

Analysis of Targeted Compliance Framework Data Q1 2024

Briefing note

July 2024

Introduction

This briefing note analyses public data from the Department of Employment and Workplace Relations on the Targeted Compliance Framework. This report covers the first quarter of 2024 and includes analysis of different types of compliance action within Workforce Australia.

Key Findings

- Threats and Suspensions are applied far too frequently, with 49% of people subject to Threats and 38% subject to Suspensions
- Most compliance action happens in the Provider Service, with 85% of all Threats and Suspensions applied within it
- Suspensions impact some groups more than others, with significant numbers applied to people with lower qualifications, people with a disability and First Nations people
- Large numbers of Threats are issued where the person had a reasonable excuse to not meet their requirements, particularly regarding attending meetings with providers

ACOSS Employment Services Policy Recommendations

1. Urgently remove automation of Payment Suspensions and alleviate other harms caused by the unemployment payment compliance system.
2. Lift direct investment in national employment capacity-building programs such as wage subsidies and vocational education and training that underpin Workforce Australia services and make a difference for people without paid work long-term.
3. Establish an independent quality assurance body for employment services along with advisory bodies to help drive reform, in which people directly affected are properly represented.
4. Establish large-scale trials for local partnerships between government, employment service providers, employers, training organisations and local

community services to assist people and communities facing labour market disadvantage.

Targeted Compliance Framework

Workforce Australia was introduced in 2022 and delivers employment services to recipients of the Jobseeker payment and Youth Allowance. This reform delivered a split of services into an Online offer (Workforce Australia Online) which was intended for people who were 'job-ready', and a provider led offer (Workforce Australia Services) for those who are deemed to require more support and have often been without paid work for an extended period. Workforce Australia is comprised of the following policy features:

- **A Job Plan**, which sets out their required activities that a person must undertake under Mutual Obligation. These plans will comprise of activities such as searching and applying for several jobs or undertaking training. This occurs at the start of the claim and a person cannot be entered into the Workforce Australia service without having signed a Job Plan.
- The **Points Based Activity System**, which encapsulates the required activities within a points system. People are required to meet their points target through activities such as job search or taking up training, with different activities being worth a different number of points:
 - The maximum points that a person can be assigned in each month is 100, and this points total is comprised of a variety of different activities.
 - Each individual job application has a value of 5 points, with different values for employment related activities (for example, education and training have a weekly value of 15-20 points)
 - Each person has a minimum default job search requirement of four job searches each month, unless undergoing specific training programs
- Where people are judged to have not met a requirement, they are subject to compliance action. The first step taken will be a communication alerting the participant they have failed to meet a requirement and informing them that they have two days to provide a valid reason or re-engage with their requirements or their payment will be suspended. This is referred to within our analysis as a **Threat**.
- If the person does not re-engage with their requirements, they are subject to a **Payment Suspension**, where their income support payment is withheld until they have contacted their provider or the Digital Services Contact Centre. Upon re-engagement, the payment is reinstated with full back pay.
- If a person does not meet a requirement and gives no valid reason in mitigation, a **Demerit Point** is applied. Demerit Points track how many mutual obligation failures have been committed within a six-month period and determine the person's position within the zones of the **Targeted Compliance Framework**.
 - There are specific mutual obligation failures which lead to a **Payment Cancellation** regardless of the number of demerit points accrued. Where

a person refuses an offer of employment or leaves paid work due to misconduct or voluntarily without a reasonable excuse, this leads to cancellation and a four-week preclusion from income support as with the third failure in the Penalty Zone.

- **Financial Penalties** can be applied where a person has not met their requirements. This can either be due to a certain amount of demerit points having been accrued or due to a specific type of failure to meet requirements. The magnitude of a Financial Penalty varies depending on how many previous penalties have been applied.

Data Source and Definitions

This analysis uses [published data](#) from the Department of Employment and Workplace Relations on the Targeted Compliance Framework for the period January-March 2024. All statistical analysis within this report refers to the period January-March 2024.

The caseload in this analysis refers to the 'Compellable Flow Caseload'. This is the number of people started in Workforce Australia who had mutual obligation requirements at any point in the period.

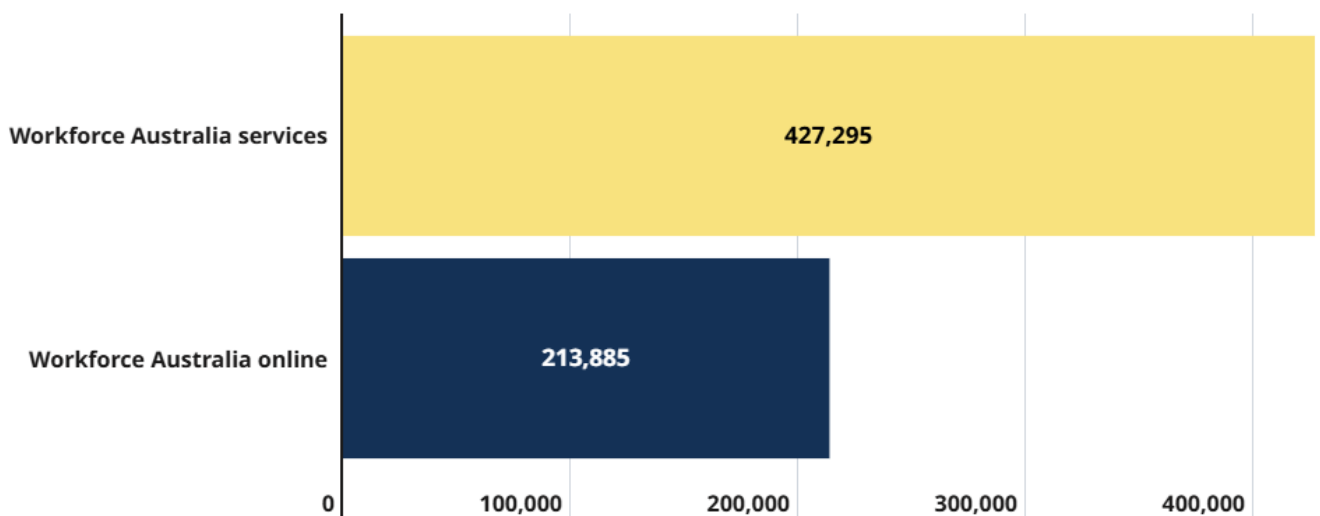
This briefing primarily conducts analysis within a particular service of Workforce Australia, whether that be the Provider Service or the Online Service. This is to avoid double counting due to people moving between services and because these services operate differently and have different trends within them.

Data Analysis

Most people with Mutual Obligations in Workforce Australia are in Workforce Australia Services, which is delivered by providers

The total number of people subject to Mutual Obligations in Workforce Australia totalled 606,760. Most people who had Mutual Obligations were in the Provider Service (427,295), with relatively fewer in the Online Service (213,885). Some people will have been in both services during the quarter, which means that the sum of the two services does not equal the overall number of people.

Figure 1: Caseload



Most compliance action is taken within the Provider Service, with around 85% of all Threats and Suspensions issued in Workforce Australia within it.

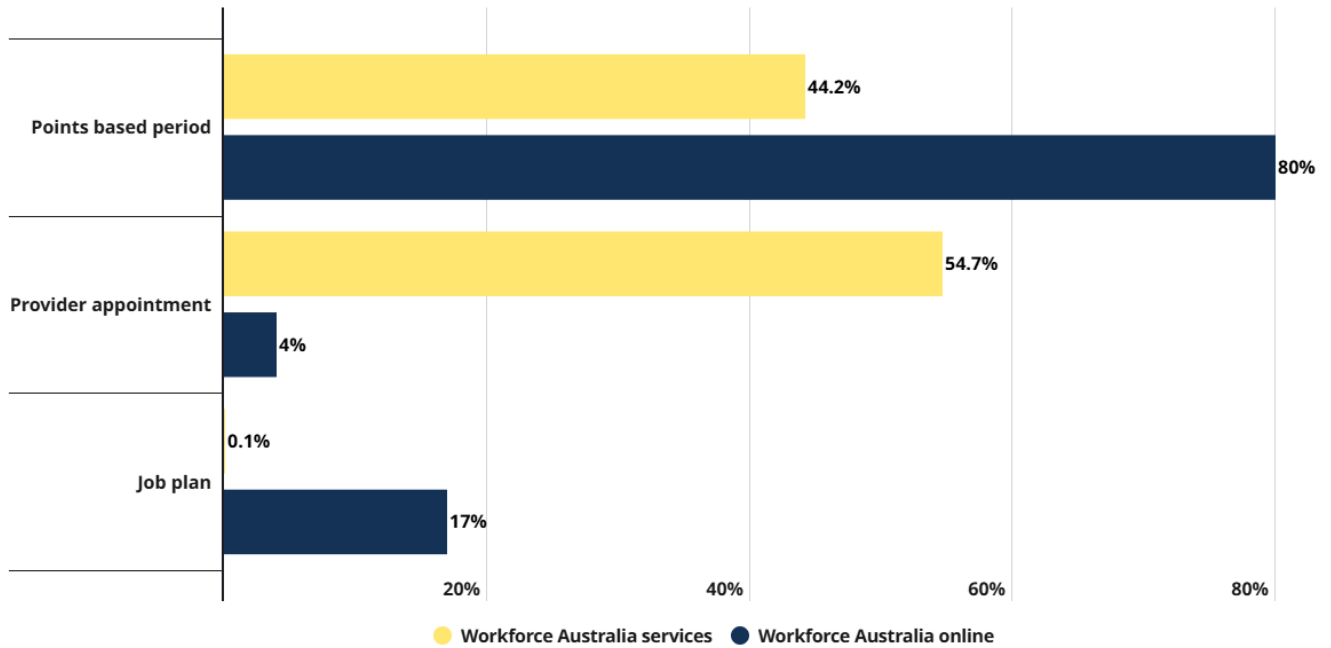
Threats and Payment Suspensions are applied far too frequently

Threats are issued to 49% of people in Workforce Australia, with 55% of the people using the Provider Service subject to them and 28% of the people using the Online Service.

In the Provider Service, most Threats are issued for missing appointments with providers (54.7%), with a large proportion of the remaining Threats issued for not hitting the monthly points target (44.2%)

In the Online Service, most Threats are issued for not hitting the monthly points target (80%), with the rest largely attributable to people not signing their job plan (17%) at the start of their claim.

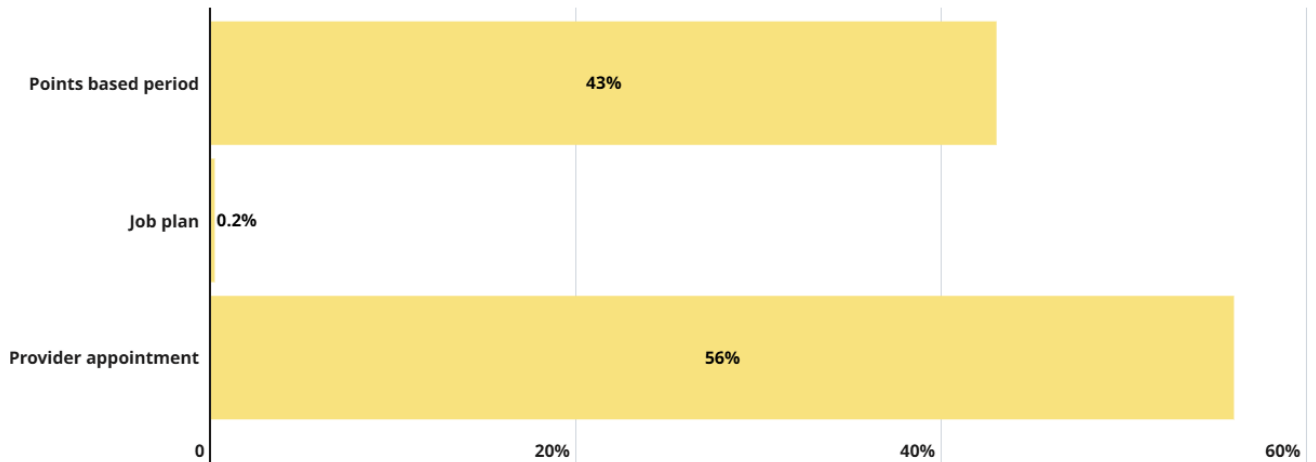
Figure 2: Threats by type



Payment Suspensions are applied to 38% of people in Workforce Australia, with 44.3% of those in Provider Services subjected to them and 20.3% of people in Online Services. Suspensions are applied in cases where a person does not re-engage with the Department within two business days of not meeting a requirement after a Threat has been issued.

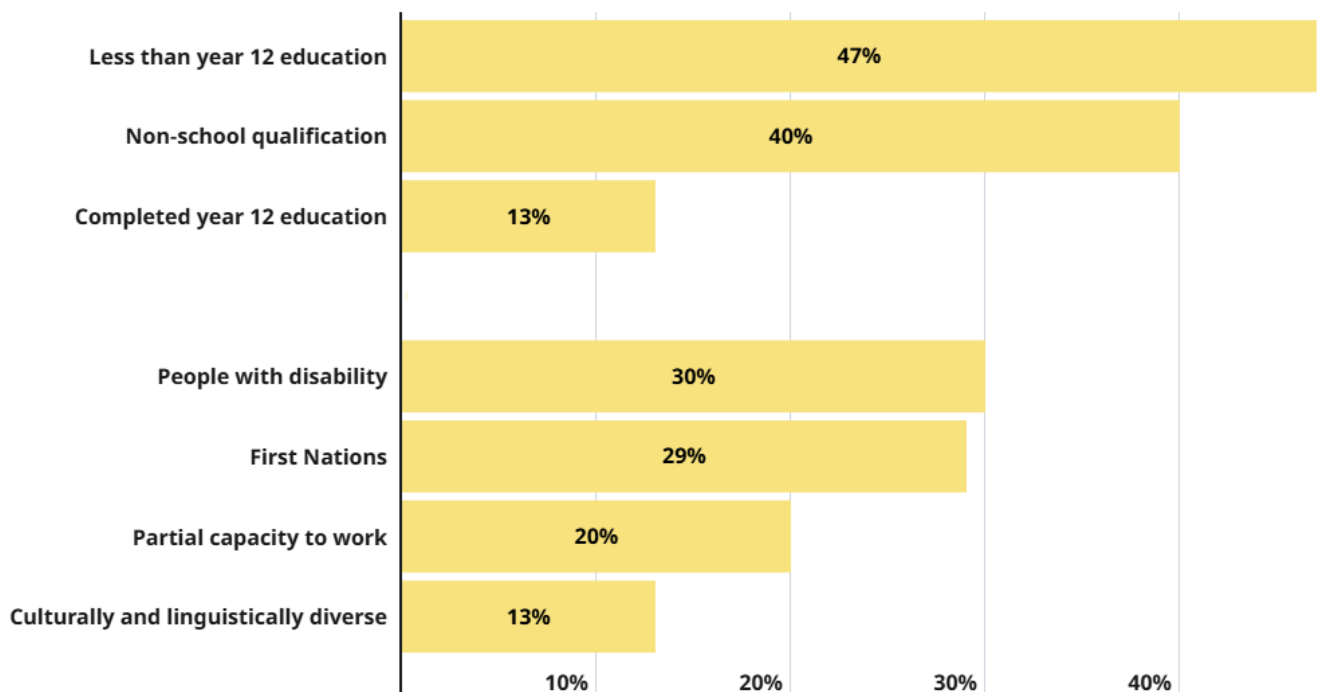
In the Provider Service, the distribution of Suspensions follows that of Threats with 55.8% being for missing appointments and 43.4% being for not completing the monthly points target.

Figure 3: Suspensions by type, Workforce Australia services



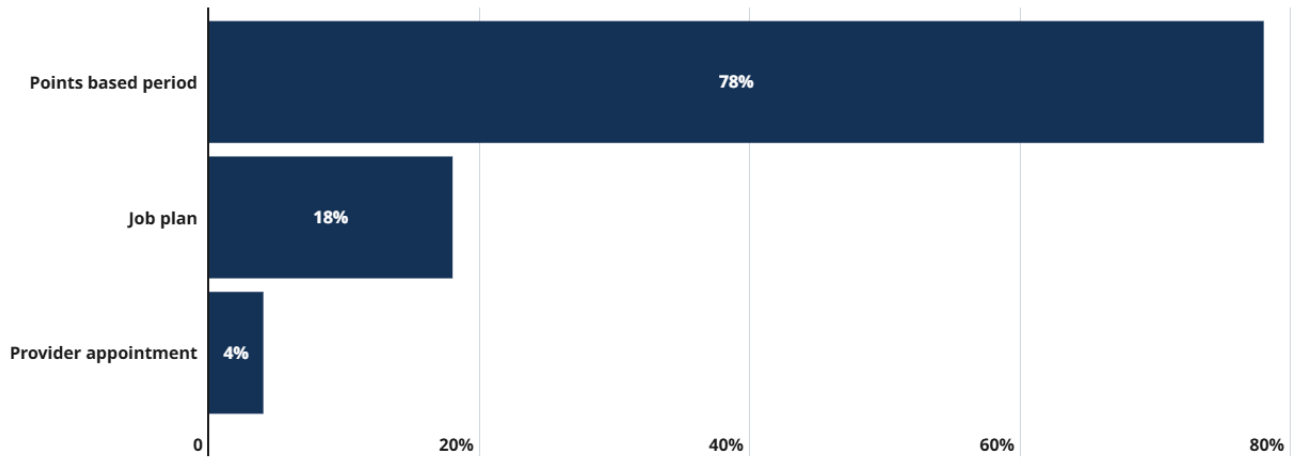
Many Suspensions in the Provider Service are applied to people with people with less than Year 12 qualifications (47% of Provider Suspensions), People with a Disability (30%) and First Nations People (29%). There are more Suspensions applied to Men (59% of Provider Suspensions) than Women (41%).

Figure 4: Suspensions by group, Workforce Australia services



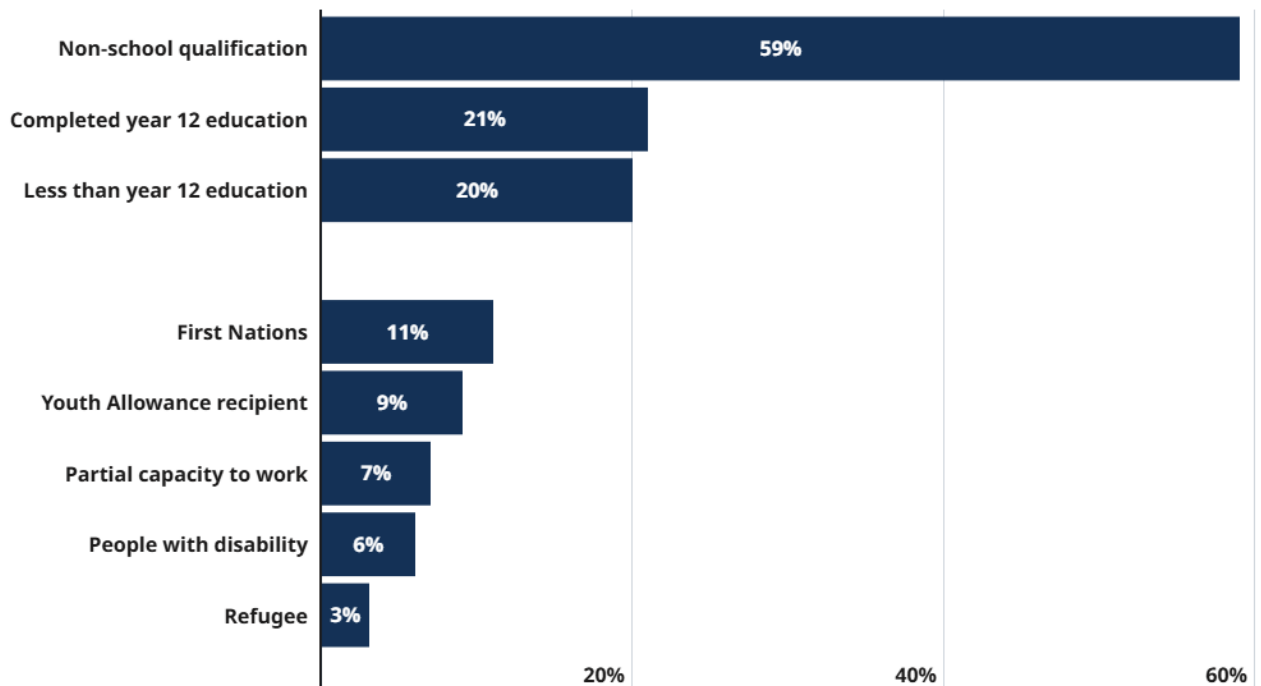
In the Online Service, most Suspensions were issued for not completing the monthly points target (78%), with the rest largely attributable to people not signing their job plan (17%) at the start of their claim.

Figure 5: Suspensions by type, Workforce Australia online



In the Online Service, the groups with the highest representation amongst Suspensions include people with Non-School qualifications (59% of Online Suspensions), and First Nations people (11%). There are more Suspensions applied to Men (59% of Online Suspensions) than Women (41%).

Figure 6: Suspensions by group, Workforce Australia online



Cancellations and Financial Penalties are relatively low

Payment Cancellations affected 4.3% of people in Workforce Australia, with 4.7% of those in Online Services subject to them and 3.7% of those in the Provider Service. This may reflect the larger number of transfers into work from the Online Service, given people are referred there because they are more 'job-ready'. Where people move into employment and do not respond to requests to engage with Workforce Australia, their payment will be cancelled, and many cancellations are likely to be of this type.

Financial Penalties are applied where people do not meet their requirements, whether through not meeting their requirements consistently and moving into the Penalty Zone in the Targeted Compliance Framework or through refusing to take up paid work or leaving paid work voluntarily or due to misconduct. There are very low numbers of Financial Penalties applied in the system overall (only 1,920) and most Financial Penalties are applied in the Provider service (66%).

Financial Penalties in the Online Service were all applied due to people leaving paid work due to misconduct or leaving voluntarily, which leads to full payment cancellation.

The most frequent penalty applied in the Provider Service is a 50 per cent reduction in the level of payment (56%) with the next most frequent being for a 100 per cent reduction (20%). There was also a significant proportion applied to people who had left paid work due to misconduct or leaving their job voluntarily (15%).

Large numbers of Threats are issued where a person had a valid reason to miss an appointment

To understand how much of this compliance action takes place where a person had a reasonable excuse to not meet the requirement, we can look at the number of Threats issued that led to a Demerit Point (**Conversion Rate**). Threats are issued automatically as soon as a Provider notifies the Government that a requirement hasn't been met. Demerit points are only issued after a decision maker has reviewed the available evidence and determined that a person who was judged to have not met a requirement did not have a good reason to do so.

This analysis looks at the conversion rate of Threats rather than Suspensions because if a person re-engages within the two-business day period, no Suspension is issued for the potential breach of requirements. However, this action would still accrue a Demerit Point if it was upheld by a Decision Maker. Therefore, we use Threats as this includes all potential actions which may attract a Demerit Point.

Missing meetings in the Provider service is responsible for most compliance action (Threats and Suspensions), but relatively few of these show up as Demerits later in the process – **only 26% of these Threats are later upheld as Demerits**. This demonstrates that this compliance action is often taken in situations in which the person had a good reason to not attend a meeting with their provider or where the person did not breach their requirements in the first place.

Demerit points are relatively more likely to be imposed for other types of activities, with those for failing to meet the monthly points target sitting at 84% in the Provider service and 70% in the Online. The reasons why people might not receive a demerit regarding their points total are if there was a good reason or if the points target is found to be not appropriate for the individual's circumstances.

The conversion rate for the Job Plan in the Online Service is 75%, which suggests that there are significant numbers of people who are having trouble at the start of their claim with signing their Job Plan. The Online Service is by design a more impersonal service and this suggests that there may be some people who require more support at the outset of their claim.

Figure 7: Threat conversion to Demerits comparison

