



# Inquiry into the Social Security Legislation Amendment - (Strengthening the Job Seeker Compliance Framework) Bill 2014

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## Introduction

NESA was established in 1997 as the peak body for Australian employment services. NESA's community, not for profit and private sector members have extensive coverage of all contracted employment services across the nation: Job Services Australia (JSA), Disability Employment Services (DES), and the Remote Jobs and Communities Programme (RJCP). Other complementary employment related programmes delivered by NESA members include the Indigenous Employment Programme (IEP), Australian Apprenticeship Centres (AAC), Group Training Organisations (GTO) and the New Enterprise Incentive Scheme (NEIS).

NESA is dedicated to the development and improvement of employment services and related programmes, to ensure that every individual who wants to participate in the world of work can do so.

NESA is well placed to provide feedback and we are pleased to have the opportunity to make a submission to the Senate Education and Employment Legislative Committee Inquiry into the Social Security Legislation Amendment (Strengthening the Job Seeker Compliance Framework) Bill 2014. Our response focuses on impacts of proposed changes on the services our members provide as key stakeholders in the job seeker compliance framework and on their relationships with the job seekers they work with. We are also interested in any potential administrative impacts.

## Background

The longer an individual is disconnected from the world of work – the higher their chance of becoming long term unemployed and experiencing social, health and economic impacts. Connecting job seekers to active and tailored assistance as early as possible and keeping them connected is critical to achieving labour market engagement.

NESA understands that the Government has a focus on individual accountability and moving as many people from welfare to work as possible. Announced changes to the Employment Services programme highlight this focus, through the setting of clear participation expectations for job seekers, and providing service providers with a more flexible delivery model to support increased engagement.

This Bill proposes to amend the *Social Security (Administration) Act 1999* to strengthen the job seeker compliance framework through providing stronger incentives to job seekers to meet their mutual obligation requirements. This will be achieved, should the Bill be passed, in two phases, the first due to commence on the 1 January 2015 and the second 1 July 2015. It also proposes changes to the job seeker compliance regime as it applies to job seekers 55 and over. NESA's response to all of these proposed changes are outlined below.

It is important to recognise that there have already been a number of systems related changes to job seeker compliance within the current JSA programme. These have sought to reduce red tape and the administrative burden through what has been considered the streamlining of processes. NESA has however raised concerns about these changes (which sit outside the legislative framework) as they have removed the Department of Human Services (DHS) as the point of contact and therefore perceived decision maker in relation to participation failures and

payment suspensions. This has added complexity to the relational nature of the work employment services providers do in engaging job seekers, and some NESAs members have reported an increase in job seeker aggression towards frontline staff. NESAs has suggested that DHS be reinstated as the point of contact and decision maker for participation failures.

## NESA's Response to the Proposed Changes

### Reinstatement of suspended payments when a job seeker complies with participation obligations as opposed to indicating an intention to comply – intended to commence 1 January 2015

In our reading, this change seeks to close a loophole that currently allows job seekers to say they will attend a reconnection appointment to lift the suspension of their payment for failing to participate, without having the actual intention to attend.

Historically, members have reported that it is common practice for frequently non-compliant job seekers to agree to attend an appointment in order to remove any financial penalty, while having limited intention of actually participating in service. Ensuring that job seekers actually re-engage with service before lifting their payment suspension is likely to curb some of this behaviour, and increase attendance for many job seekers.

NESA notes that job seekers are given an opportunity to attend a reconnection appointment within one to two days of engaging in contact post a failure, and therefore the likely impact on job seeker payments is small as the opportunity for payment reinstatement can and should occur quickly where the job seeker engages.

From an administrative perspective, this has no impact for employment services providers practice or processes. It may however compound the current impacts we are seeing on job seeker/provider relationships, which may in turn mean additional management requirements for providers.

### Withholding of payment until suspension is lifted – to commence 1 January 2015

To our reading this change works in conjunction with those above to provide a greater financial incentive for job seekers to comply with their participation requirements.

Mechanisms remain in place to ensure that where a job seeker re-engages with their provider or DHS as required, their payment will be quickly reinstated.

Again, from an administrative perspective, this has no impact for employment services providers practice or processes. It may however compound the current impacts we are seeing on job seeker/provider relationships.

### Penalties for non-attendance failures – to commence 1 July 2015

The changes proposed under this area of the Bill seek to strengthen the job seeker compliance framework by removing the automatic entitlement to back pay for job seekers who have their payment suspended due to failure to participate.

General consensus from employment services is that this will provide a greater financial incentive for job seekers to engage and remain engaged with their provider. Currently, there is a sense that job seekers feel that there is no penalty for non-participation until such time as they are deemed wilfully and consistently non-compliant with their participation requirements.

We do however expect that as indicated previously, this will increase the perception of employment services providers being responsible for financial penalties, and could further increase incidents involving job seeker aggression.

From an administrative perspective, this has no impact for employment services providers practice or processes.

#### [Circumstances in which relief from certain mutual obligation requirements would be available – to commence 1 July 2015](#)

This component of the Bill seeks to allow the Secretary to preclude job seekers over 55 from meeting their obligations through voluntary or part time work (or a combination of both) totalling 30 hours per fortnight, as is currently the case.

NESA recognises that this shift to focus on full-time work requirements is in direct response to what is seen as job seekers aged 55 and over effectively retiring to a working age payment. This has become a more prominent policy problem due to the increases in the Age Pension and the tightening of the Disability Support Pension eligibility, as well as Australia's aging population and the need to keep more people in productive work for longer to meet our economic growth requirements. In this context, it is also important that more is done to address barriers to employment participation for older workers.

The measure itself should have no significant impact for employment services provider practice or processes, with the exception of providing support to mature age job seekers to seek work for greater than 15 hours per week.