## The Senate

# Education and Employment Legislation Committee

Social Security Legislation Amendment (Strengthening the Job Seeker Compliance Framework) Bill 2014 [Provisions]

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## RECOMMENDATIONS

## **Recommendation 1**

The committee recommends that the bill be passed.

### **CHAPTER 1**

#### Introduction

#### Reference

1.1 On 25 September 2014 the Hon. Luke Hartsuyker, MP, introduced the Social Security Legislation Amendment (Strengthening the Job Seeker Compliance Framework) Bill 2014 (bill) in the House of Representatives. On 2 October 2014 the Senate referred the provisions of the bill to the Senate Education and Employment Committee (committee) for inquiry and report by 24 November 2014.

#### **Conduct of the inquiry**

- 1.2 Details of the inquiry were made available on the committee's website.<sup>3</sup> The committee also contacted a number of organisations inviting submissions to the inquiry. Submissions were received from 12 individuals and organisations, as detailed in Appendix 1.
- 1.3 A public hearing was held in Canberra on 18 November 2014. The witness list for the hearing is at Appendix 2.

#### **Background**

- 1.4 Australia's social security system requires individuals to comply with participation requirements in order to receive government-provided income support.<sup>4</sup>
- 1.5 Job seekers must be actively seeking and willing to undertake suitable paid work and must attend scheduled appointments with an employment services provider in order to receive a participant payment.<sup>5</sup> Appointments with employment service providers are known as connection and reconnection appointments.<sup>6</sup> Participant

The Hon. Mr Luke Hartsuyker, Deputy Leader of the House and Assistance Minister for Employment, *House of Representatives Hansard*, 25 September 2014, p. 8.

<sup>2</sup> Journals of the Senate, 2 October 2014, p. 1581.

<sup>3</sup> www.aph.gov.au/Parliamentary\_Business/Committees/Senate/Education\_and\_Employment /Strengthening\_Job\_Seeker (accessed 4 November 2014).

<sup>4</sup> Social Security Act 1991.

<sup>5</sup> See Bill's Digest No. 46, 2014–15, 29 October 2014, available at: <a href="http://parlinfo.aph.gov.au/parlInfo/download/legislation/billsdgs/3475383/upload\_binary/3475383.pdf;fileType=application/pdf">http://parlinfo.aph.gov.au/parlInfo/download/legislation/billsdgs/3475383/upload\_binary/3475383.pdf;fileType=application/pdf</a> (accessed 4 November 2014).

<sup>6</sup> Social Security (Administration) Act 1999, s. 42E.

payments are Newstart Allowance, and in some instances, Youth Allowance, parent payments and special benefits.<sup>7</sup>

- 1.6 To give effect to measures announced in their 2010 election commitment, the former Labor Government introduced tougher rules for job seekers, with the aim of improving attendance rates at appointments with employment service providers. Specifically, the Social Security Legislation Amendment (Job Seeker Compliance) Bill 2011 that was assented to on 27 June 2011 tightened the compliance rules for connection and reconnection appointments. As such, currently:
- where a job seeker fails to attend a connection or reconnection appointment the Department of Social Security Secretary (Secretary) may suspend their payment; 12 and
- where the Secretary suspends a job seeker's payment, as soon as a job seeker indicates their intention to attend a re-scheduled appointment, their payment is reinstated.<sup>13</sup>
- 1.7 These measures, however, have only made a modest improvement on the attendance rate of job seekers and the larger problem still remains.
  - 35 per cent of all scheduled appointments are missed each year and more than one in five of all job seekers who receive a payment in any year have at least one participation failure applied for missing an appointment with their provider.<sup>14</sup>
- 1.8 In the 2014–15 federal Budget, a series of welfare reforms were outlined by the government to increase every Australian's ability to contribute to the economy and improve the long-term sustainability of the welfare system. To implement this commitment the government has already introduced a number of bills into Parliament

8 Explanatory Memorandum, Social Security Legislation Amendment (Job Seeker Compliance) Bill 2011, p. 2.

12 See Social Security (Administration) Act 1999, s 42.

<sup>7</sup> Social Security (Administration) Act 1999, Schedule 1.

<sup>9</sup> The Hon. Mr Luke Hartsuyker, Deputy Leader of the House and Assistance Minister for Employment, *House of Representatives Hansard*, 25 September 2014, p. 9.

Parliament of Australia, Bills of previous Parliaments, Social Security Legislation Amendment (Job Seeker Compliance) Bill 2013, http://parlinfo.aph.gov.au/parlInfo/search/display/display. w3p;query=Id%3A%22legislation%2Fbillhome%2Fr4536%22 (accessed 30 October 2014).

<sup>11</sup> See Social Security (Administration) Act 1999, s 42.

<sup>13</sup> See Social Security (Administration) Act 1999, s 42.

The Hon. Mr Luke Hartsuyker, Deputy Leader of the House and Assistance Minister for Employment, *House of Representatives Hansard*, 25 September 2014, p. 9.

Australian Government, *Budget 2014-15*, *Building a strong welfare system*, available at: <a href="http://www.budget.gov.au/2014-15/content/glossy/welfare/html/welfare\_01.htm">http://www.budget.gov.au/2014-15/content/glossy/welfare/html/welfare\_01.htm</a> (accessed 19 November 2014).

aimed at facilitating these reforms, including the Social Security Legislation Amendment (Stronger Penalties for Serious Failures) Bill 2014, the Social Services and Other Legislation Amendment (2014 Budget Measures No. 1) Bill 2014 and the Social Services and Other Legislation Amendment (2014 Budget Measures No. 2) Bill 2014.

#### Purpose of the bill

1.9 The bill seeks to ensure that more job seekers meet their mutual obligation requirement to attend appointments with their employment services provider <sup>16</sup> and transition from welfare to employment. <sup>17</sup>

The bill will markedly improve attendance rates at employment provider appointments and reduce the costs and impact for employment providers, whilst also maintaining taxpayer confidence in our social security system.<sup>18</sup>

1.10 The bill would give effect to the government's commitment to ensure the integrity of Australia's income support system by strengthening the job seeker compliance framework by providing appropriate incentives and sanctions for job seekers. The bill also seeks to ensure that mature aged job seekers are participating in the workforce. The providing appropriate incentives are participating in the workforce.

#### Key provisions of the bill

1.11 Schedule 1, Part 1 of the bill provides that where a job seeker's payment is suspended following a failure to attend an appointment it would not be restored until the job seeker actually attends their next appointment. On attendance, the job seeker would receive full back pay.<sup>21</sup>

Explanatory Memorandum, Security Legislation Amendment (Strengthening the Job Seeker Compliance Framework) Bill 2014, p. 2.

<sup>17</sup> The Hon. Mr Luke Hartsuyker, Deputy Leader of the House and Assistance Minister for Employment, *House of Representatives Hansard*, 25 September 2014, p. 10.

The Hon. Mr Luke Hartsuyker, Deputy Leader of the House and Assistance Minister for Employment, *House of Representatives Hansard*, 25 September 2014, p. 11.

<sup>19</sup> The Hon. Mr Luke Hartsuyker, Deputy Leader of the House and Assistance Minister for Employment, *House of Representatives Hansard*, 25 September 2014, p. 11.

<sup>20</sup> Explanatory Memorandum, Security Legislation Amendment (Strengthening the Job Seeker Compliance Framework) Bill 2014, p. 2.

Social Security Legislation Amendment (Strengthening the Job Seeker Compliance Framework) Bill 2014, Schedule 1, Part 1. This amendment is intended to commence on 1 January 2015.

- 1.12 Schedule 1, Part 1 of the bill also provides for the removal of appeal rights in relation to compliance suspension decisions. 22
- 1.13 Schedule 1, Part 2 of the bill provides that where a job seeker does not have a reasonable excuse for failing to attend their appointment, the job seeker would not be back paid for their period of non-compliance.<sup>23</sup>
- 1.14 Schedule 1, Part 2 of the bill also seeks to enable the Department of Social Security Secretary (Secretary) to specify through a legislative instrument a class of persons who are not to be exempt from activity test and participation requirements as a result of their participation in approved voluntary or paid work.<sup>24</sup> It is intended that this provision would affect a cohort of job seekers aged 55–59 and receiving Job Services Australia assistance.<sup>25</sup>
- 1.15 Schedule 2 of the bill would extend the Secretary's powers of delegation, such that, where instruments and regulations made under the Social Security law<sup>26</sup> contain powers of the Secretary, those powers can be exercised by delegated officers.<sup>27</sup>

#### **Human rights implications**

1.16 The provisions in the bill engage a number of human rights, including the right to social security, the right to an adequate standard of living, the right to equality before the law and non-discrimination, and the right to work.<sup>28</sup> The bill's explanatory memorandum states that the proposed legislation is compatible with human rights.<sup>29</sup>

Social Security Legislation Amendment (Strengthening the Job Seeker Compliance Framework) Bill 2014, Schedule 1, Part 1. This amendment is intended to commence on 1 January 2015.

Social Security Legislation Amendment (Strengthening the Job Seeker Compliance Framework) Bill 2014, Schedule 1, Part 2. This amendment is intended to commence on 1 July 2015.

Social Security Legislation Amendment (Strengthening the Job Seeker Compliance Framework) Bill 2014, Schedule 1, Part 2. This amendment is intended to commence on 1 July 2015.

Explanatory Memorandum, Security Legislation Amendment (Strengthening the Job Seeker Compliance Framework) Bill 2014, p. 2.

<sup>26</sup> See Social Security (Administration) Act 1999, ss. 3(3).

<sup>27</sup> Explanatory Memorandum, Security Legislation Amendment (Strengthening the Job Seeker Compliance Framework) Bill 2014, p. 25.

<sup>28</sup> Explanatory Memorandum, Security Legislation Amendment (Strengthening the Job Seeker Compliance Framework) Bill 2014, p. 29.

<sup>29</sup> Explanatory Memorandum, Security Legislation Amendment (Strengthening the Job Seeker Compliance Framework) Bill 2014, p. 38.

1.17 The Parliamentary Joint Committee on Human Rights deferred its consideration of the bill.<sup>30</sup>

#### **Financial Impact Statement**

1.18 The explanatory memorandum submits that the bill would have budgetary implications resulting in an expense of \$14.1 million in the year 2014–15, and savings of \$161.1 million in the years 2015–18.<sup>31</sup>

#### Acknowledgment

1.19 The committee thanks those individuals and organisations who contributed to this inquiry by preparing written submissions and giving evidence at the hearing.

#### **Notes on references**

1.20 References in this report to the *Hansard* for the public hearing are to the *Proof Hansard*. Please note that page numbers may vary between the proof and official transcripts.

Parliamentary Joint Committee on Human Rights, *Fourteenth Report of the 44<sup>th</sup> Parliament*, p. 105; Parliamentary Joint Committee on Human Rights, *Fifteenth Report of the 44<sup>th</sup> Parliament*, p. 44.

Explanatory Memorandum, Security Legislation Amendment (Strengthening the Job Seeker Compliance Framework) Bill 2014, p. 2.

#### CHAPTER 2

## **Key issues**

- 2.1 The equilibrium between rights and responsibilities is a hallmark of Australia's social security system, wherein job seekers are expected to comply with mutual obligation requirements in order to receive a participation payment. These requirements include demonstrating that they are actively pursuing and willing to undertake suitable paid work, as well as attending scheduled appointments with an employment services provider.<sup>1</sup>
- 2.2 This principle of mutual obligation is a long-standing feature of Australia's welfare system and enjoys wide support:

It provides an important signal to benefit recipients that the financial support that the community provides comes with an expectation that those who are able to work actively pursue work.<sup>2</sup>

- 2.3 As set out in chapter 1 of this report, successive governments have sought to encourage job seekers to engage with the system and boost job seeker compliance rates, with limited success. As advised by the Department of Employment, more than twenty per cent of job seekers failed to attend one or more appointments with their employment services provider in 2013–14, and did not provide a reasonable excuse for their non-attendance.<sup>3</sup>
- 2.4 The Social Security Legislation Amendment (Strengthening the Job Seeker Compliance Framework) Bill 2014 (the bill) seeks to improve compliance rates and, at the same time, ensure that proper safeguards are in place when people miss appointments for legitimate reasons.
- 2.5 Key aspects of the bill, and concerns raised by submitters, are outlined in this chapter.

#### Who is affected by the bill?

2.6 The majority of job seekers comply with their mutual obligation requirements and as a result are not affected by the compliance framework. Data supplied by the Department of Employment indicates that younger job seekers are most likely to be affected by changes outlined in the bill. As a group, young men are particularly likely to come into contact with the compliance framework:

See Bill's Digest No. 46, 2014–15, 29 October 2014, available at: <a href="http://parlinfo.aph.gov.au/parlInfo/download/legislation/billsdgs/3475383/upload\_binary/3475383.pdf;fileType=application/pdf">http://parlinfo.aph.gov.au/parlInfo/download/legislation/billsdgs/3475383/upload\_binary/3475383.pdf;fileType=application/pdf</a> (accessed 17 November 2014).

<sup>2</sup> Jobs Australia, Submission 3, p. 4.

<sup>3</sup> Department of Employment, *Submission 5*, pp 1–2.

Participation failure rates for young male job seekers for not attending appointments are higher than for young females. While males under 30 made up only 18.7 per cent of the total activity tested job seeker population, they made up 34 per cent of job seekers who incurred at least one participation failure for not attending an appointment in 2013-14. In comparison, females under 30 made up 13.7 per cent of the job seeker population and 19 per cent of job seekers who had incurred at least one participation failure for not attending an appointment. Males under 30 are also more likely to persistently fail to meet their requirements, and in 2013-14 they incurred 55 per cent of serious failures for persistent non-compliance.<sup>4</sup>

2.7 At the other end of the scale, Principal Carer Parents are, as a cohort, least likely to be affected due to their very high compliance rates:

While they represented 19 per cent of the total activity tested job seeker population in 2013-14 they made up only 10 per cent of job seekers who had incurred at least one participation failure for not attending an appointment.<sup>5</sup>

2.8 It is therefore fair to say that, as put by the Department of Employment, the measures contained in the bill are 'needed to address the high rate of appointment-related non-compliance among young, primarily male, job seekers.' 6

#### Strengthening the compliance framework

2.9 Regulations currently in place generally require job seekers to attend a scheduled appointment with their employment services provider at least once per month. Failure to attend may result in income support payments being suspended until the individual in question agrees to a rescheduled (reconnection) appointment. The system therefore has a major flaw, as identified by the Department of Employment:

[It] means that a person can say they will attend a reconnection appointment without any real intention of doing so but still have their payment reinstated on that basis.<sup>7</sup>

2.10 Under the proposed legislation, from 1 January 2015 payment suspensions following a failure to attend would instead be lifted only when job seekers actually attend their reconnection appointment. At this point they would also receive full back pay. In effect, the proposed measures would incentivise people to maintain regular attendance and promptly make reconnection appointments when they miss a meeting with their employment services provider. To ensure fairness, the bill contains safeguards for people with a reasonable excuse for non-attendance. These safeguards are discussed later in this chapter.

<sup>4</sup> Department of Employment, Submission 5, p. 3.

<sup>5</sup> Department of Employment, Submission 5, p. 3.

<sup>6</sup> Department of Employment, Submission 5, p. 3.

<sup>7</sup> Department of Employment, Submission 5, p. 1.

#### Striking the right balance

2.11 A submission from National Welfare Rights Network (NWRN) enunciated what any legislation governing the system should seek to achieve:

In our view the key to legislating a social security compliance system is to strike the right balance between supporting people to engage to the best of their ability and penalising them for failing to do so. A compliance system which is both reasonable and proportionate is most likely to strike this balance.<sup>8</sup>

2.12 The National Employment Services Association (NESA) suggested that the current system may not do enough to close loopholes and is able to be exploited by people who have no intention of meeting their mutual obligation requirements:

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.<sup>9</sup>

- 2.13 NWRN acknowledged that the government intends that the penalties for non-attendance will be 'relatively small'. 10
- 2.14 NESA added that, under the proposed legislation, job seekers would have up to two days to attend a reconnection appointment. This, NESA submitted, means that '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.'<sup>11</sup>
- 2.15 General consensus from employment services, NESA concluded, is that the bill will 'provide a greater financial incentive for job seekers to engage and remain engaged with their provider.' 12
- 2.16 Other submitters, such as the St Vincent de Paul Society, questioned the need for the bill and its potential to improve outcomes for unemployed people:

There is no convincing evidence that missed appointments are a wide-reaching problem in the job-seeking system, as opposed to being an issue affecting only particular groups of jobseekers. If this is the case, then this Bill is using a hammer to crack a walnut. Secondly, there is no evidence that removing payments will get people into jobs. It will not provide any incentive for people who are unaware that they have missed an appointment, for example. Finally, it does not address the deep problems in the job services available to applicants. We believe that these services must

<sup>8</sup> National Welfare Rights Network, *Submission 1*, p. 5.

<sup>9</sup> National Employment Services Association, *Submission 6*, p. 3.

National Welfare Rights Network, *Submission 1*, p. 5.

<sup>11</sup> National Employment Services Association, Submission 6, p. 3.

<sup>12</sup> National Employment Services Association, *Submission* 6, p. 3.

be focussed on the individual and their needs, rather than the current one-size-fits all approach. <sup>13</sup>

#### Start date for penalties

- 2.17 Some submitters were of the view that penalties should be imposed only once a person has been notified of their failure to attend a scheduled appointment, rather than from the time of the missed appointment. Applying a penalty from the day of the missed appointment, the NWRN stated, risks punitive action against people who possibly missed an appointment without realising. The alternative approach, the NWRN added, would also 'ensure that a person is not penalised for any delay or failure in the notification process.' 14
- 2.18 Indigenous Australians living in remote communities may be particularly affected by problems with notification and reconnection processes.<sup>15</sup> Data quoted by the NWRN indicates that Indigenous job seekers are over-represented in the cohort of job seekers subject to penalties for non-compliance:

Aboriginal job seekers are subject to financial penalties to a much greater extent than non-Indigenous job seekers. Despite totalling 10% of job seekers in 2012 to 2013, Aboriginal job seekers accounted for 28% of all financial penalties imposed, 30% of smaller financial penalties imposed, and 34% of serious failures for 'serious non - compliance' imposed. <sup>16</sup>

- 2.19 This, the NWRN put to the committee, illustrates the need for additional safeguards to be included in the bill, such as:
  - a first warning suspension;
  - a revised penalty starting date; and
  - legislative protections from payment suspensions where reconnection appointments cannot be made within two days. 17
- 2.20 The Department of Employment addressed concerns about the treatment of job seekers who miss appointments without realising they have done so. Mr Martin Hehir, Deputy Secretary, explained that in such cases providers assume initial responsibility for contacting the job seeker and rectifying the situation:

Providers are required to attempt to make contact with job seekers on the same day as the missed appointment. Where providers are unable to make contact with the job seeker following a missed appointment, income support payment suspension is the best tool to alert these job seekers that they need to re-engage with employment services. Once they re-engage, if it turns out they were genuinely unaware of their appointment, their income

<sup>13</sup> St Vincent de Paul Society, Submission 9, p. 3.

National Welfare Rights Network, Submission 1, p. 8.

National Welfare Rights Network, Submission 1, pp 10–11.

National Welfare Rights Network, *Submission 1*, p. 10.

<sup>17</sup> National Welfare Rights Network, Submission 1, p. 4.

support payment will be restored with back pay and they will not be penalised. 18

2.21 Mr Hehir further assured the committee that safeguards are already in place to protect vulnerable people, as discussed later in this chapter, and they do work.<sup>19</sup>

#### Options for reconnection

2.22 The committee heard from witnesses who highlighted the difficulties many job seekers face in meeting their mutual obligation requirements. The Australian Council of Trade Unions (ACTU), discussed why a considerable percentage of job seekers miss appointments:

It is a tricky question, and you are right: there is a relatively high rate of nonattendance—I think it is about 35 percent. As we said earlier, there are a range of complex reasons why this would occur, including public transport issues but also health issues. These people are already really struggling. They find it difficult. When they are under extreme financial duress, things, which you or I might find relatively simple, become much more difficult. If one thing goes wrong in their day, the rest of the day goes wrong—they might find there are delays with various appointments they need to attend.<sup>20</sup>

2.23 The ACTU added that many people may need to travel some distance to get to their local employment services provider, and posited that non-attendance might be better addressed through other means:

In order to meet these requirements, there could be more telephone appointments or a little bit more flexibility in how those appointments are met. I think telephone appointments would certainly go a long way to ensuring that people are able to touch base with their provider without necessarily needing to travel into meet them.<sup>21</sup>

2.24 The committee notes, however, that making a reconnection appointment is not hard. In fact, as explained by the Department of Employment, since 15 September 2014 providers have been taking the initiative in contacting job seekers after missed appointments, and this has had a tremendously positive effect:

From 15 September until the end of October, weekly attendance rates rose as high as 75 per cent. While it is too early for definitive results, it does look as though having providers take responsibility for re-engaging job seekers is having a positive effect, possibly due to the existing connection that providers have with the job seeker, enabling them to better educate job

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<sup>18</sup> Mr Martin Hehir, Deputy Secretary, Department of Employment, *Proof Committee Hansard*, 18 November 2014, pp 6–7.

<sup>19</sup> Mr Martin Hehir, Deputy Secretary, Department of Employment, *Proof Committee Hansard*, 18 November 2014, p. 7.

<sup>20</sup> Ms Cassandra Devine, Policy and Research Officer, Australian Council of Trade Unions, *Proof Committee Hansard*, 18 November 2014, p. 3.

<sup>21</sup> Ms Cassandra Devine, Policy and Research Officer, Australian Council of Trade Unions, *Proof Committee Hansard*, 18 November 2014, p. 3.

seekers about their mutual obligations. This increased role of providers in the re-engagement process will continue and forms an important component of strengthening the job seeker compliance framework.<sup>22</sup>

2.25 The committee was particularly concerned about youth unemployment, and barriers young job seekers might face in engaging with their employment services provider, such as not always having mobile phone credit. The Department of Human Services addressed these concerns, explaining that a range of options exist for people in these and similar circumstances:

There is a toll free number, but also we have many other options. For example, there is a service we have which is called place in queue. What it means is that if they register for that service when they ring that is recorded and we ring them back at a time so that they do not have to sit there waiting.<sup>23</sup>

#### Committee view

2.26 On the weight of evidence, the committee is persuaded that job seekers have a range of options and avenues available to help them stay engaged with the system. The committee received no compelling evidence to suggest that most people who miss appointments with their employment services provider face obstacles to reconnection which are anything but easily surmountable.

#### Reasonable excuse

2.27 This bill seeks to further strengthen the job seeker compliance system by imposing a penalty of no back pay where a job seeker does not have a reasonable excuse for missing a scheduled appointment.<sup>24</sup>

From 1 July 2015, job seekers who miss appointments without giving prior notice of a reasonable excuse may lose ten per cent of their fortnightly income support payment for each working day from when they fail to attend until they attend a rescheduled appointment. A single job seeker aged 22 or over with no dependents would lose \$51.56 for each working day. This provides a stronger but proportionate deterrent to non-compliance. Those who miss an appointment but who have a reasonable excuse will still just have their income support payment suspended, with full back pay upon attendance, whereas those who do so without a reasonable excuse will actually lose some income support payment.<sup>25</sup>

Mr Martin Hehir, Deputy Secretary, Department of Employment, *Proof Committee Hansard*, 18 November 2014, p. 6.

Ms Malisa Golightly, Deputy Secretary, Social Services Group, Department of Human Services, *Proof Committee Hansard*, 18 November 2014, p. 14.

Social Security Legislation Amendment (Strengthening the Job Seeker Compliance Framework) Bill 2014, Schedule 1, Part 2, Item 22.

Department of Employment, Submission 5, p. 4.

- 2.28 NWRN acknowledged the government's inclusion of the reasonable excuse safeguard in the bill, however, argued that the bill should set out, without limitation, circumstances where the discretion may be applied.<sup>26</sup>
- 2.29 In contrast, the Department of Employment submitted that 'reasonable excuse' is not defined in legislation to ensure the decision-maker's discretion is not limited. The Department of Employment explained:

[T]he policy intention is that if the circumstances that resulted in the job seeker's failure to comply were either unforeseeable or outside the job seeker's control the job seeker will generally be taken to have a reasonable excuse. As is currently the case, job seekers who are unable to attend an appointment but give prior notice of a reasonable excuse for not attending (when it is reasonable to expect them to do so) will not be penalised under this Bill.<sup>27</sup>

2.30 The Department of Employment emphasised that the factors the Department of Human Services can take into account in determining whether a job seeker had a reasonable excuse for failing to meet a participation obligation is in no way limited:

The definition of reasonable excuse included in policy guidelines covers a wide range of potential circumstances including, but not limited to, where a job seeker was working, was incapacitated due to illness or injury, had unexpected transport difficulties, had a death in the family or had unforeseen caring responsibilities, such as needing to look after a sick child. Broader aspects of the job seeker's circumstances are also taken into account, such as any mental health or substance abuse issues, homelessness and literacy problems, where these may have impacted on the job seeker's capacity to comply.<sup>28</sup>

2.31 In evidence before the committee the Department of Employment offered a range of examples where a reasonable excuse would be considered to be acceptable. They included:

unforseen caring responsibilities, if the person was subjected to domestic violence, or if they were ill, incapacitated and unable to attend [a scheduled appointment].<sup>29</sup>

#### Vulnerable job seekers

2.32 Some submitters also examined the proposed reasonable excuse provisions' potential impact on vulnerable job seeker cohorts.<sup>30</sup> For example, St Vincent de Paul contended that the reasonable excuse provisions in the bill created a high risk of

National Welfare Rights Network, *Submission 1*, p. 7.

<sup>27</sup> Department of Employment, Submission 5, p. 5.

Department of Employment, Submission 5, p. 5.

<sup>29</sup> Ms Moya Drayton, Manager, Department of Employment, *Proof Committee Hansard*, 18 November 2014, p. 8.

<sup>30</sup> See Jobs Australia, Submission 3, p. 8; St Vincent de Paul Society, Submission 9, pp 3–4.

unintended consequences for Aboriginal and Torres Strait Islander (ATSI) job seekers:

... 22% of appointments missed are with Indigenous Australians, but a total of 30% of all appointments are scheduled with Indigenous Australians, then Indigenous Australians miss comparatively fewer appointments than non-Indigenous. On the other hand, if only 10% of appointments are scheduled with Indigenous Australians, and 22% of all appointments missed are with this group, then ATSI people are quite clearly going to be more negatively impacted by this Bill than non-ATSI people.<sup>31</sup>

2.33 The committee notes that there is currently a 'vulnerability indicator'<sup>32</sup> mechanism in place to identify vulnerable jobseekers and that this bill will not remove, weaken or change this mechanism. The committee also notes that this mechanism has proven to be effective because jobseekers with a vulnerability indicator comprise only a small proportion of those jobseekers who incur penalties for non-compliance.

Data indicates that job seekers with Vulnerability Indicators have a poorer attendance rate than the general job seeker population (62 per cent compared to 65 per cent) and are more likely to be reported for non-compliance (42 per cent had at least one participation report requiring investigation by Human Services in 2013-2014, compared to 32 per cent of the general population). However, they are no more likely than other job seekers to incur participation failures for non-attendance at appointments (representing around 14 percent of the job seeker caseload and a similar proportion of job seekers who incurred one or more failure for non-attendance in 2013-14).<sup>33</sup>

2.34 The committee also notes that this bill will have no effect on the current safeguards that exist to protect vulnerable job seekers.<sup>34</sup> In evidence before the committee the Department of Employment explained that:

[job seekers'] personal circumstances will always be taken into account by DHS [Department of Human Services] when deciding whether they have a reasonable excuse for attending their appointment. These safeguards work. While vulnerable job seekers have a poorer attendance rate than the general job seeker population and are more likely to be reported for noncompliance,

A Vulnerable Indicator will be placed on a jobseeker's record where the Secretary has made a determination that a person is experiencing financial exploitation or hardship, or homelessness or a risk of homelessness. See Social Security (Administration) (Vulnerable Welfare Payment Recipient) Principles 2010; Explanatory Statement, Social Security (Administration) (Vulnerable Welfare Payment Recipient) Principles 2010, p. 2.

34 Mr Martin Hehir, Deputy Secretary, Department of Employment, *Proof Committee Hansard*, 18 November 2014, p. 7.

<sup>31</sup> St Vincent de Paul Society, Submission 9, pp 3–4.

<sup>33</sup> Department of Employment, Submission 5, p. 5.

they are no more likely than other job seekers to be penalised for non-attendance at appointments.<sup>35</sup>

2.35 In the context of the need for a penalty of no back pay where a job seeker does not have a reasonable excuse for missing a scheduled appointment, Jobs Australia considered the potential risk of genuine job seekers being caught and penalised:<sup>36</sup>

The addition of a 'no excuse, no backpay' provision seems to be intended to create a deterrent effect, such that job seekers will ensure they turn up to the first appointment to avoid the risk of losing a portion of their payment. This assumes that the job seekers who miss appointments are making some sort of calculated analysis of the sanctioning regime, so that they can do the minimum required of them to continue receiving payments. Jobs Australia is not aware of any evidence that this is the case. Moreover, if any job seekers are actually making such a calculated assessment, they will likely respond to a change in the rules and continue to 'jump through the hoops' to ensure they comply<sup>37</sup>.

2.36 The Department of Employment advised that job service providers will retain the discretion they currently hold about whether to report a job seeker's non-attendance to the Department of Human Services:

Even where job seekers fail to attend an appointment without giving a valid reason, providers have the discretion to not take this any further if they believe it will not help in ensuring the job seeker's future attendance. In 2013-14, there were 1,274,822 appointments missed by job seekers without a reasonable excuse that were not reported to Human Services by providers. This represents 29 per cent of all missed appointments.<sup>38</sup>

2.37 The Department of Employment further explained that:

After the income support payment suspension is put in place, if the job seeker comes to me, the employment service provider, and gives me a good reason why the income support payment suspension should be lifted, then, yes, the provider can come to a view and make that beneficial decision. But the non-beneficial decisions—if a reasonable excuse did not exist and a financial penalty ought be applied—does not sit with the employment service provider. Those decisions sit with DHS.<sup>39</sup>

Jobs Australia, Submission 3, p. 8.

38 Department of Employment, Submission 5, p. 5.

<sup>35</sup> Mr Martin Hehir, Deputy Secretary, Department of Employment, *Proof Committee Hansard*, 18 November 2014, p. 7.

<sup>36</sup> Jobs Australia, Submission 3, p. 8.

<sup>39</sup> Mr Derek Stiller, Branch Manager, Department of Employment, *Proof Committee Hansard*, 18 November 2014, p. 9.

#### Committee view

- 2.38 The committee notes the concerns raised by witnesses and submitters. However, the committee also notes that the bill will only impact the small proportion of job seekers who have wilfully failed to attend an appointment with their job service provider without a reasonable excuse.
- 2.39 The committee considers that the measures proposed in the bill will be an effective deterrent to non-compliance. The committee is also satisfied appropriate safeguards exist such that no penalty will be applied for a failure that was directly attributable to a job seeker's vulnerability.
- 2.40 The committee is persuaded that, on balance, the legislative response is proportional and reasonable, such that the proposed amendments address community expectations and would improve job seekers' attendance at employment services provider appointments.

#### Mature-age job seekers

- 2.41 The system as it stands is inconsistent in its treatment of job seekers.
- 2.42 Currently, job seekers who are 55 years old or over can satisfy requirements by doing 15 hours per week of either approved voluntary or paid work, or a combination of both. Younger job seekers are subject to the additional requirement of looking for work or other activities in addition to part-time paid or voluntary work.<sup>40</sup>
- 2.43 Recognising modern realities, the bill seeks to address this inconsistency:

Given the aging workforce and the fact that most people aged 55 have many potentially productive years ahead of them, it is no longer acceptable for 55–59 year old job seekers to effectively retire on Newstart [Allowance] while undertaking a bit of voluntary or part-time work.<sup>41</sup>

2.44 Some submitters opposed bringing requirements for 55–59 year olds into line with those in place for younger job seekers. They argued that discrimination against older workers is pervasive in the Australian employment market:

[N]early one in three unemployed people aged 45 years and over described their main obstacle to finding work as being considered too old by employers. Many too will have missed out on the higher education opportunities that are now a pre-requisite for many jobs – while 44% of Australians aged 25-34 had attained tertiary education in 2010, that number was only 30% for 55-64 year olds. From direct experience, our members tell us there is little to no viable opportunities for employment for this age group, due to employers' fear of workers' compensation claims and the erroneous belief that these older people are just past it.<sup>42</sup>

<sup>40</sup> Department of Employment, Submission 5, p. 2.

Department of Employment, Submission 5, p. 2.

<sup>42</sup> St Vincent de Paul Society, Submission 9, p. 7.

2.45 Others, such as the Australian Association of Social Workers (AASW), did not see any incentive for older workers to "retire on Newstart". As of March 2014, AASW pointed out, Newstart Allowance recipients received the equivalent of approximately 66 per cent of what was paid to pensioners:

It is high unemployment rates among older Australians that cause older job seekers to stay on Newstart Allowance longer, not a desire to retire early. 43

2.46 Having considered arguments put by submitters against the measures, the Department of Employment explained that requiring older job seekers to actively look for work delivers better outcomes:

We are very aware that the great majority of job seekers, regardless of age, would rather be in full-time work and that many older job seekers have a particularly hard time finding work. However, outcomes data strongly supports the notion that requiring older job seekers to look for work is a key factor in helping these job seekers to find work and to reduce the reliance on income support. In 2013-14, 55- to 59-year-old job seekers with full-time requirements who were not required to look for work because of the current policy achieved only 174 employment outcomes, compared to 7,008 outcomes for 55- to 59-year-olds with full-time requirements who were required to look for work. Adjusted for the relative size of these cohorts, this means that 55- to 59-year-olds who were required to look for work were 13 times more likely to have found work or additional work during the year than those who were not required to look for work.

#### Committee view

- 2.47 The committee recognises submitter concerns about the challenges faced by older workers, and is sensitive to the problem of pervasive discrimination. The challenges presented by discrimination, however, are not unique to older workers. There are many cohorts of people who would, and do, report facing discrimination when seeking employment. Although unsatisfactory, this alone does and should not exempt any of these cohorts from their obligation to engage with the system and is not a valid argument against making the requirements in place more consistent. The committee shares submitter concerns about discrimination, but does not believe that this inquiry is the appropriate forum for addressing this.
- 2.48 The committee is persuaded by evidence supplied by the Department of Employment which indicates that requiring older workers to actively seek employment actually helps deliver better outcomes for this cohort, as it does for all other job seekers.

#### **Appeal rights**

2.49 Under the proposed amendments, decisions to suspend a job seeker's participation payment for failing to attend a required appointment or participate in a

Mr Martin Hehir, Deputy Secretary, Department of Employment, *Proof Committee Hansard*, 18 November 2014, p. 7.

<sup>43</sup> Australian Association of Social Workers, Submission 2, p. 4.

required activity will no longer be reviewable by the Secretary or the Social Security Appeals Tribunal.<sup>45</sup>

2.50 Some submitters questioned the justification for the proposed measures to restrict appeal rights in relation to compliance suspension decisions.<sup>46</sup>

Parliament should require a powerful justification before agreeing to the removal of appeal rights. We agree that few people, once their payments are restored, would pursue an appeal against a suspension. However, we do not think that this warrants removal of the right to appeal against the suspension. 47

2.51 Concerns were raised about the impact the removal of the availability of administrative review would have on the integrity of the jobseeker compliance system.<sup>48</sup>

The denial of review rights reduces accountability in the system and may encourage less prudent decision-making. In practice, we would anticipate that very few people, if any, would bother to appeal a decision to suspend and the cost or other burden arising from appeals is likely to be negligible.<sup>49</sup>

- 2.52 St Vincent de Paul Society also emphasised the importance of an appeal mechanism where 'what is being decided is something as subjective as the "reasonableness" of the excuse. <sup>50</sup>
- 2.53 In contrast, the government explained that the proposed changes to appeal rights will make it 'appreciably easier' for job seekers as they will be able to 'have their payment reinstated promptly by attending an appointment with their employment provider' as opposed to 'seek internal review or pursue an appeal to the Social Security Appeal Tribunal.'<sup>51</sup>

#### **Technical details**

2.54 Currently the *Social Security (Administration) Act 1999* restricts the Secretary's powers of delegation to social security law only. The bill proposes to extend the Secretary's powers of delegation to powers under regulations or other

50 St Vincent de Paul, Submission 9, p. 6.

Social Security Legislation Amendment (Strengthening the Job Seeker Compliance Framework) Bill 2014, Schedule 1, Part 1, Items 9–11.

See National Welfare Rights Network, *Submission 1*, p. 5; Jobs Australia, *Submission 3*, p. 7; Australian Council of Trade Unions, *Submission 8*, p. 5; St Vincent de Paul Society, *Submission 9*, p. 6.

National Welfare Rights Network, Submission 1, p. 5.

National Welfare Rights Network, *Submission 1*, p. 5; Jobs Australia, *Submission 3*, p. 7.

<sup>49</sup> Jobs Australia, Submission 3, p. 7.

<sup>51</sup> Explanatory Memorandum, Social Security Legislation Amendment (Strengthening the Job Seeker Compliance Framework) Bill 2014, p. 15.

instruments made under the social security law.<sup>52</sup> The government submits that the proposed amendment is necessary to enable secretarial powers relevant to the Job Commitment Bonus that will need to be exercised from 1 July 2015 by officers other than the Secretary.<sup>53</sup>

2.55 The committee is not aware of any concerns regarding the above measure.

#### Conclusion

- 2.56 Policymakers over the years have ensured that a system is in place to help job seekers in their efforts to re-enter the workforce, so that people are not expected to struggle alone and unsupported. While they look for work, job seekers are provided with support payments which allow them to maintain a dignified standard of living during what is a difficult, but hopefully short, time. As with many allowance payments in Australia's generous social security system though, the principle of reciprocity is a core element: that is, the expectation that a recipient must participate in activities as a condition of payment. These activities are not onerous, and are in fact proven to help individuals gain employment.
- 2.57 As outlined above, some submitters have focused on the impact and timing of penalties. Others have pointed out that the penalties are very small and every opportunity exists for people to reconnect with the system quickly, thereby ensuring that any financial impact is limited and reasonable. On the weight of evidence, the committee is confident that this is the case, and that proper safeguards are in place to protect vulnerable job seekers and those who do not wilfully avoid meeting their mutual obligation requirements.
- 2.58 Fundamentally, however, this bill is about preventing missed appointments in the first place. The proposed measures are designed to act as an incentive for those people who avoid engaging with the system, which is, in the long term, to their own detriment. The bill is not designed to penalise people who have legitimate reasons for missing appointments, and such job seekers are protected through a system of safeguards. This is an important distinction which must be made.
- 2.59 Having considered all evidence before it, the committee considers that this bill will help drive sustained improvement in attendance rates at provider appointments.

52 Social Security Legislation Amendment (Strengthening the Job Seeker Compliance Framework) Bill 2014, Schedule 2, Item 1. See *Social Security (Administration) Act 1999*, ss. 3(3).

Explanatory Memorandum, Security Legislation Amendment (Strengthening the Job Seeker Compliance Framework) Bill 2014, p. 25. The Job Commitment Bonus is a bonus payments to encourage long term unemployed young Australians to find and keep work. See Australian Government, Department of Human Services, <a href="http://www.humanservices.gov.au/customer/services/centrelink/job-commitment-bonus">http://www.humanservices.gov.au/customer/services/centrelink/job-commitment-bonus</a> (accessed 18 November 2014).

## **Recommendation 1**

2.60 The committee recommends that the bill be passed.

Senator Bridget McKenzie

Chair

### LABOR SENATORS' DISSENTING REPORT

## **Key issues**

- 1.1 Labor Senators do not support a number of recommendations contained in the Chair's report into the Social Security Legislation Amendment (Strengthening the Job Seeker Compliance Framework) Bill 2014 (the bill), and remark that neither the bill nor the committee hearings provided clarity as to whether the bill would actually assist the most vulnerable in society to gain employment.
- 1.2 We note the extremely short time frame given to the committee to conduct its inquiry into the bill, and as such, provide only an outline of key issues and recommendations of the Labor Senators of the committee.

#### Removal of appeal rights

- 1.3 Labor Senators strongly oppose Item 10 of the bill, which inserts new paragraph 129(4)(b), expanding the list of decisions that are not reviewable by the Department of Social Security Secretary (Secretary) under subsection 129(1) of the Social Security (Administration) Act 1999, to include decisions made under subsections 42SA(1) or 42SA(2A); that is, a determination by the Secretary that a participation payment is not payable to a person who has failed to attend a required appointment or participate in a required activity.
- 1.4 Similarly, Item 11 of the bill amends paragraph 144(fa) to include decisions made under subsections 42SA(1) or 42SA(2A), thereby ensuring that people who incur a non-payment penalty for failing to attend a required appointment or participate in a required activity cannot have this decision reviewed by the Social Security Appeal Tribunal.
- 1.5 Labor Senators were compelled by the overwhelming majority of submitters who strongly objected to the removal of appeal rights in relation to compliance suspension decisions. We agree that appeal rights are 'a fundamental principle of the social security system to ensure transparency and fairness.'
- 1.6 Labor Senators wish to note evidence provided by the National Welfare Rights Network (NWRN) with regard to review process:

...restricting appeal rights on the basis that few people would exercise the right to appeal, or that the impact on people would be small, ignores the general unfairness. It also ignores the potential disengagement and undermining of a person's relationship with DHS and employment services

<sup>1</sup> Matthew Butt, *The Government again proposes changes to the compliance framework*, Welfare Rights Centre weblog, <a href="http://welfarewrites.org/2014/10/08/the-government-again-proposes-changes-to-the-compliance-framework/">http://welfarewrites.org/2014/10/08/the-government-again-proposes-changes-to-the-compliance-framework/</a> (accessed 21 November 2014).

that can occur when a person cannot correct a decision, even if the financial loss was only temporary.<sup>2</sup>

1.7 Jobs Australia, who the Labor Senators note were otherwise reasonably supportive of the bill, also submitted similar concerns about the removal of the availability of administrative review of the decision to suspend payments:

The denial of review rights reduces accountability in the system and may encourage less prudent decision-making... and we believe that any decisions that affect a person's payments should be reviewable as a matter of principle.<sup>3</sup>

1.8 Labor Senators of the committee were compelled by the evidence opposing changes to the review process, and express concerns that Items 10 and 11 of the bill encroach on Australians' fundamental rights to review of government decisions.

#### **Recommendation 1**

1.9 In order for the status quo to be maintained so that job seekers retain their right to review of decisions to suspend payments, **Labor Senators recommend that the bill be amended to remove Items 10 and 11**.

#### Removal of current concessions for over 55's

- 1.10 Currently, under subsection 502A(1) of the *Social Security Act 1991*, persons aged 55 years and over who are in receipt of an activity tested income support payment (Newstart Allowance, Parenting Payment and Special Benefit) may be deemed to have satisfied the requirements of the activity test where they have in the fortnightly payment period engaged in at least 30 hours' approved voluntary work, a combination of voluntary and paid work, or, paid work.<sup>4</sup>
- 1.11 Labor Senators understand that it is the intention of the government that the current concessions received by job seekers aged 55 to 59 years and receiving Job Services Australia assistance will be removed by a legislative instrument.<sup>5</sup>
- 1.12 Submissions and evidence in opposition to this was overwhelming, and compelling arguments were outlined by almost all submitters.<sup>6</sup>
- 1.13 The Australian Association of Social Workers (AASW) submitted that it was difficult to see justification for the proposed changes to the current arrangements for job seekers over 55 years of age, due to the limited job opportunities for those

4 Social Security (Administration) Act 1991, ss. 502A(1).

<sup>2</sup> National Welfare Rights Network, *Submission 1*, p. 5.

<sup>3</sup> Jobs Australia, *Submission 3*, p. 7.

The Hon. Mr Luke Hartsuyker, Deputy Leader of the House and Assistance Minister for Employment, *House of Representatives Hansard*, 25 September 2014, p. 8.

National Welfare Rights Network, *Submission 1*; Australian Association of Social Workers, *Submission 2*; Australian Council of Social Services, *Submission 7*; Australian Council of Trade Unions, *Submission 8*.

particular jobseekers, and the suggestion that people would willingly retire on Newstart is strongly contested.<sup>7</sup>

- 1.14 St Vincent De Paul supported this evidence in their submission, and further noted that pervasive age discrimination is well-documented in Australia, with nearly one in three unemployed people aged 45 years and over describing their main obstacle to finding work as being considered too old by employers. Labor Senators are not aware of any evidence that the negative attitudes towards older workers have improved to the point where it is appropriate to remove this provision for jobseekers over 55 years of age.
- 1.15 Labor Senators also refer to the Bills Digest relevant to this bill, which notes:

In the absence of concerted and sustained efforts to tackle the many structural barriers to mature age employment participation, some commentators have argued that it would not be appropriate to do away with the different activity test arrangements that apply to job seekers aged 55 years and over. For example, the National Welfare Rights Network has pointed out that, having conducted an inquiry into Commonwealth legal barriers to older persons participating in the workforce or other productive work, the Australian Law Reform Commission (ALRC) decided against proposing any changes to the concessional activity test. In doing so, the ALRC argued that the concessional activity test requirement did not appear to be acting as a barrier to mature age participation, and that it 'recognises the value of volunteering, not only as a potential pathway to paid employment, but also as a form of productive work in its own right'. 9

#### **Recommendation 2**

1.16 Due to the significant and overwhelming evidence presented by submitters in opposition to the removal of concessions for jobseekers over 55 years of age and in order for the status quo is maintained so that jobseekers over 55 years of age retain adequate concessions in respect of their circumstances, **Labor Senators recommend** that the bill be amended to remove Items 13–19 of the bill.

#### **Start date for penalties**

- 1.17 Labor Senators echo the Chair's report that many submitters were of the view that penalties should be imposed only once a person has been notified of their failure to attend a scheduled appointment, rather than from the time of the missed appointment.
- 1.18 Labor Senators support the evidence presented by the NWRN, who assert that a penalty from the day of the missed appointment risks punitive action against people who possibly missed an appointment without realising. We also support the

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<sup>7</sup> Australian Association of Social Workers, *Submission 2*, pp 3–4.

<sup>8</sup> St. Vincent de Paul, *Submission 9*, pp 6–7.

<sup>9</sup> Bill's Digest No. 46, 2014–15, 29 October 2014, available at: <a href="http://parlinfo.aph.gov.au/parlInfo/download/legislation/billsdgs/3475383/upload\_binary/3475383.pdf;fileType=application/pdf">http://parlinfo.aph.gov.au/parlInfo/download/legislation/billsdgs/3475383/upload\_binary/3475383.pdf;fileType=application/pdf</a> (accessed 21 November 2014).

recognition in the Chair's report that Indigenous Australians living in remote communities may be particularly affected by problems with notification and reconnection processes.<sup>10</sup>

1.19 As such, Labor Senators would support the implementation of safeguards, as described by the NWRN in their submission to the committee. 11

#### **Recommendation 3**

1.20 Labor Senators recommend the implementation of safeguards with respect to the start date of penalties for job seekers failing to attend appointments with job service providers.

#### **Recommendation 4**

1.21 If the bill is not amended to reflect the recommendations contained in this dissenting report, that the bill be rejected in its entirety.

Senator Sue Lines
Deputy Chair

National Welfare Rights Network, *Submission 1*, pp 10–11.

<sup>11</sup> National Welfare Rights Network, *Submission 1*, p. 4.

#### AUSTRALIAN GREENS DISSENTING REPORT

- 1.1 The Australian Greens do not support the majority report into the Social Security Legislation Amendment (Strengthening the Job Seeker Compliance framework) Bill 2014 (bill), we do not believe the bill should be passed. Rather than supporting people into work this legislation will further demonise vulnerable Australians and increase hardship.
- 1.2 Newstart and Youth Allowance are insufficient to the degree that they inhibit job seekers in finding work, any discussion of encouraging people into work should start with an adequate payment system. This government is determined to punish people rather than support them into work. Job seekers, particularly older job seekers, those in remote areas and people with disability already face multiple barriers in re-entering the workforce after a period of unemployment. Support rather than further financial hardship, and more straight forward compliance measures, not further reduction of income support are needed.
- 1.3 The Australian Bureau of Statistics for July 2014 puts Australia's unemployment rate at 6.4 per cent, with a much higher youth unemployment rate of 14.1 per cent, yet by contrast, there are only 146 100 job vacancies, indicating that there simply aren't enough new jobs being created to meet the demands of jobseekers. This is making the search for work even harder for job seekers and can lead to further alienation and depression.
- 1.4 The bill contains several concerning schedules.

#### **Appeal rights**

1.5 Our core concern with the bill is the removal of appeal rights; it is unacceptable to remove the essential safeguard of administrative appeal rights. All submissions to the inquiry were concerned about this measure, including National Welfare Rights Network and Jobs Australia:

Administrative appeal rights are critical to ensure the ongoing integrity of the system and the confidence of the public at large as well as social security recipients.<sup>2</sup>

The denial of review rights reduces accountability in the system and may encourage less prudent decision-making.<sup>3</sup>

<sup>1</sup> Australian Council of Trade Unions, *Submission 8*, p. 8.

<sup>2</sup> National Welfare Rights Network, Submission 1, p. 4.

<sup>3</sup> Jobs Australia, *Submission 3*, p. 7.

#### Suspension and penalties changes

- 1.6 The bill allows harsher, more severe payment penalties, extended penalties, changes to back-pay, removal of the important warning penalty, changes to penalty start dates, and discretion for whole payment rather than just penalty payment suspension. There wasn't any evidence provided for why these changes are required and why the current penalties and sanctions are insufficient. The recent changes enabling providers to do follow up appointments with job seekers has already improved attendance indicating that a supportive approach is working.
- 1.7 It was made clear by evidence and submissions given to the inquiry that there are several vulnerable groups which will be particularly disadvantaged by these changes.

#### **Aboriginal and Torres Strait Islander peoples**

- 1.8 Aboriginal job seekers are subject to financial penalties to a much greater extent than non-Indigenous job seekers, this is for a range of reasons including access to transport, lack of service facilities, lack of secure mail services and mobility.
- 1.9 It is essential that there are safeguards in place to ensure that these barriers do not result in termination of payments.

#### Older jobseekers

- 1.10 The Australian Greens are particularly concerned with the provisions in the bill that remove the ability of certain people on Newstart Allowance, Special Benefit or Parenting Payment who are 55 or over from satisfying the activity test via 30 hours of approved voluntary or paid work. This provision dismisses the valuable work that older volunteers contribute to the community.
- 1.11 Older Australians face multiple barriers in re-entering the workforce, including age discrimination.

In the absence of adequate public investment in employment assistance and work with employers to shift attitudes towards older workers, the repeated rejections that would result from imposition of the standard requirement to apply for up to 10 jobs a fortnight would demoralise older unemployed people without greatly improving their employment outcomes.<sup>4</sup>

1.12 There is strong evidence that age is a distinct barrier to employers hiring job seekers over 45 years. This needs to be addressed with incentives not punitive measures.

<sup>4</sup> Australian Council of Social Services, *Submission 7*, p. 1.

#### People with disability

1.13 People with disability already face barriers in entering the workforce and engaging with the social security system.

People with disability experience one of the highest levels of unemployment and poverty with almost one in two people with disability in Australia living in or near poverty (45%) and almost one in two people with disability disengaged from the labour market (47%).<sup>5</sup>

1.14 These changes will adversely affect people with disability, particularly those that are deaf or hard of hearing.<sup>6</sup>

#### **Recommendation 1**

1.15 That the bill not be passed.

Senator Rachel Siewert Australian Greens

<sup>5</sup> Australian Federation of Disability Organisations, *Submission 11*, p. 1.

<sup>6</sup> Deaf Australia, Submission 10, p. 4.

## **APPENDIX 1**

### **Submissions Received**

- 1 National Welfare Rights Network
- 2 Australian Association of Social Workers
- 3 Jobs Australia
- 4 Community and Public Sector Union (CPSU)
- 5 Department of Employment
- 6 National Employment Services Association (NESA)
- 7 Australian Council of Social Services (ACOSS)
- 8 Australian Council of Trade Unions
- 9 St Vincent de Paul Society National Council of Australia
- 10 Deaf Australia Inc.
- 11 Australian Federation of Disability Organisations
- 12 Mr Adam Johnston

## **APPENDIX 2**

## **Public Hearing**

#### Canberra, Tuesday, 18 November 2014

Committee Members in attendance: Senator Lines, McKenzie, Muir, O'Neill, Ruston.

#### Witnesses:

DEVINE, Ms Cassandra, Policy and Research Officer, Australian Council of Trade Unions

KEARNEY, Ms Ged, President, Australian Council of Trade Unions

DRAYTON, Ms Moya, Group Manager, Department of Employment

GOLIGHTLY, Ms Malisa, Deputy Secretary, Social Services Group, Department of Human Services

HEHIR, Mr Martin, Deputy Secretary, Department of Employment

RYAN, Ms Melissa, Acting General Manager, Participation Division, Department of Human Services

SHARPLES, Mr Ian, Director, Participation and Compliance Policy, Department of Employment

STILLER, Mr Derek, Branch Manager, Department of Employment