

# **Social Security (Work Testing and Community Wage) Amendment Bill**

Member's Bill

## **Explanatory note**

### **Overview**

The primary function of the Department of Work and Income is to provide adequate income support to those who, for whatever reason, are unable to support themselves. Over recent years the Department has become preoccupied with its own image, and has developed aggressive public relations campaigns such as the robust “benefit fraud” campaign. This has been part of an attempt to target “revenue” and to define work. The Department now has a misguided approach to its core business of assisting low to middle income families during their time of need.

The Department has developed a culture, which discourages applications for assistance on the basis that the individual is responsible for their poverty and therefore, guilty of some unknown crime. This can engender a sense of shame. The Department has assumed an illusionary moral high ground.

This has been further exacerbated as a result of benefit entitlement being reduced to a series of components; each of which needs separate applications. The process of applying for entitlements is disempowering. The system alienates people rather than supports them, and fails to respect genuine endeavours to establish and/or maintain a livelihood.

Providing people with support while finding employment is a key function of the Department. The work-for-the-dole scheme arose out of the mistaken view that people receiving a benefit have chosen to be unemployed and that living on the benefit is a lifestyle choice.

This has been a commonly held myth under the previous administration. There is, in fact, no evidence to suggest that people actively choose to live on a benefit. It is a limiting and onerous existence.

The provisions of this bill set out to establish both an inclusive and a supportive framework for people who are either looking for work or who are, for good reasons, unable to work for a period of time. The coercive nature of work testing and the withdrawal of community wage entitlements will be repealed. The bill seeks to redress the culture of control and punishment which is evident in the Department, and will replace it with one of respect and co-operation.

The main provisions of this bill are as follows:

1. The stand-down period of 13 weeks will no longer apply. Benefit suspensions will no longer be routinely imposed.
2. There will no longer be an obligation by parents of minors to undergo a work test.
3. Full-time students will be eligible for a community wage during the summer vacation, subject to the standard work-test regime.
4. Community work and voluntary activities will no longer be included in the definition of organised activities.
5. Criteria for the receipt of a participation allowance will be extended to include voluntary community work.

### **Summary of key elements**

#### *Sanctions regime*

The 13-week stand-down period is unduly harsh and punishes families unnecessarily. Suspended payments will be imposed for only one week in the event of a failure to participate in an organised activity for “good and sufficient reason”. The onus of responsibility will be on both parties (the Department, and the person receiving a community wage) to find a mutually acceptable organised activity. The bill acknowledges that imposed sanctions do not have a beneficial long-term effect. They establish a climate of hardship and often incite resentment.

#### *Parent’s choice to work*

This bill recognises the concerns of parents with teenage children who feel the need to be available to their children after school. The teenage years can be fraught with difficulty for both child and parent alike. The added stress associated with balancing work and family

pressures can make life very difficult for single parent families coping with the demands of teenagers. This bill acknowledges that a parent should have the right to choose to work if family circumstances allow. The compulsion to find work should not be tagged to the age of the youngest child.

#### *Eligibility of students*

Students will be eligible for a community wage during the summer vacation. This is to ensure equity for all benefit recipients irrespective of whether they are studying or looking for full-time employment. It assumes the independence of students, and recognises realistic living costs. The current regime, which forces students under 25 years to be dependent on their parents fails to acknowledge living arrangements and/or family relationships.

#### *Voluntary community work*

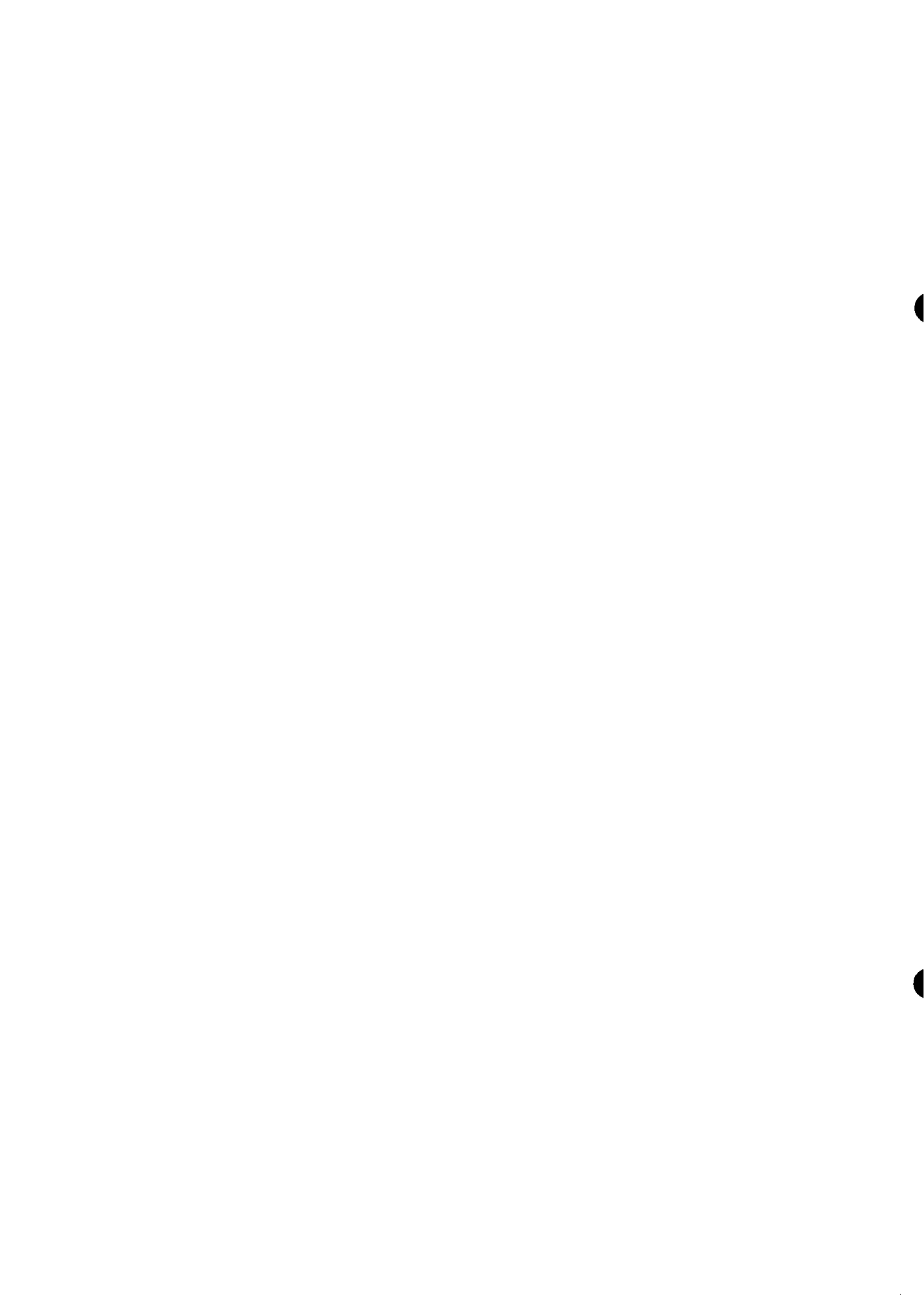
Removing community work from the definition of organised activities (clause 9) restores the integrity of both the voluntary community sector and a person's free will to participate in a chosen activity. Coercion is not helpful to either the participant or the organisation concerned. People should be encouraged in their community work, not penalised for their involvement in unpaid work. Volunteer workers should be honoured and respected, not treated with disdain or shunted into activities that are arbitrarily deemed more suitable.

The compulsory nature of the community work scheme also undermines workers' rights within the paid workforce in its attempt to provide cheap labour without minimum conditions of employment. It also fails to recognise the costs associated with working, i.e. clothing, transport, and the often prohibitive cost of good childcare.

#### *Participation allowance*

The bill aims to support people who want to join the workforce, and/or who are making a valid contribution to their community through voluntary work. In this sense, the bill is incentive—rather than punishment—focused. The criteria for receiving the participation allowance has been extended to include voluntary community work. While the current rate of entitlement is only a maximum of \$20 per week, it is nonetheless recognised as being an important signal that voluntary community work is a constructive form of activity and should be encouraged, as well as recognising the associated cost of getting to work.

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Rod Donald

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**The Parliament of New Zealand enacts as follows:**

## **1 Title**

- (1) This Act is the Social Security (Work Testing and Community Wage) Amendment Act **2000**.

- (2) In this Act, the Social Security Act 1964<sup>1</sup> is called “the principal Act”.
- <sup>1</sup> 1964, No 136
- 2 Commencement**  
This Act comes into force on the day after the date on which it receives the Royal assent. 5
- 3 Purpose**  
The purpose of this Act is to amend certain sections relating to work testing and the community wage in the principal Act, to replace the sanctions regime with a remuneration allowance, and to broaden eligibility criteria to include students. 10
- 4 Interpretation**
- (1) Section 3(1) of the principal Act is amended by inserting, in its appropriate alphabetical order, the following definition:  
“**community work** means any task that is on-going, voluntary and unpaid, undertaken for the benefit of the community”. 15
- (2) Section 3(1) of the principal Act is amended by omitting the definition of **full-time student**.
- Work capacity assessment*
- 5 Voluntary unemployment or loss of employment through misconduct etc** 20  
Section 60H of the principal Act is repealed.
- 6 Work preparation exercise**
- (1) Section 60HA(1)(b) of the principal Act is repealed.
- (2) Section 60HA(5) of the principal Act is repealed.
- Community wage* 25
- 7 Community wage: grounds of hardship**  
Section 90(2) of the principal Act is repealed.
- 8 Community wage: ineligibility**  
Section 91(1)(a) of the principal Act is repealed.

- 9 General specification of organised activities**  
Section 110(3)(f) and (g) of the principal Act are repealed.
- 10 Penalties for failure to accept offer of suitable employment**  
Section 115(3) and 115(5)(b) of the principal Act are 5  
repealed.
- Penalties for failure to participate*
- 11 Penalties for failure to participate in organised activity**  
Section 116 of the principal Act is repealed.
- 12 Penalty for failure to participate in activity under section 60HA** 10  
Section 117 of the principal Act is repealed.
- 13 Penalties for failure to participate in organised activity to satisfaction of chief executive**  
Section 118 of the principal Act is repealed. 15
- 14 Calculation of failure rate**  
Section 119 of the principal Act is repealed.
- 15 Effect of sanctions on married rate of benefit**  
Section 120(2) of the principal Act is repealed.
- 16 Effect of sanctions on benefit of sole parent** 20  
Section 121 of the principal Act is repealed.
- 17 Consequential amendments**
- (1) The principal Act is consequentially amended in the manner indicated in **Schedule 1**.
- (2) The regulations specified in **Schedule 2** are amended in the 25  
manner set out in that schedule.
- 18 Application of Health and Safety in Employment Act 1992 and Human Rights Act 1993**  
The principal Act is amended by omitting from section 123C(1) the words “participating in an organised activity”, 30

and substituting the words “receiving a participation allowance”.

### *Regulations*

#### **19 Regulations**

Section 123D(c) of the principal Act is repealed. 5

### *Participation allowance*

#### **20 New sections 123E and 123F inserted**

The principal Act is amended by inserting, after section 123D, the following sections:

##### **“123E Participation allowance 10**

Despite any regulations made under section 132F, when a person is receiving—

“(a) a community wage; or

“(b) a domestic purposes benefit; or

“(c) an independent youth benefit; or 15

“(d) a domestic purposes benefit; or

“(e) the widow’s benefit; or

“(f) an invalid’s benefit; or

“(g) a transitional retirement benefit—

and is undertaking community work while receiving that benefit, the chief executive must pay a participation allowance to that person. 20

##### **“123F Participation allowance: rate**

The participation allowance specified in **section 123E** must be paid to a person entitled to a participation allowance calculated at the amount of allowance specified in **Schedule 31**.” 25

#### **21 Regulations providing for participation allowance**

Section 132F of the principal Act is amended by adding the following subsection:

“(3) This section is subject to **sections 123E and 123F**.” 30

#### **22 New schedule of principal Act**

The principal Act is amended by adding, after Schedule 30, the new **Schedule 31** set out in **Schedule 3** of this Act.



**23 Consequential revocations**

The following regulations are consequentially revoked:

- (a) Social Security (Participation Allowance) Regulations 1998 (SR 1998/259):
  - (b) Social Security (Penalties for Unsatisfactory Participation) Regulations 1998 (SR 1998/269). 5
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s 17(1) **Schedule 1**  
**Amendments to principal Act consequential on**  
**amendments made by sections 5, 10, 11, 12 and 13**

**Section 113**

Omit the words “sections 115 to 118” and substitute the words 5  
“section 115”.

**Section 120**

Omit from subsection (1) the words “or section 116”.

**Section 122**

Omit the words “and section 116.”. 10

**Section 123**

Omit from subsection (1)(a) the words “or section 116.”

**Section 123A**

Omit from subsection (1) the words “section 60H”, and the words 15  
“or section 116”.

**Section 123B**

Omit from subsection (1) the words “section 60H” and the words  
“or section 116.”

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**Schedule 2**  
**Regulations amended**

§ 17(2)

**Social Security (Reciprocal Obligations: Exemptions and  
Deferrals) Regulations 1998 (SR 1998/270)**

Omit from regulation 6(1) the words “, or who is receiving a 5  
reduced benefit under section 115 or section 116 of the Act,”.

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s 21, 22

**Schedule 3**  
**New Schedule 31 of principal Act**  
**Schedule 31**  
**Rates of participation allowance**

The rate of participation allowance is: 5

- (a) an amount calculated in accordance with the following formula:

$$\frac{\$21 \times b}{a}$$

where— 10

- a is the number of days in the week that the beneficiary was required to attend at the community work; and
- b is the number of days in the week that the beneficiary actually attended at the community work: 15
- (b) where the amount in paragraph (a) is insufficient to reimburse the beneficiary for the travel and other costs of participating in the community work, a further amount towards those costs up to a maximum of \$20 20 per week may be paid.