

Question Time Brief - Employment and Workplace Relations

QB24-000032

Last Updated by Department: 16 May 2024

Last Updated by Adviser: 16 May 2024

Jobseeker mutual obligations and payment suspensions**HEADLINE**

- The Government supports the concept of mutual obligations that help people into work and do not penalise people unfairly.

KEY ISSUES

[Note: For questions about the penalty error see QT24-000033 – Error in application of penalties to Jobseekers in the Penalty Zone.]

- In the 2024-25 Budget, the Government will make adjustments to strengthen the integrity of the employment services system and provide stronger safeguards for people while it undertakes consultation on broader reforms to system.
- The Government will provide \$13.0 million over five years to strengthen the complaints mechanism for people in Workforce Australia and introduce further safeguards for payment suspensions or penalties.
 - This includes ensuring that people in employment services who are working more than 30 hours a fortnight are not being unfairly penalised for missing an appointment with their employment services provider that clashes with their paid work.
 - It also includes extending the time period for people to re-engage with their employment services provider, if they have not met a mutual obligation requirement, from two to five days.
- The Government is also providing \$6.4 million over five years to better recognise individuals' circumstances through more appropriate and consistent application of mutual obligation rules for certain recipients of income support payments.
 - This includes removing the arbitrary 13-week cap for temporary medical incapacity exemptions from mutual obligation requirements, and replacing it with a duration that is based on advice from medical practitioners instead.
- The Albanese Government knows there are many people who just want to find a job. We want an employment system that works to genuinely connect people to jobs, and that employers want to use to meet their workforce needs.
- The Government recognises that further reform will be necessary to achieve its vision and is committed to working closely with stakeholders and the broader community to improve employment services in the longer term.

Recent Media

- The attached article from the **Guardian on 16 May 2024** reports on changes announced in the Budget to strengthen the integrity of employment services and to better recognise individual circumstances.
- The Guardian article reports that the changes are expected to prevent about 1 million welfare payment suspensions every year.
- The article quotes the Chief Executive of Economic Justice Australia stating that the changes flagged in the budget were “good steps that will help reduce some of the harms of employment services that fail to consider individual circumstances”.
- An article from the **Guardian on 28 April 2024** reported claims that providers are threatening people with payment suspensions for not providing payslips, including payslips for jobs they found themselves. These payslips can be used to claim outcome payments for the provider.
- Workforce Australia clients are under no obligation to supply payslips or any other evidence of employment, such as time sheets, to their provider.
- The department has issued specific advice to providers stating they must not demand a client supplies payslips and it is never appropriate to apply payment suspensions or demerits if a client does not supply payslips.

BACKGROUND

- The Targeted Compliance Framework has safeguards to ensure only those who are deliberately not meeting their requirements are at risk of potential financial penalties.
- If participants miss a requirement, their provider attempts to contact them to discuss. If the contact attempt is not successful, the person is notified that they have two business days to contact their provider, or for online participants the DSCC, to discuss.
- If participants have a valid reason for not meeting their requirements, or they re-engage within two days, their payment is not suspended.
- **In most cases, there is no financial loss or delay to payment for a client as a result of a payment suspension. Suspensions are usually resolved before a person’s regular payment day.**
- Where a suspension does occur, payments are generally restored within 24 hours once job seekers meet a re-engagement requirement. The majority of job seekers re-engage with their provider promptly.
- There are two capability reviews where participant’s circumstances and requirements are assessed by a provider, the DSCC or Services Australia.
- If a participant is temporarily unable to meet their requirements, Services Australia may grant an exemption for a specified period.
- There are no current pauses of Mutual Obligation Requirements in place.

Question Time Brief - Employment and Workplace Relations

QB24-000052

Last Updated by Department: 14 May 2024

Last Updated by Adviser: 15 May 2024

Employment services reform | Budget 2024-25

HEADLINE

- The Government is taking steps to improve employment services in the Budget, as an initial response to key issues identified by the Inquiry into Workforce Australia, and to support larger reform in the future.

KEY ISSUES

- The various measures related to employment services announced as part of the 2024-24 Budget include:

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QB24-000052

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Strengthening the Integrity of Employment Services

- The government will provide \$13.0 million over five years from 2023-24 to strengthen the integrity of employment services.
- This measure will improve safeguards and transparency for people in Workforce Australia and Disability Employment Services, and ensure a human decision-maker for every potential financial penalty.
- The measure ensures paid work always takes priority over income support requirements, allows people more time to become familiar with their requirements, and allows more time to re-engage with their provider if they miss a requirement before any compliance action.
- People will also receive improved support with a robust pathway to seek complaints resolution.

Better Recognising Individuals' Circumstances

- This measure will better recognise people's capacity to participate in the labour market when setting requirements for carers and increase fairness by removing inequities between some cohorts.
- The measure will also reduce the burden on people who have a temporary medical condition by removing the 13-week time limit for temporary medical exemptions.
- The government will provide \$6.4 million over five years from 2023-24 to deliver this measure.

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Strengthening IT Foundations and Reducing the Administrative Burden

- This measure will provide \$9.6 million over four years to the department to enhance the current Workforce Australia IT System.
- The planned IT improvements are aimed at improving client servicing and reducing the administrative burden for employment service providers, allowing them to spend more time delivering employment supports.
- This measure also contains an additional \$1.3 million in 2024-25 to the Australian Taxation Office to support a pilot to explore how Single Touch Payroll data can be used to enhance employment services.

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BACKGROUND

- On 2 August 2022, the House Select Committee on Workforce Australia Employment Services was established to inquire into and report on matters related to Workforce Australia Employment Services including:
 - the implementation, performance and appropriateness of Workforce Australia Employment Services;
 - the extent to which Workforce Australia Employment Services delivers services in a way that is fair, leaves no one behind, respects individuals' diverse needs, and supports job seekers into secure work, in particular, its support for long-term unemployed and young people; and
 - other matters in relation to Workforce Australia Employment Services.
- The Committee's final report "Rebuilding Employment Services" and a suite of recommendations was published in November 2023. The improvements announced at Budget are an initial response to the immediate issues identified through the report and recommendations.
- They also support broader government priorities such as net zero, Closing the Gap, and the government's response to the Royal Commission into the Robodebt Scheme.

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Funding

	2023-24 (\$m)	2024-25 (\$m)	2025-26 (\$m)	2026-27 (\$m)	2027-28 (\$m)	Total (\$m)
Strengthening the Integrity of Employment Services	0.1	9.8	1.2	1.0	0.9	13.0
Better Recognising Individuals' Circumstances	0.4	8.7	-1.5	-0.9	-0.3	6.4

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Strengthening IT Foundations and Reducing the Administrative Burden	0.0	8.3	1.1	0.8	0.8	10.9
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Figures displayed as a negative (-) represent a decrease in funds and a positive (+) represent an increase in funds. Note: Costs for other entities are included in the total and figures may vary due to rounding issues.