



Australian Council of Social Service

16 October 2015

Committee Secretary
Education and Employment Legislation Committee
By email: eec.sen@aph.gov.au

Dear Committee Secretary,

Re: Inquiry into the Social Security Legislation Amendment (Further Strengthening Job Seeker Compliance) Bill 2015

Thank you for the opportunity to participate in this inquiry. ACOSS is a national voice for people affected by poverty, disadvantage and inequality. Our vision is for a fair, inclusive and sustainable Australia where all individuals and communities have the opportunities and resources they need to participate fully in social and economic life.

The Bill being considered by the Committee would effect major changes to the current compliance system for people receiving participation payments. While these changes would produce a simpler system, they would also be harsher in effect.

Background

The Bill follows a series of major changes to the compliance system made in recent years by Labor and Coalition Governments respectively.

The last review of the compliance system was established in 2009 in the context of the introduction of a set of compliance reforms under the previous Labor Government. The Independent Review of the New Jobseeker Compliance Framework was chaired by Prof. Julian Disney and released its final report in 2010 which reviewed the first 12 months of operation of the new framework.¹ The Review made 17 principal recommendations, only a number of which have been taken up by the previous or current Governments.

Since that Review, the Coalition Government announced further major changes to the compliance system in the 2014 Budget which have been implemented, the effects of which are still being determined.

¹ Prof Julian Disney et al, *Impacts of the new jobseeker compliance framework: The report of the Independent Review to the Parliament of Australia*, September 2010 at: https://docs.employment.gov.au/system/files/doc/other/impacts_of_the_new_job_seeker_compliance_framework_report_summary_of_conclusions_and_recommendations.pdf.



The need for a review of the current compliance system

The Explanatory Memorandum notes that previous reforms have delivered a range of improved compliance outcomes, which raises questions about the need for further reform at this time. Before further major changes are made, ACOSS recommends that the Government commission an independent review of the compliance system. The review should aim to identify:

- Trends in compliance and sanctions for different populations of jobseekers since the Independent Review, and evidence regarding the impact of different elements of the compliance system on compliance and people's financial circumstances;
- The reasons for non-compliance and whether activity requirements and their administration should be adjusted to encourage improved engagement;
- Whether the current system strikes an appropriate balance between providing incentives for people to comply with job search and other participation requirements and ensuring there is a basic safety net available to prevent poverty and hardship; and
- Ways in which the system can be simplified for people and for service providers, while maintaining an appropriate balance in the overall policy framework, as above.

Specific comments about the changes proposed in the current bill

In addition to the above concerns about the policy process, ACOSS has a number of specific concerns about the current bill and its likely effect on people who are disadvantaged in the labour market. While we acknowledge that that Bill could deliver a simpler compliance system, this would be achieved in part by imposing more immediate and severe payment suspensions and sanctions which are likely to increase financial hardship unless balanced by other reforms to the system. Further, it is not clear whether the new sanctions are appropriate to the participation 'failures' they aim to prevent. Key issues of concern include:

- New or increased suspensions and sanctions for a range of compliance 'failures' including failure to attend appointment types, refusal of an employment offer and refusal to enter into an Employment Pathway Plan. It is not clear that unemployed people will be able to re-engage and meet their requirements while payments are suspended, especially in light of recent legislative changes that 'bring forward' the imposition of sanctions;
- The proposed imposition of immediate financial penalties on people who do not meet their various obligations (e.g. to attend training or Work for the Dole activities) which will remove the requirement to provide notice, and increase the risk that people will find themselves in financial crisis (including increased risk of eviction and utility disconnection);
- The introduction of sanctions for 'inappropriate behaviour' at appointments, which are likely to be applied inconsistently and to penalise behaviour related to underlying mental health, alcohol and drug or other underlying complex issues;
- The reference of significant definitional issues to legislative instrument, including the adequacy of job search for which serious penalties apply (in this case payment suspension);
- The removal of waivers for 8 week penalties for refusal to accept an offer of suitable employment, which is likely to lead to severe financial hardship in many cases.



The compliance system has undergone frequent changes over the last decade. Rather than continue to make major changes in a piecemeal fashion, we believe it is time to reassess its effectiveness first. In the absence of a thorough system review and in light of the serious risk of hardship many of the changes pose, ACOSS recommends that the Committee oppose the Bill.

To discuss this submission further, please contact Jacqueline Phillips, Director of Policy on

Yours sincerely,

Cassandra Goldie
ACOSS CEO