

Cabinet Paper - Extending Opportunities to Work: Glossary of Terms

15-hour rule: In order to be eligible for Invalids Benefit, a person must (among other conditions) be 'permanently and severely restricted in his or her capacity for work' (section 40(1) Social Security Act 1964). For the purpose of Invalids Benefit, a person is 'severely restricted in his or her capacity for work' if the chief executive is satisfied the person is 'incapable of regularly working 15 or more hours a week in open employment' (section 40(3) Social Security Act 1964).

30-hour rule: In order to be eligible for Unemployment Benefit, a person must (among other conditions) not be in full-time employment. Full-time employment is defined in section 3(1) of the Social Security Act 1964 as employment of 'no less than an average of 30 hours each week'.

Abatement (70% and 30/70%): A clients' benefit abates (ie, they start losing benefit) once they are receiving income in excess of a specified amount.

- Clients (unless their partner is granted a benefit in their own right) on Unemployment Benefit, Sickness Benefit and Independent Youth Benefit are on a 70% abatement regime: they lose 70 cents for every dollar of income they earn above \$80 a week.
- Clients (unless their partner is granted a benefit in their own right) on Invalids Benefit, Domestic Purposes Benefit, Emergency Maintenance Allowance and Widows Benefit are on a 30/70% abatement regime. They lose:
 - 30 cents for every dollar of income they earn over \$4,160 but not more than \$9,360 per year
 - 70 cents for every dollar of income over \$9,360 per year.

Assessment period: Unemployment Benefit and Sickness Benefit clients have their income assessed weekly, while Invalids Benefit, Domestic Purposes Benefit, Emergency Maintenance Allowance and Widows Benefit clients have their income assessed annually.

Cabinet and Ministerial Guidelines for Employment Programmes and Services: The Cabinet and Ministerial Guidelines govern the design and provision of employment programmes and services delivered by Work and Income:

- The Cabinet Guidelines set out the core principles for these programmes and services.
- The Ministerial Guidelines set out, in more detail, the objectives, nature of, eligibility requirements and risk management strategies for particular programmes and services.

Disability Allowance (DA): Disability Allowance provides non-taxable assistance to people who have ongoing, additional costs because of a disability. To be able to receive a Disability Allowance, a person must:

- meet an income test
- have a disability which is likely to last at least six months
- have ongoing, additional costs arising from that disability
- be a New Zealand citizen or permanent resident (ie not be in New Zealand unlawfully or on a temporary permit) and generally be ordinarily resident in New Zealand. There is no period of residence required.

In-Work Payment: The In-Work Payment is a new payment from 1 April 2006 for low and middle-income families with dependent children who are not receiving a benefit or student allowance, and who are working the required number of hours. It is a per family payment with additional assistance for larger families. It replaces, and pays more than, the Child Tax Credit.

jobz4u: jobz4u is a new tool designed to improve matching and placement services for both clients and employers, and ensure a better fit between job seekers' skills, work experience and job requirements. jobz4u:

- captures consistent information about clients' work history, competence in specific job-related tasks and generic skills, which can be updated as they gain more skills
- adds clients to appropriate 'talent pools' – groups of clients who can undertake Work and Income's most frequently advertised opportunities
- detects any gaps between clients' skills and the jobs available in the local labour market
- opens up access to a national database of both job seekers and vacancies.

Main benefit: For the purposes of this paper, 'main benefit' covers:

- Unemployment Benefit (UB)
- Sickness Benefit (SB)
- Invalids Benefit (IB)
- Emergency Benefit (EB)
- Widows Benefit (WB)
- Domestic Purposes Benefit (DPB)
- Independent Youth Benefit (IYB).

It excludes New Zealand Superannuation, Orphans Benefit and Unsupported Child's Benefit.

New Zealand Disability Strategy: The New Zealand Disability Strategy provides the framework for the Government's overall direction for the disability sector and for improving disability services. It presents a long-term plan for changing New Zealand from a disabling into an inclusive society. New Zealand will be inclusive when people with impairments can say they live in 'a society that highly values our lives and continually enhances our full participation.'

Personal Development and Employment Planning: Recipients of Domestic Purposes Benefit – Sole Parent, Domestic Purposes Benefit – Women Alone, and Widows Benefit are managed according to an enhanced case management and Personal Development and Employment Planning process. These clients may be required to:

- attend and participate in interviews
- work with their case manager to develop a Personal Development and Employment Plan

- develop a new Plan where it is determined that the existing Plan is inappropriate due to a substantial change in their circumstances
- participate in an annual review of the Plan
- demonstrate commitment to the goals of the Plan at annual review.

Second and third-tier assistance: For the purposes of this paper, second-tier assistance provides additional financial support outside the main benefits, and includes Accommodation Supplement, Disability Allowance and Childcare Subsidy. For the purposes of this paper, third-tier assistance meets hardship needs, and includes Special Benefit/Temporary Additional Support and Special Needs Grants.

Stand down: A stand down is the waiting period before clients start receiving benefit payment.

For Unemployment Benefit clients, this is a period of between one and 10 weeks. The length of the stand-down depends on:

- the client's average weekly income (before tax) in the 26 weeks¹ immediately before their entitlement date, and
- the number of dependent children in their care at any time during the same period.

Non-work-tested clients can have their benefit application back-dated if they apply within 28 days of the event that triggers entitlement.

Temporary Additional Support: Temporary Additional Support is a new benefit which will replace Special Benefit for new hardship applicants from 1 April 2006. The benefit will be a means-tested temporary benefit, paid to alleviate financial hardship for people whose essential costs cannot be met from their chargeable income while they reduce their financial commitments or increase their income.

Work Services Model: The Work Services Model is a major project that seeks to redevelop Work and Income's business processes and systems in line with the focus on assisting people into sustainable employment. The model will involve:

- working with industry to establish labour needs
- providing effective assessment for clients when they first engage with Work and Income, and throughout the job search process
- testing clients' skills against industry requirements
- using assessment processes that work directly with employers and trainers.

Two key components of the model are WRK4U seminars and the jobz4u tool, both implemented in 2003/2004.

Work test: Under section 102(2) of the Social Security Act 1964, the following obligations apply to work-tested beneficiaries (see 'work tested benefits' below):

¹ The Social Security (Social Assistance) Amendment Bill will amend the stand down by allowing people to elect to have their stand down calculated over 52 weeks instead of 26.

- to be available for, and take reasonable steps to obtain, suitable employment
- to accept any offer of suitable employment, whether full-time employment, part-time work, temporary employment, or employment that is seasonal or subsidised
- to attend and participate in an interview for any opportunity of suitable employment
- 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
- when required by the chief executive, to co-operate in the development of a job seeker agreement to the satisfaction of the chief executive, and then to sign it
- when required by the chief executive, to select at least 1 job seeker development activity from a list of activities that the chief executive considers are suitable for the beneficiary, and to include it or them in the beneficiary's job seeker agreement
- once the person has signed a job seeker agreement:
 - to undertake the job search activities set out in the agreement
 - to undertake and complete any job seeker development activity or recognised community activity set out in the agreement (subject to the chief executive taking reasonable steps to arrange for the beneficiary to undertake the activity)
 - to undertake and complete any other activities set out in the agreement.

Clients who fail to meet these obligations, and do not have a good and sufficient reason for doing so, are considered to have failed the work test and may face sanctions, including suspension or cancellation of benefit.

Work-tested benefits: The main work-tested benefit is Unemployment Benefit. People in receipt of Unemployment Benefit must not be in full-time employment but must be seeking it, available for it, willing and able to undertake it and taking reasonable steps to find it.

Partners of people in receipt of Unemployment Benefit, Sickness Benefit, Invalids Benefit, and Emergency Benefit may be subject to work test obligations, depending on the age of their youngest child:

- Partners with a youngest child aged under six are required to attend a yearly planning meeting
- Partners with a youngest child aged between six and 13 are part-time work tested (ie, they must make themselves available for work, training or other suitable activities outlined in their Job Seeker Agreement for a minimum of 15 hours each week)
- Partners with a youngest child aged 14 and over are full-time work tested.

People may be exempted from work test obligations on a range of grounds, including if they are aged 60 or over or have specified caring responsibilities.

Working for Families: Working for Families is a Government package, announced as part of Budget 2004, designed to assist New Zealand's low- and middle-income families with children and make work pay for parents who move off benefit into work. The package has four components:

- increasing family incomes and making work pay
- more affordable housing
- a simpler system, making it easier for people to know what they are entitled to and how to get it
- more help with childcare costs.

WRK4U: People who contact Work and Income seeking to apply for work-tested assistance are encouraged to attend a WRK4U seminar. The seminar:

- gives prospective benefit applicants consistent information up front about Work and Income assistance, and the work test obligations associated with benefit receipt
- encourages independent job search
- affirms that people must be available for and seeking full-time employment, and have taken reasonable steps to find work, to qualify for Unemployment Benefit.