

# **Social Security (Pathway to Work) Amendment Bill**

Member's Bill

## **Explanatory note**

### **General policy statement**

Part-time work is a proven way to transition from unemployment into full employment.

Labour wants to promote pathways into full employment for all of those supported by social security, where the persons are capable of being employed full-time. This Bill removes the disincentives to engage in part-time work by lifting the threshold of how much persons can earn before their benefit is reduced by abatement rates. The thresholds are currently \$80 per week for those on Jobseeker Support and \$100 per week for Sole Parent Payment and Supported Living Payment. At these levels, benefit payments are reduced after just 5-6 hours work per week on the minimum wage for jobseekers and 6-7 hours for others. Increases in the minimum wage mean that the abatement thresholds can be raised without impacting on the gap between low-income work and benefit earnings.

### **Clause by clause analysis**

*Clause 1* states the Bill's title.

*Clause 2* provides for the Bill to come into force on the day after the date on which it receives the Royal assent.

*Clause 3* says that the Act being amended is the Social Security Act 1964.

*Clause 4* replaces the definitions in section 3 of **Income Test 1**, **Income Test 2**, **Income Test 3**, and **Income Test 4**.



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

##### **1 Title**

This Act is the Social Security (Pathway to Work) Amendment Act **2015**.

##### **2 Commencement**

This Act comes into force on the day after the date on which it receives the Royal assent. 5

##### **3 Principal Act**

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

##### **4 Section 3 amended (Interpretation)**

- (1) In section 3(1), replace the definition of **Income Test 1** with: 10

**Income Test 1** means that the applicable rate of benefit is reduced—

- (a) by 30 cents for every \$1 of the total income of the beneficiary and his or her spouse or partner that is more than \$150 a week but not more than \$250 a week; and

- (b) by 70 cents for every \$1 of that income that is more than \$200 a week 15

- (2) In section 3(1), replace the definition of **Income Test 2** with:

- Income Test 2** means that the applicable rate of benefit is reduced—
- (a) by 15 cents for every \$1 of the total income of the beneficiary and his or her spouse or partner that is more than \$150 a week but not more than \$250 a week; and
  - (b) by 35 cents for every \$1 of that income that is more than \$250 a week
- (3) In section 3(1), replace the definition of **Income Test 3** with:
- Income Test 3** means that the applicable rate of benefit is reduced by 70 cents for every \$1 of the total income of the beneficiary and his or her spouse or partner that is more than \$150 a week
- (4) In section 3(1), replace the definition of **Income Test 4** with:
- Income Test 4** means that the applicable rate of benefit is reduced by 35 cents for every \$1 of the total income of the beneficiary and his or her spouse or partner that is more than \$150 a week