**, insert: 25
- 24 Transfer to young parent payment on commencement date, and savings**
- (1) In this clause, **commencement date** means the date on which **section 10** of the Social Security (Extension of Young Persons Services and Remedial Matters) Amendment Act **2015** comes into force.
- (2) This subclause applies to a sole parent aged 19 who, immediately before the commencement date, was receiving sole parent support under section 20D. 30
- (3) Despite section 20D(1)(b) (as it is on the commencement date), a person to whom **subclause (2)** applies is entitled to continue to receive sole parent support until the benefit ends or expires or is for any reason cancelled or terminated. 35
- (4) This subclause applies to a person aged 19 who is the parent or step-parent of a dependent child or dependent children and who, immediately before the commencement date, was receiving jobseeker support (whether as the person gran-

- ted that benefit or as the spouse or partner of the person granted the benefit) or a supported living payment under section 40D.
- (5) Despite section 40D(2)(b) or 88B(2)(b), a person to whom **subclause (4)** applies is entitled to continue to receive the appropriate benefit referred to in that subclause until the benefit ends or expires, or is for any reason cancelled or terminated. 5
- (6) This subclause applies to a person aged 19 who is—
- (a) a sole parent; or
- (b) a parent or step-parent of a dependent child or dependent children, and whose spouse or partner is aged not more than 19. 10
- (7) On or after the commencement date, the chief executive must determine, in accordance with the applicant's entitlement immediately before the commencement date, an application by a person to whom **subclause (6)** applies for sole parent support or a supported living payment under section 40D or jobseeker support that— 15
- (a) was made (but not decided or determined by the chief executive) before the commencement date; or
- (b) is made on or within 1 month after the commencement date.
- (8) If it is determined that, immediately before the commencement date, the applicant was entitled to a benefit referred to in **subclause (7)**, the applicant must be treated as a person to whom **subclause (2)** or (as the case requires) **(4)** applies (unless, because of a stand down or otherwise, the benefit would have commenced on or after the commencement date). 20
- (9) If it is determined that the applicant had no entitlement to a benefit referred to in **subclause (7)**, the applicant's application must be treated,— 25
- (a) in the case of a sole parent, as an application for a young parent payment under sections 164 and 165; or
- (b) in any other case, as applications by both the applicant and his or her spouse or partner for a young parent payment under sections 164 and 166. 30
- (10) This subclause—
- (a) applies to a person to whom **subclause (6)** applies and who, immediately before the commencement date, had been granted sole parent support or a supported living payment under section 40D or jobseeker support which, whether because of a stand down or otherwise, had not yet commenced (and would have commenced on or after the commencement date); and 35
- (b) does not apply to a person who became eligible for sole parent support or a supported living payment under section 40D or jobseeker support while receiving a youth payment or a young parent payment. 40

- (11) A person to whom **subclause (10)** applies is entitled to receive a young parent payment until that benefit ends or expires or is for any reason cancelled or terminated, as if the person had applied for it, and commencing no earlier than the date on which the applicable benefit referred to in **subclause (10)(a)** would have commenced. 5
- 25 Saving of existing information-sharing agreement**
- (1) In this clause, **commencement date** means the date on which **section 18** of the Social Security (Extension of Young Persons Services and Remedial Matters) Amendment Act **2015** comes into force.
- (2) An information-sharing agreement made under section 123F before the commencement date is taken from the commencement date to be an information-sharing agreement made under Part 9A of the Privacy Act 1993 and to have satisfied the requirements of section 96O of that Act. 10
- 26 Obligations of spouses or partners of specified beneficiaries**
- (1) In this clause, **commencement date** means the date on which **section 23** of the Social Security (Extension of Young Persons Services and Remedial Matters) Amendment Act **2015** comes into force. 15
- (2) This subclause applies to a young person who, immediately before the commencement date, is aged 18 years, has a dependent child or children, and is the spouse or partner of a specified beneficiary (as defined in section 157) who is aged 20 years or older. 20
- (3) Despite section 171(2) (as it is on the commencement date), a young person to whom **subclause (2)** applies ceases to be subject to the obligations specified in that section on the day that he or she attains the age of 19 years.
- (4) This subclause applies to a young person who is the parent or step-parent of a dependent child or dependent children and who is the spouse or partner of a specified beneficiary (as defined in section 157) and who, immediately before the commencement date, is aged 19 years. 25
- (5) Despite section 171(3), a young person to whom **subclause (4)** applies is not subject to the obligations specified in section 171. 30

Part 2

Amendments to other enactments

- 34 Social Security (Effect of Absence of Beneficiary from New Zealand) Regulations 2013 amended**
- (1) This section amends the Social Security (Effect of Absence of Beneficiary from New Zealand) Regulations 2013. 35
- (2) After regulation 6(c), insert:

- Other obligations of young persons*
- (d) in the case of a young person who is the spouse or partner of a specified beneficiary (within the meaning of section 157 of the Act), the obligations in section 171 of the Act:
- (e) in the case of a young person who is required, under **section 171A** of the Act, to receive youth services, the obligations in that section. 5
- (3) In regulation 7(4)(a), replace “section 171” with “section 171 or **171A**”.
- (4) In regulation 7(4)(c), replace “section 170 or 171” with “section 170, 171, or **171A**”.
- 35 Social Security (Contracts and Information Sharing with Service Providers) Regulations 2012 amended** 10
- (1) This section amends the Social Security (Contracts and Information Sharing with Service Providers) Regulations 2012.
- (2) In regulation 3(1), replace the definition of **young person** with:
- young person**— 15
- (a) means a person who is aged at least 16 years but is under the age of 20 years; and
- (b) includes— 20
- (i) a person aged 20 years or over in respect of whom a young parent payment continues under section 168 of the Act; and
- (ii) a person aged 20 years or over to whom obligations in section 170(1) continue to apply under **section 171(5)** or **171A(3)** of the Act; and
- (c) in the following provisions, includes a person aged 15 years: 25
- (i) the definition of contracted youth service:
- (ii) regulation 4:
- (iii) subpart 1 of Part 2:
- (iv) regulation 12(b)(vi) and (xi)
- 36 Amendments to Social Security (Criteria for Incentive Payments and Money Management) Regulations 2012** 30
- Sections 37 to 39** amend the Social Security (Criteria for Incentive Payments and Money Management) Regulations 2012.
- 37 Regulation 3 amended (Interpretation)**
- In regulation 3(1), definition of **specified payment**, after paragraph (c)(iv), insert: 35
- (v) if the young person has been required to receive youth services under **section 171A(2)** of the Act, any payment of—

- (A) jobseeker support payable to the young person under section 82 or 83 of the Act; or
- (B) a portion of a benefit (other than jobseeker support) referred to in the definition of specified beneficiary in section 157 of the Act payable to the young person under section 83 of the Act

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38 New regulation 6A inserted (When young person required to receive youth services meets criteria for return of incentive payments)

After regulation 6, insert:

6A When young person required to receive youth services meets criteria for return of incentive payments

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(1) Despite regulation 4, a young person required to receive youth services under **section 171A(2)** of the Act meets the criteria for the resumed payment of an education, training, or work-based learning incentive payment if—

(a) he or she met the criteria for that payment while receiving a youth support payment; and

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(b) the incentive payment was suspended under section 173(1)(a) or 174(1)(a) of the Act because the young person failed to comply with 1 or more obligations placed on the young person under section 170 of the Act; and

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(c) before the young person satisfied the requirement to comply with the 1 or more obligations, he or she stopped receiving a youth support payment; and

(d) after being required to receive youth services, the young person satisfies those 1 or more obligations (in the manner specified in section 176(1) of the Act) as if the young person were receiving a youth payment.

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(2) Despite regulation 5, a young person required to receive youth services under **section 171A(2)** of the Act meets the criteria for the resumed payment of a budgeting incentive payment if—

(a) he or she met the criteria for that payment while receiving a youth support payment; and

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(b) the incentive payment was suspended under section 173(1)(a) or 174(1)(a) of the Act because the young person failed to comply with 1 or more obligations placed on the young person under section 170 of the Act; and

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(c) before the young person satisfied the requirement to comply with the 1 or more obligations, he or she stopped receiving a youth support payment; and

- (d) after being required to receive youth services, the young person satisfies those 1 or more obligations (in the manner specified in section 176(1) of the Act) as if the young person were receiving a youth payment.
- 39 Regulations 10 amended (When young person may opt out of money management)** 5
- (1) In regulation 10(2)(a), replace “19 years” with “20 years”.
- (2) After regulation 10(2), insert:
- (2A) A young person required to receive youth services under **section 171A(2)** of the Act may opt out of money management if—
- (a) he or she is 20 years or older; and 10
- (b) the requirement is being continued under **section 171A(3)(b)** of the Act.
- 40 Social Security (Monetary Benefits) Regulations 2007 amended**
- (1) This section amends the Social Security (Monetary Benefits) Regulations 2007.
- (2) In regulation 6(1)(b), replace “in accordance with section 80BD(4) of the Act” with “in accordance with **section 82(3A)** of the Act”. 15
- 41 Amendments to Social Security (Exemptions under Section 105) Regulations 1998**
- Sections 41 and 42** amend the Social Security (Exemptions under Section 105) Regulations 1998. 20
- 42 Regulation 3A amended (Exemption from obligations under section 60Q)**
- (1) In regulation 3A(2)(f)(iv), replace “court.” with “court; or”.
- (2) After regulation 3A(2)(f), insert:
- (g) the person—
- (i) is a young person in receipt of jobseeker support who is required to receive youth services under **section 171A(2)** of the Act; and 25
- (ii) has been granted under section 88I(2) or (6) of the Act a deferral of work test obligations because of sickness, injury, or disability; and
- (iii) would have a reduced risk of long-term welfare dependency if he or she were to undertake a full-time course that would give him or her credits towards NCEA level 2 or an equivalent qualification, and the exemption is necessary to enable the person to undertake that course of study. 30
- 43 New regulation 8D inserted (Exemption from obligations under section 171A: young persons required to receive youth services)** 35
- After regulation 8C, insert:

8D Exemption from obligations under section 171A: young persons required to receive youth services

- (1) This regulation applies to any young person who has been required by the chief executive to receive youth services under **section 171A(2)** of the Act.
- (2) Any young person to whom this regulation applies may apply under section 105 of the Act to be exempted from some or all of his or her obligations under **section 171A(4)(a)** of the Act on any ground specified in regulation 8A or 8C.

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