



20 November 2014

Senator Bridget McKenzie
Chair
Senate Education and Employment Committee
PO Box 6100
Parliament House
Canberra ACT 2600

By email: eec.sen@aph.gov.au

Dear Senator McKenzie,

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

The National Welfare Rights Network (NWRN) is disappointed that, due to technical difficulties, we were unable to provide additional evidence on the ***Social Security Legislation Amendment (Strengthening the Job Seeker Compliance Framework) Bill 2014*** at public hearings on Tuesday 18 November 2014.

Since NWRN provided our written submission on the Bill we had the opportunity to obtain a briefing on the legislation from the Department of Education.

In light of the information that we received at this meeting, NWRN would like to provide the Committee with the following additional observations on the Bill that is being considered by the Committee.

Yours sincerely

Maree O'Halloran AM
President
National Welfare Rights Network

***Supplementary Submission on the Social Security Legislation Amendment
(Strengthening the Job Seeker Compliance Framework) Bill 2014***

by the National Welfare Rights Network

20 November 2014

The *Strengthening the Jobseeker Compliance Framework Bill 2014* aims to increase the rate of attendance at appointments with employment service providers by increasing the sanctions for non-attendance as follows:

- From 1 January 2015, if a job seeker misses an appointment and has their payment suspended, the suspension ends when they attend a rescheduled appointment (not, as currently, when they agree to the new appointment);
- From 1 July 2015, an additional sanction for non-attendance which is that payments are not only suspended, but any entitlement to part payment accrued prior to the missed appointment is also withheld; and
- From 1 July 2015, a new class of failure or financial penalty called a non-attendance failure may be imposed for each and every missed appointment, with the penalty to be equal to 10% of the person's fortnightly payment for every day their payment is suspended.

In the National Welfare Rights Network's written submission to this Committee, we opposed the measures either in whole or in part. Their cumulative impact is an unfair and disproportionate sanction for non-attendance at appointments which, as has happened in the past, may lead to hardship and ultimately undermine the outcomes the compliance system seeks to achieve. The problem with reaching for the harshest set of measures is that you are then unable to ascertain whether a set of measures which causes less hardship would have achieved the same policy goal.

We particularly note that the non-attendance failure penalty may equal 50% to 70% of a person's fortnightly payment, which will cause severe hardship to most people reliant on the low payments for job seekers. The flow on effects include imperilling housing stability by causing rent arrears.

This penalty is excessive and disproportionate, especially when you consider that if a job seeker fails to attend one day of a compulsory activity, they only receive a 10% penalty.

The NWRN would like to outline some changes to the Jobseeker Compliance Framework Bill which strike a fairer balance between the use of sanctions to increase the rate of attendance at appointments and the causing of undue hardship to job seekers, including some of the most vulnerable in our community.

We also take into account a very useful briefing from the Department of Employment in Sydney on 13 November 2014 about their current and planned administrative changes in relation to compliance.

In brief, we propose:

- retain the Bill's extension of suspension until the jobseeker attends the rescheduled appointment;
- remove the additional power to withhold any accrued entitlement prior to suspension;

- retain the new class of non-attendance failure, but make it the exclusive way of sanctioning non-attendance at appointments without reasonable excuse;
- amend the method of calculating the non-attendance failure so that it accumulates from the date the person contacts or is contacted by Centrelink until they attend the rescheduled appointment, not from the date of the missed appointment.

If accepted, our proposals would still extend the period of suspension which is intended to encourage job seekers to contact their provider and reschedule an appointment as soon as possible. It would also retain the ability to impose a penalty for each missed appointment, but it would limit the penalties to be imposed to up to 20% of person's payments per missed appointment, rather than 50% to 70%.

This more limited change to the compliance framework gives Parliament and the government the opportunity to monitor the effectiveness of less severe changes than those in this Bill which may, in combination with other administrative changes, achieve the desired increase in rates of attendance.

NWRN notes in particular that, as we were informed by the Department of Employment, early figures suggest that the change in September this year by which job seekers reschedule appointments directly with providers has already led to a substantial increase in attendance rates without any change to sanctions. Attendance at appointments increased by 10%, to 75%.

The new results suggest that building collaborative relationships by improving connections between job seekers and providers may be the key to improving attendance rates. Obviously, there are a range of strategies that can be deployed to increase attendance rates.

An easy administrative change - to have the person contact the employment services provider directly - has greatly improved rates of attendance.

This is an important breakthrough, since improving attendance rates beyond the 63% mark had proved to be a problem for more than a decade.

Now is a good time for the Government to revisit its plans to ratchet up harsh and damaging financial penalties. Those penalties will not help people into work, and instead may cause evictions or potentially exacerbate mental health conditions.

The NWRN welcomes the Department of Employment's clarifications regarding the percentage of missed appointments during its evidence to the Committee. In 2013-14, 14% of job seekers had a valid reason for missing their appointment, while employment service provider discretion was exercised in a further 10% of cases. When one also factors in the recent 75% appointment attendance rates, the proportion of job seekers missing appointments is a problem that can be managed without reverting to extreme and harsh remedies that could increase financial hardship and heighten the risk of homelessness.

The National Welfare Rights Network supports an effective, simple and fair compliance system. It is appropriate that expectations be reinforced by appropriate sanctions, but the measures in the bill are unnecessary and harmful.