

Submission

By



to

Social Services Select Committee

on the

Social Security (Youth Support and Work Focus) Amendment Bill

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SOCIAL SECURITY (YOUTH SUPPORT AND WORK FOCUS) AMENDMENT BILL

Introduction

BusinessNZ is pleased to support the general intent and direction of this amendment bill, namely to provide services to help young people avoid the risk long-term benefit dependency, but is concerned that implementing its provisions effectively will not be possible within the proposed time frame. Whether the legislation can achieve its intended purpose (as stated in clause 4) will very much depend on the quality of the services available, the accessibility of those services, and whether outcomes can be properly monitored in a transparent way. The young people and young parents who are likely to access services will be a diverse group and will want to achieve a variety of outcomes, especially the development of genuine employment-ready skills allowing them to transition successfully into the labour market. Services will need to be strongly focused on successful employment outcomes and must as well enable further learning. Service providers must have the organisational capability to engage effectively with and support these young people, many of whom will be attending under compulsion and have a range of needs.

It is of some significance that obligations that may be imposed on persons receiving youth support payments are reasonably severe and may discourage rather than encourage the take up of what is on offer. The same is true of the sanctions that will apply if there is a failure to comply with the statutory rules. How the scheme is administered will therefore have a big part to play in its success or otherwise.

BusinessNZ supports the proposal for greater sharing of information to ensure young people are in education, training and or employment and to identify those young people who are at risk.

One question that should be addressed is what are young people to do who are progressing well in their courses but whose youth payment ceases before the course is completed (because the course is longer than the time period to which the youth payment applies). And a further potential issue arises if there proves to be an insufficient number of providers able and willing to be involved with the proposed scheme. This stems in part from the probability that insufficient support will be in place – including provision for careers advice to guide student choice and providers of early childhood education – before the challengingly early date on which the legislation is intended to come into force.

BusinessNZ also has a number of concerns with some of the detail of the proposed legislation and these are set out below. While it is appreciated that there are good reasons for ensuring the proposed statute is put in place as soon as possible, the bill itself does show some signs of over-hasty preparation.

RECOMMENDATIONS

1. *That the bill not proceed until the difficulties referred to in this submission have been addressed and the necessary infrastructure is in place. Undue haste will lead to excessive cost and produce less than satisfactory results.*
2. *That note be taken of the comments provided below.*

PART 1 SUBSTANTIVE PROVISIONS TAKING EFFECT ON 30 JULY 2012

Clause 4, amending section 1A (Purpose)

This provision appears to be wrongly numbered, there being no section 1A (12)(c) in the current Act. It should therefore begin:

After section 1A(c)...

(ca) The new paragraph is rather oddly worded, given that the bill does provide for young persons to receive financial support. It is suggested that it would be better reworded along the following lines:

To provide services and financial support to encourage young persons to move into education, training and/or employment

If paragraph (ca) is not reworded as above, it would be more grammatically correct if the word 'to' were to be removed.

(2) It seems unduly pessimistic to assume that all young persons will require budget management advice and further, it is arguable, if this is assumed to be the case, whether there will be an adequate numbers of providers. It might be advisable to reword this provision:

... education and, where necessary, budget management and parenting requirements.

Clause 5, amending section 3 (Interpretation)

(2) Young parent payment, youth payment, youth support payment

It would be less confusing to use only the two terms, 'young parent payment' and 'youth payment' rather than including the additional term 'youth support payment'. 'Young parent payment' and 'youth payment' could then be used together in any clause dealing with both payments, making the payments referred to entirely clear. Confronted with 'youth support payment', readers of the legislation may have to think twice about exactly which payment or payments the clause is talking about.

Clause 9 Amending s27G – DPB for care at home of sick and infirm

It is difficult to understand why someone without a dependent child can be given a DPB if aged 18 or over while someone with a dependent child has to be aged at least 19. The same comment applies to clauses 10 and 15, which deal respectively with sickness and unemployment benefits. The explanatory note does not indicate why it has been decided to deal with eligibility issue in this way.

Part 5

Financial support for young people

Clause 157 Interpretation

‘accommodation costs’ – It would be advisable from the point of view of clarity of meaning to insert ‘young’ before person where ‘person’ appears for the second time.

‘work-based learning’ – While the examples given here are of courses that require a young person to be in employment, the definition itself can be read as indicating that the employment is merely an element of the course rather than vice versa (the course can be undertaken *because* the young person has a job). Since many young people learn more effectively when able to put what they are learning into practice, the definition should make clear that for work-based learning to occur, the young person concerned must be employed. For example:

***‘work-based learning’** means on-the-job learning to which a relevant course or programme also applies, (for example, industry training programmes and apprenticeships)*

Clause 158 Youth payment: basic criteria

Clause 159 Youth payment: single young persons

The term ‘single young person(s)’ creates a degree of confusion as it can be taken to refer simply to an individual person (as compared with a number of persons) rather than to someone who is not married or in a civil union or de facto relationship. It is suggested that the terminology ‘single young person(s)’, wherever this is used, should be replaced by ‘young, single persons’.

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

Suggest that ‘a’ should be inserted before ‘civil’ in the heading and ‘who’ omitted from the introductory statement.

Clause 165 Young parent payment: single young persons

(1)(a) While this provision refers back to clause 164(2) and the reference there to entitlement to a young parent payment, clause 165 itself would be more immediately comprehensible if the introductory statement were to refer to a young 'parent' rather than young 'person'. The reason for saying so is that the latter term applies also to a young person who is not a parent and in the context of a clause applying specifically to young parents could lead to some confusion.

(2), (3), (4), (5) See above. Here too, it would be clearer to substitute young 'parent' for young 'person', particularly as these subclauses do not refer back to clause 164(2). Under the Interpretation Act 1999, section (clause) headings may (but will not necessarily) be taken as an indication of meaning, when a statute is subject to interpretation.¹

Further, as noted in relation to clauses 158 and 159, the term 'single young persons' is confusing in that rather than referring specifically to persons who are not married or in a civil union or de facto relationship it can be taken as referring to young individual persons. As earlier suggested, it would be preferable to refer to 'young, single person(s)', and not to, 'single young person(s)'.

Clause 166 Young parent payment: persons who are or have been married, in a civil union, or in a de facto relationship

Clause 167 Young parent payment: ground of hardship

Substitute 'parent' for 'person' (as above)

Clause 168 Young parent payment: continuation after age 19

Substitute 'parent' for 'person' (as above and in all other clauses where the young person reference is to a young parent).

It is noted that pursuant to clauses 9, 10 and 15 a parent with a dependent child must be 19 before he or she is eligible to receive a DPB, sickness or unemployment benefit. It is hard to see how these provisions relate to clause 168 (1)(b) which indicates that a young 'person's' payment, could cease before the age of 19. Since (1)(b) does not refer to a young parent as such – although both the clause heading and the introductory words preceding (1)(a) do use the term 'young parent payment' - when read with clauses 9, 19, and 15, (1)(b) could be taken as referring to a young person who is not a parent and who therefore would be entitled to some other benefit at age 18. This apparent confusion needs to be sorted out.

¹ *Tyler v the Attorney General* CA 179/99, paragraph 24

Clause 170 Youth support payments: obligations

(4) The concern here is that there will be an insufficient number of places available to allow a young parent with a child of six (or even 12) months to enrol in education or training as envisaged by subclause (1)(a). Are young parent payments to continue should that prove to be the case? And once a child is 12 months old will there be an obligation to engage in education or training whether or not there is a place available in a teen parent unit? Placing the once-a-child-is-12-months-old requirement in a separate subclause suggests that that is the intention. What criteria will be used to determine a failure to comply with the statutory obligations?

This same concern applies to the legislative proposals generally. As stated in the introduction, whether the intended outcome can be achieved will depend very much on the quality of services available but more than that on whether the required service providers (budgeting services included) exist in sufficient numbers. As well, encouraging more young people into education or training is a worthy ideal but raises the question of what form that education or training should take, how to determine what kind of education or training will best suit particular young persons and so on. These are need-to-know matters which should be resolved to the extent possible before the bill becomes law.

Clauses 174 - 177 Sanctions

The severity of the sanctions that can be imposed for any failure to comply with the statutory obligations is considerable. As such they are unlikely to be recovered if imposed on young people with typically few, if any, financial resources. Together with those obligations the sanctions may well act to deter many young people, otherwise keen to take advantage of the youth support scheme, from becoming involved in the first place. Carrots are usually more effective than the punitive approach adopted here; it may be in the scheme's interest to rethink the current approach.

Clause 179 Money management in relation to youth support payments: general

(1) There could be difficulties in determining to whose account youth support payments should be paid if not into those of the young persons or young parents concerned. The effects of this provision will need to be closely monitored.

APPENDIX

Background Information on Business New Zealand

Encompassing four regional business organisations (Employers' & Manufacturers' Association, Employers' Chamber of Commerce Central, Canterbury Employers' Chamber of Commerce, and the Otago-Southland Employers' Association), its 78-member Major Companies Group comprising New Zealand's largest businesses, and its 70-member Affiliated Industries Group (AIG), which comprises most of New Zealand's national industry associations, Business New Zealand is New Zealand's largest business advocacy body. Business New Zealand is able to tap into the views of over 76,000 employers and businesses, ranging from the smallest to the largest and reflecting the make-up of the New Zealand economy.

In addition to advocacy on behalf of enterprise, Business New Zealand contributes to Governmental and tripartite working parties and international bodies including the ILO, the International Organisation of Employers and the Business and Industry Advisory Council to the OECD.

Business New Zealand's key goal is the implementation of policies that would see New Zealand retain a first world national income and regain a place in the top ten of the OECD (a high comparative OECD growth ranking is the most robust indicator of a country's ability to deliver quality health, education, superannuation and other social services). It is widely acknowledged that consistent, sustainable growth well in excess of 4% per capita per year would be required to achieve this goal in the medium term.