



Australian Government
Department of Employment

Your Ref
Our Ref

Deputy Secretary
Martin Hehir

Jeanette Radcliffe
Committee Secretary
Senate Standing Committee on Community Affairs
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Ms Radcliffe

I am writing regarding your letter 31 August 2017 requesting the Department of Employment's responses to questions taken on notice at the public hearing of the Senate Community Affairs Legislation Committee's inquiry into the Social Services Legislation Amendment (Welfare Reform) Bill 2017, which was held in Sydney on Wednesday 30 August 2017.

Thank you for the opportunity to appear before the Committee. Please find attached our responses to the questions taken on notice.

Yours sincerely

Martin Hehir
4 September 2017

**Senate Community Affairs Legislation Committee
QUESTIONS ON NOTICE**

Inquiry into the Social Services Legislation Amendment (Welfare Reform) Bill 2017

Senator KAKOSCHKE-MOORE asked (Hansard page 44-45):

- **During estimates, Mr Hehir, we were having a discussion around jobseekers who at the moment are classified as stream C, who self identify as having a drug or alcohol issue, and they are able to access rehabilitation paid for through the employment fund. At the time, I asked if you had any information about the number of jobseekers in that category who have sought treatment and who have found their way back into employment. Have you had any luck tracking down those figures?**

This question was answered on the day.

Senator Kakoschke-Moore asked (Hansard page 44-45):

- **If this information's on your website somewhere, please point me to it. I'm interested to know how many people you envisage will be involved in each of the [Career Transition Assistance Program] trial sites—in particular in South Australia.**

The estimated number of people **eligible to participate** in the first year of the trial is listed in the table below.

Trial Employment Region	Estimated number of eligible participants in 2018-19
Central West NSW	2,416
Ballarat VIC	2,219
Somerset QLD	9,326
Adelaide South SA	8,101
Perth North WA	12,347
Total	34,409

Senator Siewert asked (Hansard page 60):

- **I would like to ask a question on notice. From your calculations, how many of the three streams do you expect to end up in five, six or seven demerits?**

Department of Employment calculations were not undertaken on an employment service stream level and did not explicitly model different effects of job seekers in Streams A, B and C.

It was not possible to model the flow throughs at stream level as it was not possible to predict the rate at which particular streams were more likely to have additional circumstances affecting their capacity to comply with their requirements and would therefore have their demerits reset to zero.

Senator Singh asked by writing:

- **What happens to jobseekers cut off altogether?**

Job seekers who lose their payment for their seventh failure will be able to lodge a claim for payment immediately. However, their payment will not be payable for four weeks from their cancellation. Importantly, these are job seekers who would have been found by both their provider and the Department of Human Services to be fully capable of meeting their participation requirements, but who have failed to do so seven times without a reasonable excuse.

Family payments (including rent assistance where paid with family payments) would continue to be paid and will not be affected by compliance penalties.

Job seekers will continue to be able to access support delivered by welfare organisations and funded under the Emergency Relief program administered by the Department of Social Services.

Senator Singh asked by writing:

- **What happens to the 16,043 people who currently receive eight week suspensions? Does the Department know if any of those become homeless or ill as a result?**

Research undertaken in 2012 by Sweeney Research Pty Ltd examined people who had incurred eight week non-payment penalties. This research showed that most job seekers were able to manage this period without significant financial hardship. Some job seekers found temporary work during this period to support themselves and others were able to rely on family and friends. The main financial impact reported by job seekers was on social and discretionary spending.

Senator Singh asked by writing:

- **ACOSS in their submission recommended discretion be granted to employment service providers when recommending breaches. Could that be included in the system? Wouldn't this help employment service providers maintain healthy relationships with the jobseekers they are trying to help?**

Under the new compliance framework providers will be required to attempt contact with any job seeker who misses an appointment. Where they make contact, providers will continue to exercise judgement as to whether or not they find the excuse offered by the job seeker to be reasonable, in which case no payment suspension or demerit will be applied. A new appointment will just be booked as currently occurs.

Under the current framework there is some capacity for providers to effectively ignore non-compliance even where the job seeker has no reasonable excuse. The exercise of this discretion is inequitable with some providers using it broadly and others using it rarely. It will be more consistent to have the decisions made on the basis of whether there was a reasonable excuse rather than a provider applying discretion.

Under the current system job seekers with no history of non-compliance can be penalised while many who are repeatedly non-compliant are not. The National Social Security Rights Network acknowledged this in its evidence at the Committee hearing, stating that the new framework "deals with a range of problems in the existing system. They include an arbitrary levelling of penalties depending on provider discretion, so people who have committed the same infraction may suffer a penalty depending on where they happen to be located".

Senator Singh asked by writing:

- **When a jobseeker reaches four demerits within six months, what sort review will be conducted by the jobactive provider and DHS? Can you explain what will be reviewed?**

Upon reaching their third demerit, job seekers' job plans will be reviewed and their circumstances considered, including whether there are any additional circumstances or previously undisclosed issues, ensuring that requirements within the job plan are appropriate and the job seeker is able to meet them. Where this review finds the job plan was not appropriate for any reason the demerits will be set back to zero and a new job plan prepared. This first review will be undertaken by the provider.

Upon reaching their fourth demerit, job seeker's job plans will be reviewed and their circumstances considered, including whether there are any additional circumstances or previously undisclosed issues, ensuring that requirements within the job plan are appropriate and the job seeker is able to meet them. Where this review finds the job plan was not appropriate for any reason the demerits will be set back to zero and a new job plan prepared. This second review will be undertaken by DHS.

As described above, job seekers whose personal circumstances have impacted their ability to meet agreed commitments will have their job plan adjusted at either of these assessments and have their demerits reset to zero well before facing any potential loss of money. This is in contrast to the current framework, where job seekers on average incur almost four financial penalties (in addition to payment suspensions) before they undergo a Comprehensive Compliance Assessment.

Senator Singh asked by writing:

- **What work will jobactive providers need to do to monitor the demerit system? Will it be DHS or jobactive providers that assesses whether a demerit should be applied?**

The Employment Services System will automatically monitor demerits with information on demerits clearly visible to both providers and job seekers. The system will automatically generate a notice where a provider needs to undertake a review. The system will also automatically generate a notice where DHS is required to undertake a review.

It is important to note that the new process will remove the requirement for providers to record every appointment. This will be the job seeker's responsibility.

Providers will only be required to record non-attendance where someone has not attended an interview with them.

However, providers will be responsible for determining if a demerit stands following a discussion with the job seeker as to whether they had a reasonable excuse for not meeting their requirement.

Consistent with current arrangements, providers will be required to attempt contact with any job seeker who has not recorded attendance in the system. Where they make contact, providers will determine whether the job seeker had a reasonable excuse, in which case, no demerit or payment suspension will be applied. A new appointment will just be booked as currently occurs. Where job seekers do not have a reasonable excuse for not complying with their requirements, the demerit recorded will stay.

DHS will not make decisions in relation to demerits or payment suspensions, but will continue to make all decisions relating to the application of financial penalties.

Senator Singh asked by writing:

- **Employment service providers have previously been engaged in compliance functions but weren't the ones making final decisions – this system would put them in the middle of this process (such as applying demerits). Has the Department evaluated how that would impact employment service providers' ability to manage relationships with jobseekers?**

Under the current compliance framework providers do not make the final decision under social security law about whether or not to apply a payment suspension. However, providers record non-attendance which, following a series of automated checks by the Department of Human Services results in job seekers' payments being suspended.

Under the new compliance framework a similar process will occur, providers will record non-compliance and an automated check will occur before job seekers' payments are suspended until they re-engage. Therefore, there will be minimal difference in the process and job seekers' relationship with employment service providers. However, this decision will be delegated to providers under social security law.

Under the new compliance framework, the Department of Human Services will remain responsible for making all decisions relating to whether or not any financial penalties should be applied.