

Social Security (Youth Support and Work Focus) Amendment Bill

Government Bill

Explanatory note

General policy statement

The purpose of the Social Security (Youth Support and Work Focus) Amendment Bill is to introduce a new system of income support for young people and to change certain aspects of the benefit system by introducing a stronger work focus to some benefit categories.

Introduction

Many elements of the current welfare system are based on outdated views of what people can and should do, and proactive employment support is provided to a relatively narrow group of people, mainly those receiving unemployment benefits.

Currently, there are nearly 330,000 working age people receiving a benefit in New Zealand – that's more than 12% of the working age population.

There are well established links between people receiving benefits and poverty, poor health, and many other poor social outcomes. On top of the social cost is the financial cost of benefit dependence. The benefit system now costs New Zealanders around \$8 billion each year. The benefit system can do a lot more to promote independence and recognise people's work potential.

This Bill significantly reforms the benefit system in two areas:

- support, obligations and services for 16-17 year olds and 16-18 year old parents:
- extension to work availability and work preparation for sole parents, widows, women alone and spouses and partners of people receiving a main benefit.

Changes in this Bill are only one part of a comprehensive package of welfare reform staged over two years, aimed at transforming the benefit system into one that is modern, active and work-focused for adults and education focused for young people.

Alongside changes to legislative settings, the Ministry of Social Development will be implementing a new investment approach to welfare. These changes represent the first step in improving and developing the service model to respond to different client groups

These reforms are a response to the review of the benefit system undertaken by the Welfare Working Group in 2010.

The Youth Package

Young people who come onto benefit generally stay longer than those who enter the welfare system at a later date. Over 50 per cent of people who first enter the benefit system at 16 or 17 years old spend at least five of the next 10 years on benefit. The lifetime cost of paying these young people a benefit is higher than for any other group.

This Bill addresses this by changing the nature of the financial assistance young people can receive, by strengthening what they need to do in return for assistance and by providing at risk young people with comprehensive support.

This group are some of New Zealand's most vulnerable citizens. Improving social outcomes for these young welfare recipients both now and in the future, benefits all New Zealanders.

Eligibility, payment and rates

This Bill introduces two new payments for young people that will replace most benefits currently accessed by 16-18 year olds:

- a **Youth Payment** for 16-17 year-olds with no dependent children who have exceptional circumstances:

- a **Young Parent Payment** for 16-18 year-old parents (and, if aged 16-17 years, have exceptional circumstances or come from a low income family).

The new payments will be based on the level of financial assistance available at 1 April 2012 and will be distributed through redirections (for accommodation and utility costs), a payment card (for food and groceries) and an in-hand allowance. An abatement-free income level will be set at \$206.73 per week.

Income management is a practical measure to help young people meet essential household needs and expenses. A young person can earn the right to manage their own payment if they continually meet their obligations and are financially competent.

Young beneficiaries will be able to earn incentive payments while receiving a Youth Payment or Young Parent Payment if they meet their obligations for a period of time.

Obligations

Young people receiving the support of the state, including young people who are the spouses or partners of older beneficiaries, will face tougher obligations under this Bill. Currently there are limited obligations for young parents to be in education or training and a wide range of activities for 16-17 year olds.

There will be three main activities required of young people so that they improve their educational and social outcomes:

- full-time education, training or work-based learning working towards at least NCEA Level 2 qualification or equivalent:
- undertaking an approved budgeting programme and requirements:
- for parents, undertaking an approved parenting education programme and requirements.

There is a strong focus on education as evidence shows that educational attainment is one of the best pathways to lowering the likelihood of being unemployed, earning a higher income and improving social outcomes.

Service Providers

Young people receiving the Youth Payment or Young Parent Payment, or who are the spouses or partners of older beneficiaries, will be supported to stay in education by service providers. Once a young person is referred, the service provider will become their key point of contact. The provider will assist the client to apply for financial assistance. The provider will engage regularly with the client to ensure that they are actively engaged and meeting their obligations.

The Bill will enable regulations to be developed that will set out the responsibilities of the service provider. Where there are no service providers, Work and Income will provide this support to young people.

Information-sharing

A key approach to ensure that young people have opportunities other than receiving a benefit is to identify those at risk and provide support to them to re-engage them in education or training. The Ministry of Education will be able to provide the Ministry of Social Development with information about school leavers which will be used to identify young people at risk. Information would include, for example, qualification data, contact details, and school attendance records. Young people would be offered additional support from primarily non-government organisation providers contracted by Work and Income.

In order to fulfil their roles effectively, service providers will need to be able to seek personal information about young people they are contracted to work with directly from local organisations. Provisions in this Bill authorise the sharing of information between the Ministry of Social Development, service providers, and local agencies and organisations, such as schools, and the police.

The Bill includes appropriate safeguards to ensure that the personal information involved is adequately protected.

Implementation date for the youth changes

Changes will come into effect from 30 July 2012.

Work availability and work preparation for sole parents, widows, women alone, and partners

The changes in this Bill focus on work availability and work preparation for sole parents, widows, women alone, and partners within the benefit system.

Work availability expectations for sole parents, widows, women alone, and partners

Under the current law, sole parents receiving the Domestic Purposes Benefit and spouses and partners of other main benefit recipients have part-time work availability expectations when their youngest child is aged six years of age, and have full-time work availability expectations when their youngest child reaches 18 years of age. The age for full-time work availability expectations is higher than for many other countries. In addition, women receiving the Widows' and Women Alone benefits do not have work availability expectations even though men in similar circumstances receiving benefits generally do.

To increase the work focus for this group, and enable Work and Income to work with more people on benefit to connect them with opportunities to work or improve their skills, the new government policy is to:

- require sole parents receiving the domestic purposes benefit and partners of other main benefit recipients to be available for part-time work when their youngest child is five years of age:
- require sole parents receiving the domestic purposes benefit and partners of other main benefit recipients to be available for full-time work when their youngest child is aged 14 or older:
- extend these work availability expectations to women receiving the widows' benefit and the domestic purposes benefit for women alone:
- extend the ability to require pre-benefit activities before grant of a domestic purposes benefit for sole parents or women alone or widow's benefit.

The changes are in line with modern societal norms, as most children will start school at five years of age enabling part time work availability expectations. The age for introducing full-time work availability

expectations is in line with the legal requirement for parental supervision for children up until fourteen years of age.

Aligning work expectations with other beneficiaries in similar circumstances will remove a significant source of discrimination from the benefit system associated with the Widows' Benefit and the Domestic Purposes Benefit for Women Alone.

Extending work expectations to a wider group of beneficiaries will require Work and Income to implement a service model which is adaptable and flexible enough to respond to the developing Investment Approach. Important to this is getting a better understanding of these potential clients as early as possible, so that Work and Income (or third-party providers) can work with them in a more targeted manner.

Currently the legislation only allows Work and Income to require a person eligible to apply for the Unemployment Benefit to undertake pre-benefit activities. Pre-benefit activities are an integral part of helping people into employment at the first point of contact, thereby reducing the need for benefit assistance.

Activation powers

The Bill creates a new activation power which will enable Work and Income to require beneficiaries who are not expected to be available for work to take steps to prepare for work. It:

- replaces the existing provisions that focus on planning alone to set an expectation that, in general, beneficiaries should be taking reasonable steps to prepare for work;
- establishes a broad range of activities that people can be directed to do in order to improve their work readiness;
- aligns sanctions for non-compliance with the sanctions that apply to people who do not meet their work obligations.

Hours test to meet the work obligations

Currently people cannot be required to take jobs of less than 30 hours a week (for someone who is expected to be available for full-time work) or 15 hours a week (for someone who is expected to be available for part-time work). To increase flexibility, the intention is to allow people who have work availability expectations to be referred to suitable employment that is less than or greater than the hours re-

quired to satisfy the work test for that person, but still having regard to the existing definitions of part-time and full-time work.

*Changes to work availability expectations for
parents on benefit who have subsequent children*

Families who have subsequent children while on benefit are at heightened risk of long-term welfare dependence. To address the risks to this group, where a parent has additional children while receiving a benefit, their work availability expectations will be based on the age of their previous youngest child, once their newborn turns one year of age. This policy:

- aligns expectations with the 12 month extended parental leave provisions for working parents:
- supports parents and children through critical bonding and breastfeeding milestones:
- ensures that families at greater risk of long-term benefit receipt are afforded earlier support and assistance to secure paid work and the social, financial and developmental advantages this provides to the family.

To support application of the policy, the Bill includes discretion for the Chief Executive not to apply the policy where he or she is satisfied that this best supports the policy intent, for example where a child has particularly high care needs. The Chief Executive would also have the ability to apply the policy in particular circumstances, such as where a person leaves the benefit to give birth to a subsequent child, before quickly returning to benefit.

Implementation date

The changes will come into effect on 15 October 2012.

Regulatory impact statement

The Ministry of Social Policy produced a regulatory impact statement on 1 February 2012 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/news-room/media-releases/2012/welfare-reform-announcement.html>
- <http://www.treasury.govt.nz/publications/information-releases/ris>

Clause by clause analysis

Clause 1 is the Title clause.

Clause 2 is the commencement clause. *Parts 3 and 4* (Work Focus) come into force on **15 October 2012**. The rest of this Bill (Youth Support) comes into force on **30 July 2012**. This Bill is intended to be capable at select committee or committee of the whole House stage to be divided into 2 separate Bills; one on Work Focus, the other on Youth Support.

Clause 3 provides that this Bill amends the Social Security Act 1964 (the **principal Act**).

Part 1

Substantive provisions taking effect on 30 July 2012

Clause 4 amends section 1A, which states the principal Act's purpose. The amendments ensure that one part of that purpose is to provide services to encourage and help young persons to move to education, training, and employment. They also ensure that it includes a reference to new requirements imposed on young persons.

Clause 5 amends section 3, which relates to interpretation. The amendments add or adjust a number of definitions, including definitions of **youth payment** and **young parent payment**.

Clause 6 amends section 12J, on rights of appeal against certain decisions of the chief executive. The amendments adjust the heading of the section and account for *new Part 5*.

Clause 7 amends section 21, which relates to widows' benefits. At present, any widow is eligible for a widows' benefit if she is the mother of a dependent child or children. The amendment has the effect of requiring all applicants for a widows' benefit to be at least 19 years old.

Clause 8 amends section 27B, which relates to domestic purposes benefits for solo parents. The amendment has the effect of requiring all applicants for a domestic purposes benefit under that section to be at least 19 years old.

Clause 9 amends section 27G, on domestic purposes benefits for care at home of the sick or infirm. At present,—

- an applicant for a domestic purposes benefit under that section must be at least 16 years old; but
- in the case of an applicant who is only 16 or 17 years old, the chief executive must be satisfied that no other caregiver is reasonably available to care for the person he or she is giving care and attention to.

The amendments have the effect of—

- requiring all applicants for a domestic purposes benefit under that section who do not have a dependent child or children to be at least 18 years old; and
- requiring all applicants for a domestic purposes benefit under that section who do have a dependent child or children to be at least 19 years old.

Clause 10 amends section 54, which states standard eligibility requirements for the sickness benefit. At present, an applicant for a sickness benefit—

- must be at least 18 years old; or
- must be married or in a civil union or de facto relationship, have a dependent child or children, and be at least 16 years old.

The amendment has the effect of—

- requiring all applicants for a sickness benefit who do not have a dependent child or children to be at least 18 years old; and
- requiring all applicants for a sickness benefit who do have a dependent child or children to be at least 19 years old.

Clause 11 repeals section 54A(2). That provision enables the granting on the grounds of hardship of a sickness benefit to certain people who are single and only 16 or 17 years old, but satisfy the requirements of section 54(1).

Clause 12 repeals sections 60F to 60GAC, on independent youth benefits.

Clause 13 amends section 82, on payment of benefits. The amendments provide that sections 82(6B) and (6D) do not apply to the advance payment of a youth support payment or to the advance payment of any other benefit payable to a person receiving a youth support payment. The amendments also ensure section 82 is subject to *new section 176*, on the effect of the cancellation of young parent payments.

Clause 14 amends section 83, on the apportionment of benefits between spouses or partners. The amendment provides that nothing in section 83 applies to a rate of youth payment or young parent payment or the rate of any other benefit payable to a person receiving a youth payment or young parent payment.

Clause 15 amends section 89, on standard eligibility requirements for the unemployment benefit. The amendment raises the age of eligibility.

Clause 16 amends section 105, on exemptions from certain obligations. The amendments provide cross references to *new sections 170 and 171*, on the obligations of young people receiving youth support payments, and the obligations of specified young people who are spouses or partners of specified beneficiaries, respectively.

Clause 17 amends section 123D(a), on regulations that specify who may be exempted under section 105, and that specify grounds for exemptions under section 105, from specified obligations. The amendments insert references to obligations under *new sections 170 and 171*.

Clause 18 inserts *new sections 123E to 123G*. *New section 123E* provides that the chief executive may provide services to encourage and help young persons to move to education, training, and employment, enter into contracts with service providers to provide services of that kind on the chief executive's behalf, or both. *New section 123F* provides that the chief executive may enter into information-sharing agreements with chief executive of Ministry of Education for the purposes of facilitating the provision of services to encourage and help young persons to move to education, training, and employment. *New section 123G* requires the parties to a proposed information-sharing agreement to consult with the Privacy Commissioner and other relevant persons before entering into the agreement.

Clause 19 inserts *new sections 125A to 125G*. *New section 125A* provides that the chief executive may contract with service providers. *New section 125B* specifies the required form and content of contracts with service providers. *New section 125C* concerns the release of personal information about young persons to and by service providers. *New section 125D* permits certain agencies to disclose information about young persons in certain circumstances. *New section 125E* provides that the chief executive may adopt existing contracts as if entered into under *new section 125A*. *New section 125F* specifies the information that the Ministry of Social Development must provide in its annual report with respect to contracted service providers.

Clause 20 inserts *new Part 5*, on financial support for young people. *New section 156* states the purpose of *new Part 5*. *New section 157* relates to the interpretation of *new Part 5*, and defines terms used in it and in *new Schedule 26* (as replaced by *clause 21*). *New section 158* provides the basic eligibility qualifications for youth payments. *New section 159* states additional eligibility qualifications for youth payments for single young persons. *New section 160* states additional eligibility qualifications for youth payments for persons who are or have been married, in a civil union, or a de facto relationship. *New section 161* sets out hardship grounds for youth payments. *New section 162* concerns the continuation, after the young person concerned turns 18 years old, of youth payments granted when he or she was aged under 18 years. *New section 163* ensures a youth payment is payable at the appropriate rate, and includes the (in-hand allowance) component, in *new Schedule 26* (as replaced by *clause 21*). *New section 164* provides the basic eligibility qualifications for young parent payments. *New section 165* states additional eligibility qualifications for young parent payments for single young persons. *New section 166* states additional eligibility qualifications for young parent payments for persons who are or have been married, in a civil union, or a de facto relationship. *New section 167* sets out hardship grounds for young parent payments. *New section 168* concerns the continuation, after the young person concerned turns 19 years old, of young parent payments, granted when he or she was aged under 19 years. *New section 169* ensures a young parent payment is payable at the appropriate rate, and includes the (in-hand allowance) component, in *new Schedule 26* (as replaced by *clause 21*). *New sections 170 and 171* are on the obligations of young people receiving youth

support payments, and the obligations of specified young people who are spouses or partners of specified beneficiaries, respectively. *New section 172* provides that the chief executive must take reasonable and appropriate steps to make every young person who is subject to obligations under *new section 170 or 171* aware of those obligations and the consequences of failing to comply with them. *New sections 173 to 177A* set out the applicable sanctions regime. *New sections 177 to 180* deal with certain administrative matters.

Clause 21 replaces Schedule 26.

Part 2

Consequential amendments, and transitional and savings provisions, taking effect on 30 July 2012

Clause 22 consequentially amends section YA 1 of the Income Tax Act 2007, which concerns certain definitions.

Clause 23 consequentially amends section 2 of the Child Support Act 1991, which concerns certain definitions.

Clause 24 sets other consequential amendments in *Schedule 2*.

Clause 25 sets out a transitional provision for entitlements to youth payments or young parent payments.

Clause 26 sets out a savings provision for the domestic purposes benefit under section 27G.

Clause 27 empowers the making of regulations authorising the provision of financial assistance to people financially disadvantaged as a result of the net effects of the amendments made by *Part 1*.

Part 3

Substantive provisions taking effect on 15 October 2012

Clause 28 amends section 1B, which concerns the principles of the principal Act. The amendment replaces “plan” with “prepare” in section 1B(c).

Clause 29 amends section 3, which relates to interpretation. The amendments add, adjust, or replace several definitions.

Clause 30 amends section 21, which concerns widows' benefits. The amendment adjusts the relevant eligibility requirements.

Clause 31 inserts *new section 21A*, which concerns widows' benefits (pre-benefit activities).

Clause 32 amends section 27C, which concerns domestic purposes benefits for women alone. The amendment adjusts the relevant eligibility requirements.

Clause 33 inserts *new section 27CA*, which concerns domestic purposes benefits under section 27B or 27C (pre-benefit activities).

Clause 34 inserts *new sections 60GAD to GAF*. *New section 60GAD* specifies the purpose of *new sections 60GAE to 60GAF*. *New section 60GAE* provides for beneficiaries having additional dependent children (general). *New section 60GAF* provides that the chief executive may refrain from applying *new section 60GAE* in certain circumstances.

Clause 35 replaces sections 60O to 60Z with *new sections 60P and 60Q*. *New section 60P* sets out the purpose of *new section 60Q*. *New section 60Q* provides that certain obligations may be placed on beneficiaries and their spouses and partners. *New section 60R* requires the chief executive to explain to beneficiaries their work preparation obligations and the consequences of failing to comply with them.

Clause 36 amends section 96A, which concerns unemployment benefits (pre-benefit activities). The amendments adjust the application provision of this section and the grounds on which the chief executive may impose certain requirements on persons.

Clause 37 amends section 105, which concerns exemptions from certain obligations. The amendments insert references to obligations under *new section 60Q* (as replaced by *clause 35*).

Clause 38 inserts *new section 116A*, which concerns failure to comply with requirements under *new section 60Q(2)*.

Clause 39 amends section 117, which concerns sanctions that may be imposed for certain failures. The amendment inserts a cross reference to *new section 116A*.

Clause 40 amends section 119, which concerns the calculation of failure rate. The amendment inserts a cross reference to *new section 116A*.

Clause 41 amends section 122, which concerns the meaning of re-compliance. The amendment inserts a cross reference to *new section 116A*.

Part 4
Consequential provisions taking effect on
15 October 2012

Clauses 42 and 43 amend sections 171 and 123D(a) as a consequence of *new section 60Q* (as replaced by *clause 35*).

Clause 44 provides that certain employment plans, reviews, requirements, notices, and sanctions cease to have effect when *Part 4* commences.

Schedule 1 replaces Schedule 26 of the principal Act.

Schedule 2 sets out consequential amendments to the principal Act and other enactments.

Hon Paula Bennett

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The Parliament of New Zealand enacts as follows:

1 Title

This Act is the Social Security (Youth Support and Work Focus) Amendment Act **2012**.

2 Commencement

- (1) **Parts 3 and 4** come into force on 15 October 2012. 5
- (2) The rest of this Act comes into force on 30 July 2012.

3 Principal Act

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

Part 1

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**Substantive provisions taking effect on
30 July 2012**

4 Section 1A amended (Purpose)

- (1) After section 1A(12)(c), insert the following paragraph:

- “(ca) to provide services to encourage and help young persons to move to education, training, and employment rather than to receiving financial support under this Act.”.
- (2) In section 1A(d), insert after “this Act”, “, and, in the case of young persons, seeking or receiving financial support under this Act, educational, budget management, and (where appropriate) parenting requirements”.
- 5 Section 3 amended (Interpretation)**
- (1) In section 3(1), definition of **benefit**, after paragraph (b)(ii), insert:
- “(iia) an incentive payment, a youth payment, and a young parent payment.”.
- (2) In section 3(1), insert in their appropriate alphabetical order:
- “**contracted service provider** has the meaning given by **section 125A(1)**
- “**incentive payment** means a payment referred to in any of **items 7 to 9 of Schedule 26**
- “**young parent payment** means a young parent payment payable under **Part 5** 20
- “**youth payment** means a youth payment payable under **Part 5**
- “**youth support payment** means a young parent payment or youth payment”.
- (3) In section 3(1), definition of **dependent child**, paragraph (d), 25
replace “and 18” with “18, and **26**”.
- (4) In section 3(1), definition of **dependent child**, after paragraph (d), insert:
- “(e) does not include a child in respect of whom a young parent payment is being paid except in relation to that child’s parent or step-parent” 30
- (5) In section 3(1), replace the definition of **work-tested spouse or partner** with—
- “**work-tested spouse or partner** means a person—
- “(a) who— 35

- “(i) has no dependent child under 6 years (or has no dependent child at all); and
 - “(ii) is not subject to obligations under **section 171**; and
 - “(iii) has not been granted an exemption from the work test; and 5
- “(b) who—
- “(i) is the spouse or partner of a person granted an unemployment benefit, a sickness benefit, or an invalid’s benefit, (being, in each case, a benefit granted at a work-test married rate); or 10
 - “(ii) both—
 - “(A) is the spouse or partner of a person granted an emergency benefit at a work-tested married rate; and 15
 - “(B) has under section 61A(1A) been required by the chief executive to comply with the work test; or
 - “(iii) is—
 - “(A) the spouse or partner of a person who is receiving long-term residential care in a hospital or rest home; and 20
 - “(B) aged under 60 years; and
 - “(C) in receipt of an invalid’s benefit under section 42(2) or an emergency benefit under regulations under section 155”. 25

6 Section 12J amended (Right of appeal)

- (1) In the heading to section 12J(1)(a), replace “**Right**” with “**Rights**”.
- (2) In section 12J(1)(a), replace “or Part 4” with “Part 4, or **Part 5**”. 30

7 Section 21 amended (Widows’ benefits)

In section 21(1)(a), after “who”, insert “is aged 19 years or over and”.

- 8 Section 27B amended (Domestic purposes benefits for solo parents)**
Replace section 27B(2)(a) with:
“(a) the applicant is aged 19 years or over; and”.
- 9 Section 27G amended (Domestic purposes benefits for care at home of the sick or infirm)** 5
(1) In section 27G(2), delete “has attained the age of 16 years and”.
(2) Replace section 27G(2A) with:
“(2A) An applicant must not be granted a domestic purposes benefit 10
under this section unless,—
“(a) in the case of an applicant without a dependent child, he
or she is aged at least 18 years:
“(b) in any other case, he or she is aged at least 19 years.”
- 10 Section 54 amended (Sickness benefit: standard eligibility requirements)** 15
Replace section 54(2) with:
“(2) An applicant for a sickness benefit—
“(a) must be aged at least 18 years, in the case of an applicant 20
without a dependent child:
“(b) must be aged at least 19 years, in any other case.”
- 11 Section 54A amended (Sickness benefit: grounds of hardship)**
Repeal section 54A(2).
- 12 Sections 60F to 60GAC repealed** 25
Repeal sections 60F to 60GAC and the cross-heading above section 60F.
- 13 Section 82 amended (Payment of benefits)**
(1) After section 82(6D), insert:
“(6E) Subsections (6B) to (6D) do not apply to the advance payment 30
of a youth support payment, or to the advance payment of any
other benefit payable to a person receiving a youth support
payment.”

- (2) After section 82(7), insert:
“(8) This section is subject to **section 176**.”
- 14 Section 83 amended (Apportionment of benefit between spouses or partners)**
- (1) In section 83(1), replace “subsection (2)” with “subsections (2) and **(2A)**”. 5
- (2) After section 83(2), insert:
“(2A) Nothing in this section applies to—
“(a) a rate of youth payment or young parent payment; or
“(b) the rate of any benefit (other than a youth payment or young parent payment) payable to a person receiving a youth payment or young parent payment.” 10
- 15 Section 89 amended (Unemployment benefit: standard eligibility requirements)**
- Replace section 89(2) with: 15
- “(2) An applicant for an unemployment benefit—
“(a) must be aged at least 18 years, in the case of an applicant without a dependent child:
“(b) must be aged at least 19 years, in any other case.”
- 16 Section 105 amended (Exemption from obligations)** 20
- (1) In section 105(1), after “work test obligations”, insert “or obligations under **section 170 or 171**”.
- (2) In section 105(5),—
(a) after “work test obligations”, insert “or obligations under **section 170 or 171**; and” 25
(b) after “117”, insert “or (as the case requires) **section 173 or 174**”.
- 17 Section 123D(a) amended (Regulations)**
- In section 123D(a), after “work test obligations”, insert “or obligations under **section 170 or 171**”. 30
- 18 New sections 123E to 123G inserted**
- Before section 124, insert the following sections:

“123E Services to encourage young persons to move to education, training, and employment

The chief executive may do either or both of the following things:

- “(a) provide services to encourage and help young persons to move into education, training, and employment rather than to receiving financial support under this Act: 5
- “(b) enter (under **section 125A**) into contracts with service providers to provide services of that kind on the chief executive’s behalf. 10

“123F Chief executive may enter into information-sharing agreement with chief executive of Ministry of Education

- “(1) The chief executive may enter into an agreement with the chief executive of the Ministry of Education relating to the sharing, for the purposes of facilitating the provision of services of a kind described in **section 123E(a)**, of information about young persons who have ceased to be enrolled at a registered school (as defined in section 2 of the Education Act 1989) or a tertiary education organisation (being an organisation as defined in section 159B(1) of that Act). 15 20
- “(2) While the agreement is in force, the chief executive of the Ministry of Education—
 - “(a) may provide to the chief executive any information to which **subsection (1)** applies that the former thinks will facilitate the provision by the latter of services of a kind described in **section 123E(a)**; and 25
 - “(b) may use national student numbers for the purpose of gathering the information.
- “(3) **Subsection (2)** overrides section 344(2) of the Education Act 1989. 30

“123G Consultation on proposed agreement

- “(1) Before entering into an agreement under **section 123F(1)**, the parties must—
 - “(a) consult on the proposed agreement, and invite submissions on it from,— 35
 - “(i) the Privacy Commissioner; and

- “(ii) any person or organisation that they consider represents the interests of the classes of individuals whose personal information will be shared under the proposed agreement; and
- “(iii) any other person or organisation that the parties consider should be consulted; and 5
- “(b) consider all submissions received within a reasonable time of being invited.
- “(2) The Privacy Commissioner—
- “(a) must consider the privacy implications of the proposed agreement; and 10
- “(b) may make any submissions under **subsection (1)(a)(i)** that he or she thinks fit.”
- 19 New sections 125A to 125G inserted** 15
- Before section 126, insert:
- “125A Chief executive may contract with service providers**
- “(1) The chief executive may from time to time, on behalf of the Crown, enter into a contract with any person, body, or organisation (a **contracted service provider**) for the provision by the contracted service provider of services— 20
- “(a) that are—
- “(i) services of the kind referred to in **section 123E**; or
- “(ii) services in relation to **Part 5**; and
- “(b) that are services of a kind or description stated for the purposes of this section by regulations under this Act. 25
- “(2) The chief executive must not enter into a contract with a person, body, or organisation for the provision of services of a kind stated in **subsection (1)** unless the chief executive is satisfied that it— 30
- “(a) is suitable to provide the services specified in the contract; and
- “(b) is suitable to work with young persons in providing those services; and
- “(c) has the powers and capacity to enter into and perform a contract for those services. 35
- “(3) In this section, **young person** has the meaning in **section 157**.

“125B Contracts with service providers: contents and form

- “(1) A contract under **section 125A**—
- “(a) must set out the responsibilities of the contracted service provider and the chief executive in respect of each of the services the provider is to provide under the contract; and 5
 - “(b) must require the provider to co-operate with the chief executive; and
 - “(c) must contain all terms and conditions (if any) stated for the purposes of that section by regulations under this Act. 10
- “(2) The contract must be in writing.
- “(3) **Subsection (1)** does not limit **section 125A**.

“125C Release of personal information to and by contracted service provider

15

- “(1) This section applies to any personal information about a young person or young persons to whom a contract under **section 125A** applies that is held by the contracted service provider concerned or the department.
- “(2) Regulations under this Act may state— 20
- “(a) the circumstances in which a contracted service provider and its employees may release or disclose to the chief executive and employees of the department information to which this section applies held by the contracted service provider and the conditions with which the chief executive and employees of the department must comply in dealing with the information; or 25
 - “(b) the circumstances in which the chief executive and employees of the department may release or disclose to a contracted service provider and its employees information to which this section applies held by the department and the conditions with which the contracted service provider and its employees must comply in dealing with the information. 30
- “(3) The chief executive and employees of the department, and staff members of a contracted service provider, may release or disclose information in accordance with regulations of the kind referred to in **subsection (2)**. 35

- “(4) Nothing in this section requires the chief executive, employees of the department, or staff members of a contracted service provider provide access to, or release or disclose, any information.
- “(5) In this section— 5
 “**held** includes deemed for the purposes of the Official Information Act 1982 to be held
 “**staff member**, in relation to a contracted service provider, includes a volunteer.
 “Compare: 2004 No 50 s 199J 10
- “**125D Information-sharing in relation to young persons**
- “(1) An agency specified by the Governor-General by Order in Council for the purposes of this subsection may disclose any information about a young person to the chief executive, if satisfied that— 15
 “(a) **subsection (3)** applies to the young person; and
 “(b) the information will help the department to—
 “(i) perform any function, or exercise any power, under **Part 5**; or
 “(ii) achieve any of the purposes of this Act. 20
- “(2) An agency specified by the Governor-General by Order in Council for the purposes of this subsection may disclose any information about a young person to a contracted service provider, if satisfied that—
 “(a) the provider is the young person’s contracted service provider; and 25
 “(b) **subsection (3)** applies to the young person; and
 “(c) the information will help the provider to provide services under a contract under **section 125A**.
- “(3) This subsection applies to a young person if he or she— 30
 “(a) has applied for or is receiving a youth support payment; or
 “(b) is subject to obligations under **section 171**; or
 “(c) has left or finished education, and is not or may not be in employment or training; or 35
 “(d) has left or finished training, and is not or may not be in employment.

“(4) Orders under **subsection (1) or (2)** may specify particular agencies, or agencies of any specified class or description.

“(5) In this section, **agency** has the meaning given to it by section 2(1) of the Privacy Act 1993.

“**125E Chief executive may adopt existing contracts** 5

The chief executive may agree in writing with the other party to any contract the chief executive has entered into before the commencement of the Social Security (Youth Support and Work Focus) Amendment Act **2012** that this Act applies to the contract as if it had been entered into under **section 125A**; and 10
and in that case, after the agreement takes effect, this Act applies to the contract (to the extent that it was capable of being entered into under that section) as if it had been entered into under that section.

“**125F Information on provision of contracted services to be published** 15

The chief executive must ensure that there is published, no later than 1 October in every year,—

“(a) a general description of the services provided by contracted service providers during the year ending on 30 June in that year, and of the contracted service providers; and 20

“(b) details of the providers concerned.

“**125G Actions of contracted service providers to be treated for certain purposes as if actions of department** 25

“(1) For the purposes of section 80AA, any action or inaction of a contracted service provider must be treated as an action or inaction of an officer of the department.

“(2) For the purposes of section 80A, a contracted service provider must be treated as an officer of the department. 30

“(3) For the purposes of section 86(9A) and (9B), the provision of information by, and any act or omission of, a contracted service provider must be treated as having been done or omitted by an officer of the department.”

20 New Part 5 inserted

After section 155, insert:

“Part 5

“Financial support for young people

“156 Purpose

5

The purpose of this **Part** is to specify the supports, obligations, and sanctions that apply to certain young people who receive financial assistance under this Act.

“157 Interpretation

10

In this Part and in **Schedule 26**,—

“**accommodation costs**, in relation to any young person, has the same meaning as in section 61E(1) except that in relation to a person who is a boarder or lodger in any premises, it means 100% of the amount paid for board or lodging

“**approved training** means an employment-related training course approved by the chief executive

15

“**full-time course** has the same meaning as in regulation 2(1) of the Student Allowances Regulations 1998

“**in-hand allowance** means the component of a youth support payment set out in **clause 6** of **Schedule 26** under that name

20

“**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

“**parents**, in relation to a young person,—

“**(a)** means the parents or guardians or other person who had the care of the young person most recently before the person turned 16 years; and

25

“**(b)** includes any other parent, or guardian or former guardian, willing to have financial responsibility for the young person; but

30

“**(c)** does not include—

“**(i)** the chief executive of the department responsible for administering the Children, Young Persons, and Their Families Act 1989 in his or her official capacity; or

35

“**(ii)** any body or organisation approved under section 396 of that Act

“**service costs** has the same meaning as in section 61E(1)

“**specified beneficiary** means a person who is married, in a civil union, or in a de facto relationship and receives in his or her own right—

“(a) a domestic purposes benefit under section 27G; or 5

“(b) an emergency benefit, invalid’s benefit, sickness benefit, or unemployment benefit; or

“(c) New Zealand superannuation paid at the rate specified in clause 2 of Schedule 1 of the New Zealand Superannuation and Retirement Income Act 2001; or 10

“(d) a veteran’s pension paid at a rate specified in clause 2 of Schedule 11 of the War Pensions Act 1954

“**teen parent unit** means an educational facility for teenage parents attached to a State school (within the meaning of the Education Act 1989) 15

“**WFF tax credit** has the same meaning as in section YA 1 of the Income Tax Act 2007

“**work-based learning** means any course or programme that includes a component of practical or on-the-job vocational learning (for example, industry training programmes and apprenticeships) 20

“**young person** means a person aged at least 16 years but under the age of 20 years.

“Youth payment

“**158 Youth payment: basic criteria** 25

“(1) The basic qualifications for entitlement to a youth payment are in **subsection (2)**. The qualifications for a single young person are in **section 159**. The qualifications for a young person who is or has been married, in a civil union, or in a de facto relationship are in **section 160**. 30

“(2) The basic qualifications for entitlement to a youth payment are that the young person—

“(a) is aged 16 or 17 years; and

“(b) is without a dependent child or dependent children; and

“(c) either— 35

“(i) is undertaking or is available for a full-time course of secondary instruction, or tertiary

- education, or approved training, or approved work-based learning, leading to—
- “(A) NCEA level 2; or
 - “(B) an equivalent qualification (in the opinion of the chief executive); or 5
 - “(C) a higher qualification; or
- “(ii) would be so available but for circumstances that would qualify the young person for an exemption under section 105 from the obligation to undertake education or training or work-based learning in **section 170(1)(a)**; and 10
- “(d) meets the residential requirements set out in section 74AA; and
- “(e) has no income or an income of less than the amount that would fully abate the youth payment. 15
- “(3) Nothing in **subsection (2)(e)** affects the entitlement of a young person to receive a youth payment if, during a temporary period, the person has income sufficient to abate the payment fully but the person otherwise fulfils the conditions of entitlement to the payment. 20
- “Compare: 1964 No 136 ss 60F(1), (2), 89(5)
- “159 Youth payment: single young persons**
- “(1) A single person is entitled to a youth payment if—
- “(a) **section 158(2)** applies to him or her; and
 - “(b) the chief executive is satisfied that the young person is in exceptional circumstances. 25
- “(2) For the purposes of **subsection (1)**, a young person is in **exceptional circumstances** if—
- “(a) each of his or her parents (and guardians (if any)) is unable to support him or her financially; or 30
 - “(b) his or her relationship with his or her parents (and guardians (if any)) has broken down, and none of them is prepared to support him or her financially; or
 - “(c) the chief executive is satisfied that (for some other good and sufficient reason) the young person cannot reasonably be expected to be financially dependent on his or her parents or any other person. 35

“(3) However, a young person is not in **exceptional circumstances** if—

“(a) he or she has the option of living with a parent or guardian but chooses not to; and

“(b) the chief executive is not satisfied that there are good and sufficient reasons for the young person not to live with that parent or guardian. 5

“Compare: 1964 No 136, s 60FA

“**160 Youth payment: young persons who are or have been married, or in civil union or de facto relationship** 10

A person who is entitled to a youth payment if—

“(a) he or she is or has been married or in a civil union or de facto relationship; and

“(b) he or she is not married to, or in a civil union or de facto relationship with, a specified beneficiary within the meaning of any of **paragraphs (b) to (d)** of the definition of that term in **section 157**; and 15

“(c) **section 158(2)** applies to him or her.

“**161 Youth payment: ground of hardship**

The chief executive may grant a youth payment under **section 159 or 160** to a young person who meets the criteria in **paragraphs (a) to (c) and (e)** of **section 158(2)** but does not meet the criteria referred to in **paragraph (d)** of that subsection if— 20

“(a) the young person is suffering hardship; and 25

“(b) the young person is not qualified to receive any other benefit; and

“(c) the young person is unable to earn a sufficient income to support the person and his or her spouse or partner (if any). 30

“Compare: 1964 No 136 s 90(1)

“**162 Youth payment: continuation after age 18**

“(1) A youth payment granted when the young person concerned was aged under 18 years continues, if he or she is otherwise qualified for it,— 35

- “(a) in the case of a payment granted on an application made on or after the commencement of **Part 1** of the Social Security (Youth Support and Work Focus) Amendment Act **2012**, until the close of the day on which the period of 6 months from the commencement of the payment expires, even if he or she turns 18 during the period; or 5
- “(b) in the case only of a payment granted to a young person who, on the day when he or she turns 18, is (in the chief executive’s opinion) continuing in a course of education, training, or work-based learning, until— 10
- “(i) if the course is a course of secondary instruction, the close of the calendar year in which the young person turned 18:
- “(ii) in any other case, the earlier of— 15
- “(A) the close of the calendar year in which the young person turned 18; and
- “(B) the close of the day the course ends.
- “(2) While a youth payment continues by virtue of **subsection (1)(a)**, the young person concerned is not eligible to be granted any of the following benefits: 20
- “(a) a widow’s benefit:
- “(b) a domestic purposes benefit:
- “(c) a sickness benefit:
- “(d) an emergency benefit:
- “(e) an unemployment benefit. 25
- “**163 Youth payment: rate and components**
- “(1) A youth payment is payable at the appropriate rate, and includes the component, set out in **Schedule 26**.
- “(2) If a young person to whom a youth payment is payable meets the criteria prescribed for the purposes of this section by regulations made under this Act, there is payable together with that payment the appropriate incentive payment (if any) stated in **Schedule 26**. 30
- “(3) **Subsection (2)** is subject to **section 178**.

*“Young parent payment***“164 Young parent payment: basic criteria**

- “**(1)** The basic qualifications for entitlement to a young parent payment are in **subsection (2)**. The qualifications for a single person are in **section 165**. The qualifications for a young person who is or has been married, in a civil union, or in a de facto relationship are in **section 166**. 5
- “**(2)** The basic qualifications for entitlement to a young parent payment are that the young person—
- “**(a)** is aged 16 to 18 years; and 10
- “**(b)** is a parent or step-parent of a dependent child or dependent children; and
- “**(c)** either—
- “**(i)** is undertaking or is available for a full-time course of secondary instruction, tertiary education, approved training, or approved work-based learning, leading to— 15
- “**(A)** NCEA level 2; or
- “**(B)** an equivalent qualification (in the opinion of the chief executive); or 20
- “**(C)** a higher qualification; or
- “**(ii)** would be so available but for circumstances—
- “**(A)** under which the obligation to undertake education or training or work-based learning in **section 170(1)(a)** would not, under **section 170(3)**, apply to the young person; or 25
- “**(B)** that would qualify the young person for an exemption under section 105 from that obligation; and 30
- “**(d)** meets the residential requirements set out in section 74AA; and
- “**(e)** has no income or an income of less than the amount that would fully abate the young parent payment.
- “**(3)** Nothing in **subsection (2)(e)** affects the entitlement of a young person to receive a young parent payment if, during a temporary period, the person has income sufficient to fully abate the payment but the person otherwise fulfils the conditions of entitlement to the payment. 35

“(4) For the purposes of **subsection (2)(b)**, a dependent child of a young person who is married, in a civil union, or in a de facto relationship must also be treated as a dependent child of the young person’s spouse or partner.

“Compare: 1964 No 136 s 60F(1) and (2), s 89(5), s 3(5)

5

“**165 Young parent payment: single young persons**

“(1) A young person is entitled to receive a young parent payment if—

“(a) **section 164(2)** applies to him or her; and

“(b) **subsection (2) or subsection (3) or subsection (4)** applies to him or her. 10

“(2) This subsection applies to a single young person if he or she—

“(a) is aged 16 or 17 years; and

“(b) is not living with a parent or guardian; and

“(c) is in exceptional circumstances (within the meaning of **section 159**). 15

“(3) This subsection applies to a single young person if—

“(a) he or she is aged 16 or 17 years; and

“(b) he or she is living with or being financially supported by a parent or guardian; and 20

“(c) the family scheme income (within the meaning of the Income Tax Act 2007) of the parent or guardian concerned and the spouse or partner (if any) of the parent or guardian concerned is less than the amount that would, in accordance with sections MD 1 and MD 13 of that Act, fully abate the amount of the parent or guardian concerned’s family tax credit entitlement under that Act. 25

“(4) This subsection applies to a single young person who is aged 18 years. 30

“(5) For the purposes of the calculation required by **subsection (3)(c)**, if the parent or guardian with whom the young person concerned is living or by whom he or she is being supported has no family tax credit entitlement because that parent or guardian has no dependent children (within the meaning of section YA 1 of the Income Tax Act 2007), that parent or guardian’s family tax credit entitlement must be calculated as if the young person and his or her dependent child or children 35

were dependent children (within the meaning of that section) of that parent or guardian.

“(6) Nothing in this section entitles a parent or guardian to whom **subsection (5)** applies to a family tax credit.

“**166 Young parent payment: persons who are or have been married, in civil union, or in de facto relationship** 5

A young person who is or has been married or in a civil union or de facto relationship is entitled to receive a young parent payment if—

“(a) **section 164(2)** applies to him or her; and 10

“(b) (if he or she is married, or in a civil union or a de facto relationship) his or her spouse or partner is not a specified beneficiary within the meaning of **paragraphs (b) to (d)** of the definition of that term in **section 157**.

“Compare: 1954 No 136, s 60FB 15

“**167 Young parent payment: ground of hardship**

The chief executive may grant a young parent payment under **section 165 or 166** to a young person who meets the criteria in **paragraphs (a) to (c) and (e) of section 164(2)** but does not meet the criteria referred to in **paragraph (d)** of that subsection if— 20

“(a) the young person is suffering hardship; and

“(b) the young person is not qualified to receive any other benefit; and

“(c) the young person is unable to earn a sufficient income to support the person, and his or her spouse or partner (if any) and dependent children. 25

“Compare: 1964 No 136 s 90(1)

“**168 Young parent payment: continuation after age 19**

“(1) A young parent payment granted when the young person concerned was aged under 19 years continues, if he or she is otherwise qualified for it,— 30

“(a) in the case of a payment granted on an application made on or after the commencement of **section 20** of the Social Security (Youth Support and Work Focus) Amendment Act **2012**, until the close of the day on which 35

- the period of 6 months from the commencement of the payment expires, even if he or she turns 19 during the period; or
- “(b) in the case only of a payment granted to a young person who, on the day when he or she turns 18, is (in the chief executive’s opinion) continuing in a course of education, training, or work-based learning, until— 5
- “(i) if the course is a course of secondary instruction, the close of the calendar year in which the young person turned 18: 10
- “(ii) in any other case, the earlier of—
- “(A) the close of the calendar year in which the young person turned 18; and
- “(B) the close of the day the course ends.
- “(2) While a young parent payment continues by virtue of **subsection (1)(a)**, the young person concerned is not eligible to be granted the following benefits: 15
- “(a) a widow’s benefit:
- “(b) a domestic purposes benefit:
- “(c) a sickness benefit: 20
- “(d) an emergency benefit:
- “(e) an unemployment benefit.
- “**169 Young parent payment: rate and components**
- “(1) A young parent payment is payable at the appropriate rate, and includes the component, set out in **Schedule 26**. 25
- “(2) If a young person to whom a young parent payment is payable meets the criteria prescribed for the purpose of this section by regulations made under this Act, there is payable together with that payment the appropriate incentive payment (if any) stated in **Schedule 26**. 30
- “(3) **Subsection (2)** is subject to **section 178**.

“Obligations

“**170 Youth support payments: obligations**

- “(1) A young person receiving a youth support payment is subject to the following obligations: 35

- “(a) to be enrolled in and undertaking to the satisfaction of the chief executive, or be available for, a full-time course of secondary instruction or tertiary education or approved training or work-based learning leading to—
- “(i) NCEA level 2; or 5
- “(ii) an equivalent qualification (in the opinion of the chief executive); or
- “(iii) a higher qualification:
- “(b) when required by the chief executive, to participate in and complete a budgeting programme approved by the chief executive for the purpose: 10
- “(c) in the case only of a young person receiving a young parent payment, when required by the chief executive, to participate to the satisfaction of the chief executive in a parenting education programme approved by the chief executive for the purpose: 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:
- “(e) if a contracted service provider assigned to the young person by the chief executive has so required, to attend and participate in any interview with that provider: 20
- “(f) to report to the department, or to any contracted service provider assigned to the young person by the chief executive, on his or her compliance with the obligations in **paragraphs (a) to (c)** as often as, and in the manner that, the chief executive (or, as the case requires, the provider) reasonably requires: 25
- “(g) to co-operate with the chief executive, or with any contracted service provider assigned to the young person by the chief executive, in managing the spending of the young person’s youth payment or young parent payment, and (in particular)— 30
- “(i) attend and participate in regular discussions on budgeting with an officer of the department (or, as the case requires, the provider); and 35
- “(ii) at any discussion or when otherwise required, provide information on—

- “(A) the young person’s accommodation costs and service costs and other lawful debts and liabilities for the purpose of **section 178(1)(b)(i)**; and
- “(B) how the young person has spent the amount of the payment paid to him or her and how the young person has spent any money credited to a payment card, voucher, or device in accordance with regulations under this Act.
- “(2) A young person receiving a young parent payment is also subject to the following obligations:
- “(a) to enrol every dependent child with a primary health organisation:
- “(b) to keep every dependent child under the age of 5 years up-to-date with WellChild checks:
- “(c) to ensure the child’s attendance at an approved early childhood education programme (as defined in regulations under this Act) or other suitable childcare while the young person is in education, training, work-based learning, or part-time work.
- “(3) Except as provided in **subsection (4)**, the obligations in **subsections (1) and (2)** apply to a young person receiving a youth support payment from the time that it is first paid to the young person.
- “(4) Where a young person receiving a young parent payment is the principal caregiver of his or her youngest dependent child and the child is aged under 12 months, the obligation in **subsection (1)(a)** begins to apply (in relation to the young person) only on the earlier of the following days:
- “(a) the first day after the child becomes 6 months old on which—
- “(i) a suitable place is available for the young person in a teen parent unit; and
- “(ii) the chief executive is satisfied that there are no special circumstances justifying the obligation’s beginning to apply later:
- “(b) the day on which the child becomes 12 months old.

“(5) A failure without good and sufficient reason to comply with obligations under this section is subject to sanctions, as provided in **section 174**.

“**171 Obligations of spouses and partners of specified beneficiaries** 5

“(1) A young person who is aged 16 or 17 years without dependent children and is the spouse, or civil union or de facto partner, of a specified beneficiary—

“(a) is subject to the obligations set out in **section 170(1)(a), (b), (d), (e), and (f)** as if he or she were receiving a youth payment; and 10

“(b) is not subject to the work test or to employment plan obligations under section 60Q.

“(2) A young person who is aged 16 to 18 years, has a dependent child or children, and is the spouse, or civil union or de facto partner, of a specified beneficiary— 15

“(a) is subject to the obligations set out in **section 170(1)(a) to (f) and 170(2)** as if he or she were receiving a young parent payment; and

“(b) is not subject to the work test or to employment plan obligations under section 60Q. 20

“(3) A failure without good and sufficient reason to comply with any of the obligations placed on a young person under this section is,—

“(a) for a young person who would, but for **subsection (1)(b) or (2)(b)**, be subject to the work test, a failure to comply with the work test for the purposes of section 117; and 25

“(b) for a person who would, but for **subsection (1)(b) or (2)(b)**, be subject to employment plan obligations, a failure to comply with section 60Q(1) for the purposes of section 60U. 30

“**172 Department to explain obligations to young person**

The chief executive must take reasonable and appropriate steps to make every young person who is subject to obligations under **section 170 or 171** aware of— 35

“(a) those obligations; and

“(b) the consequences of failure to comply with them and (in particular) the sanctions that may be imposed under this Act for failing to comply with them.

“Compare: 1964 No 136 ss 60GAC, 105C

“*Sanction regime*

5

“**173 Sanctions for failure by young person receiving youth payment to comply with obligations under section 170**

“(1) If satisfied that a young person receiving a youth payment has, without good and sufficient reason, failed to comply with an obligation placed on him or her by **section 170**, the chief executive must,— 10

“(a) for a first or second failure,—

“(i) suspend the in-hand allowance and any incentive payments until he or she satisfies the obligation (or, if he or she has failed to comply with 2 or more obligations, until he or she satisfies all of them); and 15

“(ii) if the person has not satisfied the obligation (or, if he or she has failed to comply with 2 or more obligations, if he or she has not satisfied all of them) within 4 weeks after the date on which the suspension took effect, suspend the whole of the youth payment and any incentive payments until the young person satisfies the obligation or obligations; and 20 25

“(b) for a third failure, cancel the youth payment and any incentive payments.

“(2) If a young person’s youth payment has been cancelled under **subsection (1)(b)**,—

“(a) he or she is not entitled to be granted any benefit until after the expiration of 13 weeks from the date of the cancellation unless he or she— 30

“(i) has completed a 6-week approved activity under, and in accordance with, section 123B; or

“(ii) has applied for a benefit and established his or her eligibility for it; and 35

“(iii) sections 123 and **175** apply to him or her.

- “(3) For the purposes of **subsection (2)(a)(i)**, a 6-week approved activity is completed in accordance with section 123B if it is completed in such a way that its completion would be in accordance with section 123B if subsection (1)(b) of that section referred to the following activities (rather than those to which it in fact refers): 5
- “(a) if the young person concerned is not already in part-time work, participation in part-time work or work experience: 10
 - “(b) participation in recognised community activities (as defined in section 88A): 10
 - “(c) participation in any other activity that the chief executive considers will enhance skills or improve motivation. 10
- “(4) This section overrides every other provision of this Act. 15
- “**174 Sanctions for failure by young person receiving young parent payment to comply with obligations under section 170**
- “(1) If satisfied that a young person receiving a young parent payment has, without good and sufficient reason, failed to comply with an obligation placed on him or her by **section 170**, the chief executive must,— 20
- “(a) for a first or second failure, suspend the in-hand allowance and any incentive payments until he or she satisfies the obligation (or, if he or she has failed to comply with 2 or more obligations, until he or she satisfies all of them); and 25
 - “(b) for a third failure,—
 - “(i) cancel the person’s entitlement to receive the whole of the young parent payment and instead pay the person half the base rate of the payment before income abatement; and 30
 - “(ii) cancel any incentive payments. 30
- “(2) A young person whose entitlement to receive the whole of a young parent payment has been cancelled under **subsection (1)(b)(i)** is not entitled to be granted any benefit until after the expiration of 13 weeks from the date of the cancellation unless he or she— 35

- “(a) has completed a 6-week approved activity under, and in accordance with, section 123B; or
- “(b) has applied for a benefit and established his or her eligibility for it.
- “(3) For the purposes of **subsection (2)(a)(i)**, a 6-week approved activity is completed in accordance with section 123B if it is completed in such a way that its completion would be in accordance with section 123B if subsection (1)(b) of that section referred to the following activities (rather than those to which it in fact refers):
- “(a) if the young person concerned is not already in part-time work, participation in part-time work or work experience:
- “(b) participation in recognised community activities (as defined in section 88A):
- “(c) participation in any other activity that the chief executive considers will enhance skills or improve motivation.
- “(4) In order to satisfy himself or herself that a young person has established continued eligibility for a young parent payment, the chief executive may require the young person to comply with the requirements of section 11D(2) as if applying for a young parent payment (and that section, with any necessary modifications, applies accordingly).
- “(5) This section overrides every other provision of this Act.
- “175 Effect of sanctions on supplementary benefits**
- “(1) While a young person’s youth payment is cancelled under **section 173**,—
- “(a) the young person is not entitled to receive any accommodation supplement or temporary additional support if he or she is not married or in a civil union or de facto relationship:
- “(b) if the young person is married or in a civil union or de facto relationship and his or her spouse or partner’s youth payment is not also cancelled under that section,—
- “(i) any accommodation supplement or temporary additional support otherwise payable to him or

- her must be reduced by half, and paid to the spouse or partner; and
- “(ii) any accommodation supplement or temporary additional support otherwise payable to his or her spouse or partner must be reduced by half: 5
- “(c) if the young person is married or in a civil union or de facto relationship and his or her spouse or partner’s youth payment is also cancelled under that section,—
- “(i) the young person is not entitled to receive any accommodation supplement or temporary additional support otherwise payable to him or her; 10
and
- “(ii) the young person’s spouse or partner is not entitled to receive of any accommodation supplement or temporary additional support otherwise 15
payable to him or her.
- “(2) The cancellation under **section 174** of the whole of the young parent payment of a young person who is a sole parent has no effect on his or her entitlement to receive any accommodation supplement or temporary additional support. 20
- “(3) While the young parent payment of a young person who is married to or in a civil union or de facto relationship with a spouse or partner whose young parent payment is not also cancelled under that section is cancelled under **section 174**,—
- “(a) any accommodation supplement or temporary additional support otherwise payable to him or her must be 25
reduced by half, and paid to the spouse or partner; and
- “(b) any accommodation supplement or temporary additional support otherwise payable to his or her spouse or partner must be reduced by half. 30
- “(4) Where the whole of the young parent payment of each of 2 young persons who are married to, or in a civil union or de facto relationship with, each other is cancelled, each is entitled to receive only half of any accommodation supplement or temporary additional support that would otherwise be payable to 35
him or her.
- “(5) A young person whose youth payment or the whole of whose young parent payment is cancelled under **section 173 or 174** is not entitled to receive an emergency benefit.

“(6) The cancellation of a young person’s youth payment or the whole of his or her young parent payment under **section 173 or 174** has no effect on his or her entitlement to receive any disability allowance, or child disability allowance.

“**176 Sanctions generally** 5

“(1) For the purposes of **sections 173 and 174**, a young person satisfies an obligation if he or she—

“(a) remedies the failure concerned; or

“(b) if (in the chief executive’s opinion) it is not possible to remedy the failure, undertakes to the chief executive’s satisfaction an activity that is (in the chief executive’s opinion) the same as or substantially similar to the performance of the obligation. 10

“(2) Sections 113 (procedure for imposing sanctions), 114 (notices), and 119 (calculation of failure rate) apply with all necessary modifications to the imposition of sanctions under **sections 173 and 174**. 15

“(3) In **sections 173 and 174**,—

“**second failure** means a failure that occurs after the young person concerned has satisfied the obligation to which a first failure related; and 20

“**third failure** means a failure that occurs after the young person concerned has satisfied the obligation to which a second failure related.

“(4) If a young person whose youth support payment has been cancelled under **section 173(1)(b) or 174(1)(b)** is again granted a youth support payment,— 25

“(a) except as provided in **paragraph (b)**, any incentive payments that were payable to the young person before the cancellation must be paid with the youth payment or young parent payment; but 30

“(b) if the failure that led to the cancellation was a failure to comply with **section 170(1)(a)**, an education incentive payment is payable only if the young person again meets the conditions of entitlement to that payment set out in regulations under this Act. 35

- “177 Effect of sanction on young parent payment**
- “(1) If under **section 174(1)(b)(i)** a young person’s entitlement to the whole of a young parent payment is cancelled,—
- “(a) the person is entitled during the period of cancellation to receive half of that base rate of young parent payment and only half the abatement rate in **clause 10 or 11 of Schedule 26** (as the case requires) applies to that rate; but 5
- “(b) during the period of cancellation, no incentive payments are payable. 10
- “(2) While **subsection (1)(b)** applies to a young person, the amounts payable must be paid to him or her or on his or her account personally.
- “Compare: 1964 No 136 s 121
- “178 Incentive payment may be cancelled if young person’s actions inconsistent with purpose** 15
- “(1) The chief executive may cancel an incentive payment if satisfied that the young person concerned has intentionally acted in a way inconsistent with the purpose for which it was granted.
- “(2) The cancellation makes the young person ineligible for the incentive payment again until the chief executive decides that it may be re-granted. 20
- “Administration*
- “179 Money management in relation to youth support payments: general** 25
- “(1) Except as provided in this section and **section 177(2)**, no payment under a youth support payment can be paid to or on account of the young person concerned personally.
- “(2) Except as provided in **subsection (4)**, every youth support payment is payable by instalments of the number of weeks’ payment on the day or date, or the days or dates, in the month that the chief executive determines from time to time. 30
- “(3) Every youth support payment is paid in respect of a 7-day week.
- “(4) Except as otherwise provided in this Act,— 35

- “(a) the following must be paid in a manner stated in regulations made under this Act for the purposes of this section:
- “(i) any youth support payment (including the in-hand allowance up to the maximum amount set out in **clause 6 of Schedule 26**): 5
 - “(ii) any WFF tax credit payable to a young person by the chief executive:
 - “(iii) the amount of any child disability allowance or disability allowance to which a young person is entitled: 10
 - “(iv) any other benefit or payment under this Act to which a young person is entitled specified for the purposes of this paragraph by the regulations; but
- “(b) if no manner is for the time being stated for a benefit or payment of a kind referred to in **paragraph (a)(i) to (iv)**, it must be paid to or on account of the young person entitled to it in accordance with section 82(3). 15
- “(5) A manner stated under **subsection (4)** may include crediting an amount to a payment card, voucher, or device, that enables a young person to obtain goods or services from a particular supplier and enables the supplier to obtain payment from the department for the goods or services. 20
- “(6) **Subsection (5)** does not limit the generality of **subsection (4)**. 25
- “(7) No appeal under this Act lies against a determination by the chief executive under regulations made under this Act for the purposes of this section.
- “(8) This section overrides section 82(1) to (3).
- “(9) **Subsection (4)** overrides section 80KS of the Tax Administration Act 1994. 30
- “(10) Section 84(1) is subject to regulations under this Act made for the purposes of **subsection (4)**.
- “**180 Chief executive may assign contracted service provider to young person** 35
The chief executive may assign a contracted service provider to a young person,—

- “(a) at any time after the young person has contacted the department for financial assistance at which the chief executive considers that the most appropriate financial assistance for the young person is likely to be a youth support payment; or 5
- “(b) at the time, or at any time after, the youth support payment is payable to the young person; or
- “(c) at any time **section 171** applies to the young person.”

- 21 Schedule 26 replaced**
 Replace Schedule 26 with the Schedule 26 set out in **Schedule 1** of this Act. 10

Part 2
**Consequential amendments, and
 transitional and savings provisions,
 taking effect on 30 July 2012** 15

*Consequential amendments to Income Tax Act
 2007 and Child Support Act 1991*

- 22 Amendment to Income Tax Act 2007**
- (1) This section amends the Income Tax Act 2007.
 - (2) In section YA 1, definition of **financially independent**, paragraph (d), delete “, payable under Part 1 of the Act”. 20
 - (3) In section YA 1, definition of **income-tested benefit**,—
 - (a) repeal paragraph (c):
 - (b) in paragraph (g), replace “benefit” with “benefit:”.
 - (4) In section YA 1, definition of **income-tested benefit**, after paragraph (g), insert: 25
 - “(h) young parent payment:
 - “(i) youth payment”.

- 23 Amendment to Child Support Act 1991**
- (1) This section amends the Child Support Act 1991. 30
 - (2) In section 2, the definition of **social security benefit**, paragraph (c), after subparagraph (iv), insert:
 - “(v) young parent payment”.

Other consequential amendments

24 Consequential amendments

- (1) Amend the principal Act as set out in **Part 1 of Schedule 2**.
- (2) Amend the enactments specified in **Part 2 of Schedule 2** as set out in that Part of that schedule. 5
- (3) Amend the regulations specified in **Part 3 of Schedule 2** as set out in that Part of that schedule.

25 Transitional provision: entitlement to youth payment or young parent payment

- (1) This subsection applies to a person— 10
 - (a) who, immediately before the commencement of this **Part**,—
 - (i) was aged 16 or 17 years and did not have a dependent child; and
 - (ii) was receiving in his or her own right an independent youth benefit or sickness benefit; and 15
 - (b) is not the spouse or civil union or de facto partner of a specified beneficiary within the meaning of any of **paragraphs (b) to (d)** of the definition of that term in **section 157** of the principal Act (as inserted by **section 20** of this Act). 20
- (2) A person to whom **subsection (1)** applies is entitled, on the commencement of this **Part of this** Act to receive a youth payment as if it had been granted on that commencement under section 159 or 160 of the principal Act. 25
- (3) This subsection applies to a person—
 - (a) who, immediately before the commencement of this **Part**,—
 - (i) was aged 16, 17, or 18 years; and
 - (ii) was receiving in his or her own right a widow’s benefit, a domestic purposes benefit (other than a domestic purposes benefit under section 61G of the principal Act), a sickness benefit, an emergency benefit (being an emergency benefit granted to the person on the basis that he or she would, but for his or her being aged 16 or 17 years, be entitled to a domestic purposes benefit 30 35

- under section 27B of the principal Act), or an unemployment benefit (other than an unemployment benefit granted under section 90(2) or (3) of the principal Act); and
- (b) has a dependent child or children; and 5
- (c) is not the spouse or civil union or de facto partner of a specified beneficiary within the meaning of any of **paragraphs (b) to (d)** of the definition of that term in **section 157** of the principal Act (as inserted by **section 20** of this Act). 10
- (4) A person to whom **subsection (3)** applies is entitled, on the commencement of this **Act** to receive a young parent payment as if it had been granted on that commencement under section 165 or 166 of the principal Act.
- (5) A youth payment or young parent payment under **subsection (2) or (4)**— 15
- (a) is, despite **Schedule 26** but subject to **section 23**, payable at not less than the rate of the benefit that the person was receiving immediately before the commencement of this **Act**; and 20
- (b) continues at that rate until the young person's entitlement to the payment is reviewed under section 81 following a change of circumstances.
- (6) If, immediately before the commencement of this **Part**, the benefit of a person to whom **subsection (1) or (3)** applies is 25 subject to a sanction under section 60Y or 60Z or 117 of the principal Act, on that commencement—
- (a) the sanction ceases to apply; and
- (b) for the purposes of **subsections (2) and (4)**, the rate of the benefit that would have been payable if the sanction had not been imposed must be treated as the rate of the benefit that the person was receiving immediately before that commencement. 30
- 26 Savings provision: domestic purposes benefit under section 27G** 35
- (1) This section applies to a person who—
- (a) either—

- (i) was receiving a domestic purposes benefit under section 27G in his or her own right immediately before the commencement of this Act; or
 - (ii) had made an application for a domestic purposes benefit under section 27G in his or her own right before that commencement, and was granted the benefit (on that application) after that commencement; and
 - (b) is aged 16 or 17 years; or
 - (c) is aged 18 years and has a dependent child or children.
- (2) A person to whom this section applies is entitled to continue to receive that benefit for so long as he or she otherwise qualifies for it as if **section 9** of this Act had not been enacted.
- 27 Transitional arrangements for financially disadvantaged people**
- (1) The Governor-General may, by Order in Council, make regulations authorising the provision of financial assistance to any people who are financially disadvantaged as a result of the net effects of the amendments made by **Part 1 or 2**.
 - (2) The regulations must state the day on and after which they have effect (which may be earlier than the day on which they were made).
 - (3) The chief executive may provide financial assistance of the kind prescribed by the regulations to a person disadvantaged as a result of the net effects of the amendments made by **Part 1 or 2**—
 - (a) in the amount, for the period, and in accordance with the criteria, prescribed by the regulations; and
 - (b) in accordance with any other requirements imposed by the regulations.
 - (4) After it has initially been granted, financial assistance provided under the regulations must for the purposes of the principal Act be treated as a benefit; and the principal Act applies accordingly.
 - (5) A decision or determination made by the chief executive under the regulations is a decision or determination for the purposes of section 12J(1) of the principal Act.

Part 3
Substantive provisions taking effect on 15
October 2012

- 28 Section 1B amended (Principles)**
In section 1B(c), replace “plan” with “prepare”. 5
- 29 Section 3 amended (Interpretation)**
- (1) In section 3(1), replace paragraph (a) of the definition of **part-time work-tested beneficiary** with—
- “(a) a person with a youngest dependent child aged 5 or older, but under 14 years, who is— 10
- “(i) a work-tested spouse or partner; or
- “(ii) a work-tested domestic purposes beneficiary; or
- “(iii) a work-tested widow’s beneficiary; or”.
- (2) In section 3(1), replace the definitions of **work-tested beneficiary**, **work-tested benefit**, and **work-tested domestic purposes beneficiary** with— 15
- “**work-tested beneficiary** means a person—
- “(a) who is granted an unemployment benefit; or
- “(b) who is— 20
- “(i) a work-tested spouse or partner; or
- “(ii) a work-tested domestic purposes beneficiary; or
- “(iii) a work-tested widow’s beneficiary; or
- “(iv) a work-tested sickness beneficiary
- “**work-tested benefit**—
- “(a) except in relation to a work-tested domestic purposes beneficiary, a work-tested sickness beneficiary, or a work-tested widow’s beneficiary, means an unemployment benefit; and 25
- “(b) in relation to a work-tested spouse or partner, includes a sickness benefit, an emergency benefit, and an invalid’s benefit; and 30
- “(c) in relation to a work-tested domestic purposes beneficiary, means a domestic purposes benefit under section 27B or 27C; and
- “(d) in relation to a work-tested sickness beneficiary, means a sickness benefit; and 35

- “(e) in relation to a work-tested widow’s beneficiary, means a widow’s benefit
- “**work-tested domestic purposes beneficiary** means a person who has been granted a domestic purposes benefit under section 27B or 27C; and— 5
- “(a) who has no dependent children; or
- “(b) whose youngest dependent child—
- “(i) is aged 5 years or older, but under 18 years; or
- “(ii) is aged 18 years or older, and is a child in respect of whom that benefit is paid, or continues to be paid, under section 63A”. 10
- (3) In section 3(1), replace the definition of **suitable employment** with—
- “**suitable employment** in relation to a person, means employment that the chief executive is satisfied is suitable for the person to undertake for a number of hours a week determined by the chief executive having regard to the employment required to satisfy the work test for that person”. 15
- (4) In section 3(1), paragraph (a) of definition of **work-tested spouse or partner**, replace “6” with “5”. 20
- (5) In section 3(1), insert in its appropriate alphabetical order—
- “**work-tested widow’s beneficiary** means a person who has been granted a widow’s benefit; and—
- “(a) who has no dependent children; or
- “(b) whose youngest dependent child— 25
- “(i) is aged 5 years or older, but under 18 years; or
- “(ii) is aged 18 years or older, and is a child in respect of whom that benefit is paid, or continues to be paid, under section 63A”.
- 30 Section 21 amended (Widows’ benefits) 30**
- Replace section 21(2A) with—
- “(2A) A woman who receives a benefit under this section must—
- “(a) comply with any obligation arising under **section 60Q**; and
- “(b) if she is a work-tested widow’s beneficiary, comply with the work test.” 35

- 31 New section 21A inserted (Widows' benefits: pre-benefit activities)**
- After section 21, insert:
- “21A Widows' benefits: pre-benefit activities**
- “(1) This subsection applies to a person if— 5
- “(a) she contacts the department requesting financial assistance after the commencement of **Part 3** of the Social Security (Youth Support and Work Focus) Amendment Bill **2012**; and
- “(b) the chief executive considers that the appropriate financial assistance for her would be a widow's benefit. 10
- “(2) Section 96A(2) to (13) applies to a person to whom **subsection (1)** applies, but as if every reference to an unemployment benefit were a reference to a widow's benefit.”
- 32 Section 27C amended (Domestic purposes benefits for women alone)** 15
- Replace section 27C(4) with—
- “(4) A woman who receives a benefit under this section must comply with the work test.”
- 33 New section 27CA inserted (Domestic purposes benefits under section 27B or 27C: pre-benefit activities)** 20
- After section 27C, insert:
- “27CA Domestic purposes benefits under section 27B or 27C: pre-benefit activities**
- “(1) This subsection applies to a person if— 25
- “(a) he or she who contacts the department requesting financial assistance after the commencement of **Part 3** of the Social Security (Youth Support and Work Focus) Amendment Bill **2012**; and
- “(b) the chief executive considers that the appropriate financial assistance for him or her would be a domestic purposes benefit under section 27B or 27C. 30
- “(2) Section 96A(2) to (13) applies to a person to whom **subsection (1)** applies, but as if every reference to an unemployment benefit were a reference to a domestic purposes benefit under section 27B or 27C.” 35

34 New sections 60GAD to 60GAF inserted

Insert before section 60GA the following sections:

“60GAD Purpose of sections 60GAE and 60GAF

The purpose of **sections 60GAE and 60GAF** is to improve
the financial and social outcomes for families that include 5
people to whom those sections apply by providing earlier
access to employment services and expectations, while recog-
nising the care and development needs of children.

**“60GAE Beneficiaries having additional dependent child:
general**

10

“(1) This section applies to a person (the **beneficiary parent**) who
(whether or not by having given birth) becomes a caregiver,
or the principal caregiver, of a dependent child (an **additional
dependent child**) while the person—

“(a) is receiving a domestic purposes benefit, an invalid’s 15
benefit, a sickness benefit, an unemployment benefit, a
widow’s benefit, or an emergency benefit (whether in
his or her own right, or as the spouse or partner of the
person granted the benefit); and

“(b) is already a caregiver, or the principal caregiver, of a 20
dependent child or children.

“(2) An additional dependent child aged 1 or over must not be in-
cluded in the determination for the purposes of the definitions
of **part-time work-tested beneficiary, work-tested domestic
purposes beneficiary, work-tested spouse or partner,** and 25
work-tested widow’s beneficiary in section 3(1) and **section
60Q(1)** of—

“(a) the age of the youngest dependent child of the benefi-
ciary parent concerned; and

“(b) whether the beneficiary parent concerned has a depend- 30
ent child or children under 5 or 14 (and if so, how
many).

“(3) **Subsection (2)** may apply to 2 or more additional dependent
children of the same beneficiary parent.

“(4) The chief executive may apply this section in relation to any 35
dependent child or children of whom a person who already
has any dependent child or children becomes a caregiver, or
the principal caregiver, if satisfied that—

- “(a) the person’s situation is analogous to that of a person to whom **subsection (1)** applies; or
- “(b) to do so would best achieve the purpose stated in **section 60GAD**.
- “(5) An example of a situation that is analogous to that of a person to whom **section 60GAE(1)** applies is that of a woman who gives birth during a period when she has temporarily ceased receiving a benefit (whether in her own right, or as the spouse or partner of the person granted the benefit). 5
- “(6) **Subsection (5)** does not limit the generality of **subsection (4)**. 10

“**60GAF Chief executive may refrain from applying section 60GAE**

The chief executive may refrain (for any period he or she thinks fit) from applying **section 60GAE** in relation to any additional dependent child or children (within the meaning of that section) if satisfied in any particular case that— 15

- “(a) to do so would best achieve the purpose stated in **section 60GAD**; or
- “(b) there are circumstances beyond the control of the beneficiary parent concerned making it inappropriate or unreasonable to apply that section.” 20

35 New sections 60P to 60R substituted

Repeal sections 60O to 60Z and substitute:

“**60P Purposes of section 60Q** 25

The purposes of **section 60Q** are—

- “(a) to facilitate the movement into ongoing employment (as their parenting responsibilities and individual circumstances allow) of beneficiaries to whom that section applies; and 30
- “(b) to provide opportunities for them to improve their capabilities and preparation for employment; and
- “(c) to improve social and economic outcomes for them and their dependent children.

“60Q Certain obligations may be placed on beneficiaries and their spouses and partners

- “(1) This section applies to every person (other than a person who is a work-tested beneficiary or is for the time being exempted under section 105) who— 5
- “(a) is the recipient of a benefit under section 21 (the widow’s benefit) and has a youngest dependent child under the age of 5 years; or
 - “(b) is the recipient of a benefit under section 27B (the domestic purposes benefit for solo parents) and has a youngest dependent child under the age of 5 years; or 10
 - “(c) is the spouse or partner of a person who—
 - “(i) is the recipient of an emergency benefit, an invalid’s benefit, a sickness benefit, or an unemployment benefit; and 15
 - “(ii) has a youngest dependent child aged under 5 years.
- “(2) A person to whom this section applies has a general obligation to take all steps that are reasonably practicable in his or her particular circumstances to prepare for employment and (in particular) an obligation to comply with any requirement under **subsection (3)**. 20
- “(3) The chief executive may, from time to time, require a person to whom this section applies—
- “(a) to undertake planning for employment: 25
 - “(b) to participate in or undertake (as the case requires) any of the following activities specified by the chief executive that the chief executive considers suitable to improve his or her work-readiness or prospects for employment: 30
 - “(i) a work assessment:
 - “(ii) a programme or seminar to increase particular skills or enhance motivation:
 - “(iii) a work-experience or work-exploration activity:
 - “(iv) employment-related training: 35
 - “(v) an education programme:
 - “(vi) any other activity (including rehabilitation) other than medical treatment, voluntary work, or activity in the community.

- “60R Department to explain obligations to beneficiaries**
The chief executive must take reasonable and appropriate steps to make every person who is subject to obligations under **section 60Q** aware of—
- “(a) those obligations; and 5
 - “(b) the consequences of failure to comply with them and (in particular) the sanctions that may be imposed under this Act for failing to comply with them.”
- 36 Section 96A amended (Unemployment benefit: pre-benefit activities) 10**
- (1) Repeal section 96A(1) and substitute:
- “(1) This section applies to a person if—
- “(a) he or she who contacts the department requesting financial assistance after the commencement of this section; and 15
 - “(b) the chief executive considers that the appropriate financial assistance for him or her would be an unemployment benefit.”
- (2) In section 96A(2), replace “If the chief executive considers that the appropriate financial assistance for the person would be an unemployment benefit, the chief executive may (for the purpose stated in section 1A(a)(ii)) require him or her” with “The chief executive may (for the purpose stated in section 1A(a)(ii)) require a person to whom this section applies” 20
- 37 Section 105 amended (Exemption from obligations) 25**
- (1) In section 105(1), after “work test obligations”, insert “, or obligations under **section 60Q**,”.
- (2) In section 105(5), after “work test obligations”, insert “, or obligations under **section 60Q**,”.
- 38 New section 116A inserted (Failure to comply with requirements under section 60Q(2)) 30**
Insert before section 117 the following section:

**“116A Failure to comply with requirements under section
60Q(2)**

The sanctions stated in section 117 must be imposed on a person on whom a requirement has been imposed under **section 60Q(2)** if the chief executive considers that the person has, without a good and sufficient reason, failed to comply with it.” 5

39 Section 117 amended (Sanctions that may be imposed for failures)

Insert before “are” in section 117(1) “or **section 116A**”. 10

40 Section 119 amended (Calculation of failure rate)

Insert before “is” where it first occurs in section 119(1) “or **section 116A**”.

41 Section 122 amended (Meaning of recompliance)

Insert before “a person” in section 122(1) “or **section 116A**”. 15

Part 4

**Consequential provisions taking effect on
15 October 2012**

42 Section 171 amended (Obligations of spouses and partners of specified beneficiaries) 20

(1) Delete from **subsections (1)(b) and (2)(b) of section 171** as inserted by **section 20 of this Act** “or to employment plan obligations under **section 60Q**”.

(2) In **section 171 (3)(b)** replace “section 60Q(1) for the purposes of 60U” with “**section 60Q(3)** for the purposes of **section 117A**” 25

43 Section 123D amended (Regulations)

In section 123D(a), after “work test obligations”, insert “, or obligations under **section 60Q**”.

44 Employment plans and certain sanctions cease to have effect

On the commencement of **this Part of** this Act, the following cease to have effect if they were in force immediately before that commencement:

- (a) all employment plans under former section 60R of the principal Act: 5
 - (b) all reviews of an employment plan commenced under former section 60S, 60U, or 60V of the principal Act:
 - (c) all requirements under former section 60W of the principal Act: 10
 - (d) all notices under former section 60X of the principal Act:
 - (e) all sanctions under section 60Y or 60Z of the principal Act. 15
-

Schedule 1

s 21

**New Schedule 26 of Social Security Act
1964**

Schedule 26

ss 163, 169

**Rates and component of youth payment
and young parent payment, and criteria
for incentive payments**

5

*Rates of youth payment and young parent
payment*

| | | \$ |
|---|--|---|
| 1 | For a single young person without dependent children. | 170.80 a week subject to clause 10 |
| 2 | For a single young person who— <ul style="list-style-type: none">• is aged 16 to 17 years; and• is living with or being financially supported by a parent or guardian; and• has a dependent child or children. | 134.64 a week subject to clause 10 |
| 3 | For any other single young person with a dependent child or children. | 293.58 a week subject to clause 10 |
| 4 | For a young person who is married, in a civil union, or in a de facto relationship and is without dependent children. | 170.80 a week subject to clause 11 |
| 5 | For a young person who is married, in a civil union, or in a de facto relationship and has a dependent child or children. | 170.80 a week subject to clause 11 |

Component

10

| | | \$ |
|---|--------------------------------------|-----------|
| 6 | Maximum amount of in-hand allowance. | 50 a week |

Rates of incentive payments

| | | \$ |
|---|---|-----------|
| 7 | Education, training, or work-based learning incentive | 10 a week |
| 8 | Budgeting incentive | 10 a week |
| 9 | Parenting education incentive | 10 a week |

Schedule 26—*continued**Abatement rates and income limits*

- 10 The applicable rate of youth payment or young parent payment in **clause 1, 2, or 3** must be reduced by \$1 for every \$1 of the young person's weekly income that exceeds \$206.73, but no amount of youth payment or young parent payment or incentive payment is payable if the young person's weekly income exceeds \$256.73.
- 11 The applicable rate of youth payment or young parent payment in **clause 4 or 5** must be reduced by 50 cents for every \$1 of the combined weekly income of the young person and his or her spouse or partner that exceeds \$206.73, but no amount of youth payment or young parent payment or incentive payment is payable if that combined income exceeds \$306.73.
- 12 For the purposes of **clause 10 or 11** and a rate of young parent payment, the chief executive may, in his or her discretion, disregard up to \$20 a week of the personal earnings of the young person used to meet the costs of child care for any of the person's dependent children.
-

Schedule 2

s 24

Consequential amendments

Part 1

Consequential amendments to principal Act

| | |
|---|----|
| Section 3(1) | 5 |
| In section 3(1), definition of income-tested benefit , repeal paragraph (d). | |
| In section 3(1), definition of income-tested benefit , after paragraph (j), insert: | |
| “(k) a youth payment: | 10 |
| “(l) a young parent payment”. | |
| In section 3(1), definition of non-entitlement period , paragraph (e), replace “60GAB” with “ 170 or 171 ”. | |
| In section 3(1), definition of suitable employment , delete “(or, as the case may be, the person’s obligations under section 60GAB)”. | 15 |
| Section 61 | |
| In section 61(1), first and second provisos, omit “an independent youth benefit,” in each place. | |
| In section 61(1A), after “section 90”, insert “or a youth payment under section 161 or a young parent payment under section 167 ”. | 20 |
| Section 61E(1) | |
| In section 61E(1), definition of beneficiary , paragraph (a), replace “an independent youth benefit” with “a youth payment, a young parent payment”. | |
| Section 61H(1) | 25 |
| In section 61H(1), after “subsidy rate,”, insert “maximum amount of any component,”. | |
| Section 61HA(2) | |
| In section 61HA(2), after “and 26” insert “(other than any rate of incentive payment)”. | 30 |

Part 1—*continued***Section 69C(1)(a)**

In section 69C(1)(a), replace “or an independent youth benefit” with “a youth payment, or a young parent payment”.

Section 70A(1)(b)

In section 70A(1)(b), after subparagraph (v), insert:

5

“(va) a young parent payment; or”.

Section 72(b)

In section 72(b), second proviso, replace “an independent youth benefit on the ground specified in section 60F(6),” with “a youth payment or young parent payment granted pursuant to **section 158(2)(c)(ii) or 164(2)(c)(ii)** to a person who qualifies for an exemption under section 105 from the obligation to undertake education or training or work-based learning in **section 170(1)(a)** on the ground of his or her sickness, injury, or disability”.

10

Section 74AA(2)

15

In section 74AA(2), replace “an independent youth benefit” with “a youth payment, a young parent payment”.

Section 77(2)

In section 77(2), replace “an independent youth benefit” with “a youth payment or young parent payment”.

20

Section 77(3)

In section 77(3), replace “an independent youth benefit” with “a youth payment or young parent payment”.

Section 80(2)(a)

Replace “an independent youth benefit” with “a youth payment or a young parent payment”.

25

Section 80(5)(a)

In section 80(5)(a), after “unemployment benefit”, insert “, a youth payment, or a young parent payment” .

Part 1—*continued*

Section 80(5)(b)

In section 80(5)(b), replace “an independent youth benefit” with “a youth payment, a young parent payment”.

Section 80(14)(a)

In section 80(14)(a), after “purposes benefit”, insert “, a young parent 5
payment”.

Section 80B

In section 80B, definition of **income**, repeal paragraph (a)(viii).

In section 80B, definition of **income**, after paragraph (a), insert:

“(ab) the amount of any youth payment or young parent pay- 10
ment received by the person.”.

In section 80BA(4)(b)(ii), after “invalid’s benefit” insert “, youth
payment or young parent payment”.

Section 80BA(4)(b)(i)

In section 80BA(4)(b)(i), after “invalid’s benefit”, insert “a youth 15
payment, a young parent payment”.

Section 80BD(3)

In section 80BD(3), replace “independent youth benefit” with “youth
payment, or young parent payment”.

Section 80C(1)(c)

In section 80C(1)(c), after “section 117”, insert “, **173, or 174**”. 20

Section 82(2A)

In section 82(2A), replace “an independent youth benefit,” with “a
youth payment, a young parent payment,”.

Section 84(1)

In section 84(1), after “82”, insert “or **179(5)**”. 25

Part 1—*continued***Section 115A**

Repeal section 115A.

Section 117(1)

In section 117(1), delete “or section 115A”.

Section 119(2)

In section 119(2), delete “or section 115A”.

5

Section 122

In section 122, delete “or section 115A”.

Repeal section 122(b).

Section 123 heading

In the heading to section 123, delete “or obligations under section 60GAB”.

In the heading to section 123, after “work test” insert “or section 170 or 171”.

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Section 123(1)

In section 123(1)(a), after “117”, insert “or section 173 or 174”

In section 123(1)(b)(ia), replace “section 60GAB” with “section 170 or 171”.

In section 123(1)(b)(ii), after “section 60HA”, insert “or section 170 or 171”.

15

20

Section 123B(1)(a)

In section 123B(1)(a), after “section 117”, insert “or section 173 or 174”.

Section 123B(5)

In section 123B(5)(a), replace “section 60GAB” with “section 170 or 171”.

In section 123B(5)(b), after “section 60HA”, insert “or section 170 or 171”.

25

Part 1—*continued*

Section 123C(1)(b)

In section 123C(1)(b), delete “or a requirement under section 60GAB”.

Schedule 18

In Schedule 18, Part 1, clause 3, after “purposes benefit”, insert “or a young parent payment”.

Part 2

Amendments to other enactments

Education Act 1989 (1989 No 80)

In section 226A(1), definition of **benefit**, delete “, or an independent youth benefit under section 60F of that Act”.

In section 235F(1), definition of **benefit**, delete “, or an independent youth benefit under section 60F of that Act”.

In section 307B(2)(ab), replace “benefit debt” with “debt described in section 85A of the Social Security Act 1964”.

Part 3

Amendments to regulations

Health Entitlement Cards Regulations 1993 (SR 1993/169)

Revoke regulation 8(1)(a)(v).

After regulation 8(1)(a)(vii), insert:

“(viii) a youth payment:

“(ix) a young parent payment.”.

Social Security (Debt Recovery Suspension) Regulations 2007 (SR 2007/86)

In regulation 3, definition of **working age benefit**, replace paragraph (e) with:

“(e) a youth payment; or

“(ea) a young parent payment; or”.

Part 3—*continued***Social Security (Temporary Additional Support) Regulations
2005 (SR 2005/334)**

In regulation 4, replace paragraph (f) with:

- “(e) a youth payment; or
 - “(ea) a young parent payment; or”.
- 5

Student Allowances Regulations 1998 (SR 1998/277)

Revoke regulation 13(1)(d).

After regulation 13(1)(f), insert:

- “(g) a youth payment:
 - “(h) a young parent payment.”
- 10