

Immediate Action to reduce Payment Suspensions

February 2023

Summary

This brief outlines a proposal for immediate adjustments to payment suspensions for people receiving activity-tested payments to reduce their incidence, and the stress and anxiety they generate for people who struggle to make ends meet from week to week.

ACOSS is developing wider reform proposals for activity requirements and compliance arrangements. The proposal outlined here is an urgent stop-gap measure to reduce the one million or more payment suspensions that may otherwise be imposed from now until the Government has the opportunity to respond to the Select Committee's recommendations.

ACOSS welcomes the opportunity to discuss these recommendations. *Our goals are to ensure that payment suspensions do not occur automatically, that people have the opportunity to re-engage or explain their circumstances before rather than after a suspension is imposed, and to substantially reduce the number of suspensions.*

The Government should act now. The full reinstatement of the Targeted Compliance Framework (TCF) and introduction of the Points-Based Activation System (PBAS) could otherwise trigger a return to the high level of payment suspension (approximately 200,000 per month) that prevailed in the jobactive program (outside of Mutual Obligation suspension contingencies).

Our proposal would introduce a 'new light touch reconnection' step in compliance processes for employment services programs such as Workforce Australia, ParentsNext and Disability Employment Services, to slow the process down and remove automation, so that people have the opportunity to work with their providers and Centrelink to reconnect or explain their circumstances.

This proposal is also advanced to alleviate widespread concerns about the shift to automatic social security decisions that were aired during the passage of the Streamlined Participation Requirements Bill and which are currently receiving attention in the Robodebt Royal Commission.

The proposal

The proposal is to introduce an additional step in payment suspension processes to slow them down. It is similar to the 'light touch reconnection' process that was used when PBAS requirements were switched on in full.

We have amended a process diagram provided by DEWR to illustrate how a new light touch process might work. Essentially, the proposal is to introduce an additional step before payment suspensions processes commence. This additional step involves the usual notification processes, but rather than being followed by a payment suspension, reasonable excuse, reconnection requirement and demerit point steps at that stage, the requirement is simply refreshed as a new requirement in the first instance.

Notification and reconnection in the proposed 'new light touch' process includes:

1. Provider appointments: a new appointment is generated for the participant using the same process as the initial appointment (i.e. scheduling based on existing knowledge of the participants availability) an SMS/notification letter is sent to the participant.
2. Activity attendance: the IT systems ignores the non-attendance and sends out a reminder to attend the next scheduled occurrence of the activity.
3. Points/job search completion: a new reporting period is created by IT system and points reset to the usual monthly requirement, does not include outstanding points of job search from the previous period; notification of requirements is sent out.

The following figures show the current payment suspension business process as shared by DEWR with us and are followed by modified versions to show the new light touch process. The variations in the business processes are to the first two or three steps.

Recommendations:

The Department urgently implement the following changes to payment suspensions:

1. When a person misses an appointment or activity, or does not report compliance with 'points requirements' or job searches in a PBAS or job search reporting period:
 - The person is notified that they appear to have not complied with the requirement and the provider attempts to contact them (as now).
 - If they cannot be contacted or do not re-engage within two working days, the requirement is simply refreshed as a new requirement, instead of automatically suspending their next payment (as now).
 - No demerit points are applied and no other compliance action is taken at this stage.
 - Payment suspensions could only be imposed (after the usual two-day 'resolution period') if the person does not meet the (refreshed) requirement on the second occasion.
 - This additional step is similar to the 'light touch reconnection' process in place when PBAS requirements were switched on in full in 2022.
 - Further, payment suspensions could only be imposed manually by the employment service provider or Centrelink. They would not be automated.
2. The Select Committee review of Workforce Australia should undertake a more thorough review of the Targeted Compliance Framework to inform medium-term reforms.

Discussion

This proposal is intended to reduce the overall incidence of payment suspensions by introducing a new light touch step in payment suspension processes in employment services programs such as Workforce Australia, Disability Employment Services.

ACOSS believes it is necessary to ensure that payment suspensions do not happen automatically and that there are genuine attempts by human decision makers to contact and engage with people required to use employment services before suspensions are used. However, the digitisation of employment services means there is an increasing use of automated payment suspensions when mutual obligation requirements are not reported accurately or on time.

It is important that action is taken now, as penalties through the Targeted Compliance Framework (TCF) resumed and we can expect payment suspension rates to return to the pre-COVID/disaster contingency rates of approximately 200,000 per month. We are also concerned that PBAS may result in more automated payment suspensions, because the onus for resolving the suspension, or meeting PBAS reconnection requirements is placed on the individual person.

The current payment suspensions involve the following steps:

1. Pre-notification(s) of requirement due date
2. 2-day resolution period from the due date
3. Payment suspension decisions:
 - a. Provider appointment suspensions: Contact to determine reasonable excuse and/or a reconnection requirement - payment suspension removed when reasonable excuse or reconnection requirement met
 - b. Activity suspensions provider services: Contact from participant is required to explain reason, demerit decision and remove payment suspension
 - c. Points and job search suspensions: dashboard notification and automatic determination of demerit point and reconnection requirements – payment suspension removed when reconnection requirement is met
 - d. Activity suspensions in Online services: Contact from participant to Digital Services Contact Centre (DSCC) is required to explain reason and demerit decision payment suspension removed when reconnection requirement is met

Based on research we have undertaken in the past we believe there are 'pain points' in steps 3(a-c) that have led to a high incidence of payment suspensions. These 'pain points' may be attributable to poor provider notification practices, high workloads and caseloads, poor training, workplace culture and lack of contact with participants due to missed calls from unidentified numbers.

Automatic payment suspensions occur when IT systems are programmed to make a decision to suspend payments when certain requirements have not been met. This can occur when activity attendance or points/job search requirements are not reported by the participants, and/or not resolved within the 2 days resolution period.

Payment suspensions also occur when people fail to sign a job plan. In provider services this decision is made by the employment consultant and in online services it is made by the IT system.

Our analysis of payment suspensions in jobactive (see Attachment below) indicated that about 50 per cent of payment suspensions occur because of non-attendance reports, and the other 50 per cent where automated. In the Attachment we have included some data from our research which showed the high incidence of unfair payments suspensions that jobactive participants reported, and the effects this had on their well-being.

Next steps

The above recommendations be immediately implemented.

The Department should carefully monitor the impacts to inform ongoing work to secure the human rights of people affected. The impacts of our proposal can inform ongoing policy development and change to ensure that people interacting with the employment services system are adequately protected against the use of automated decision-making particularly regarding payment suspensions that impact on their fundamental human rights.

Business process maps

Figure 1 – Existing manual process (DEWR business process)

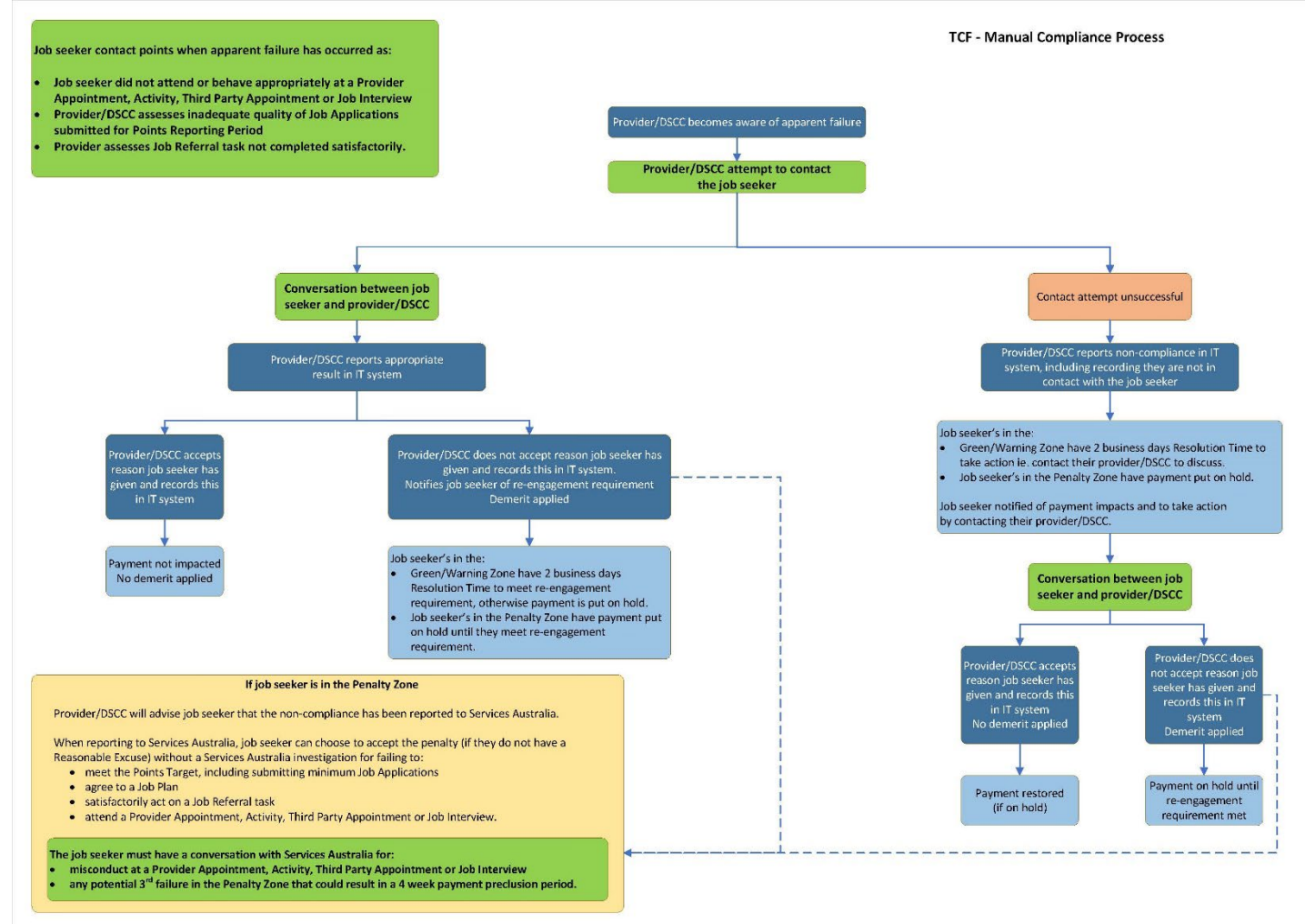
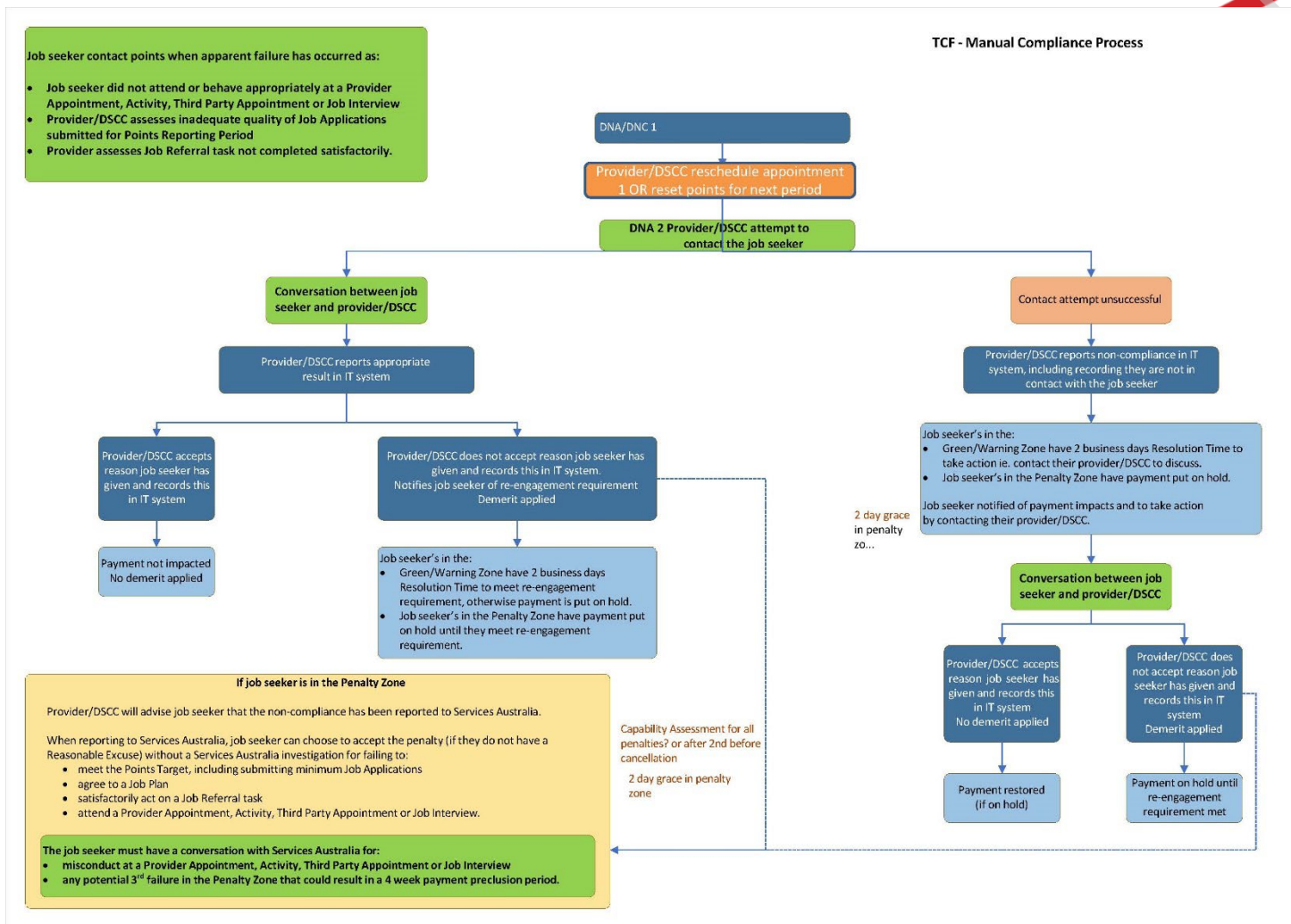
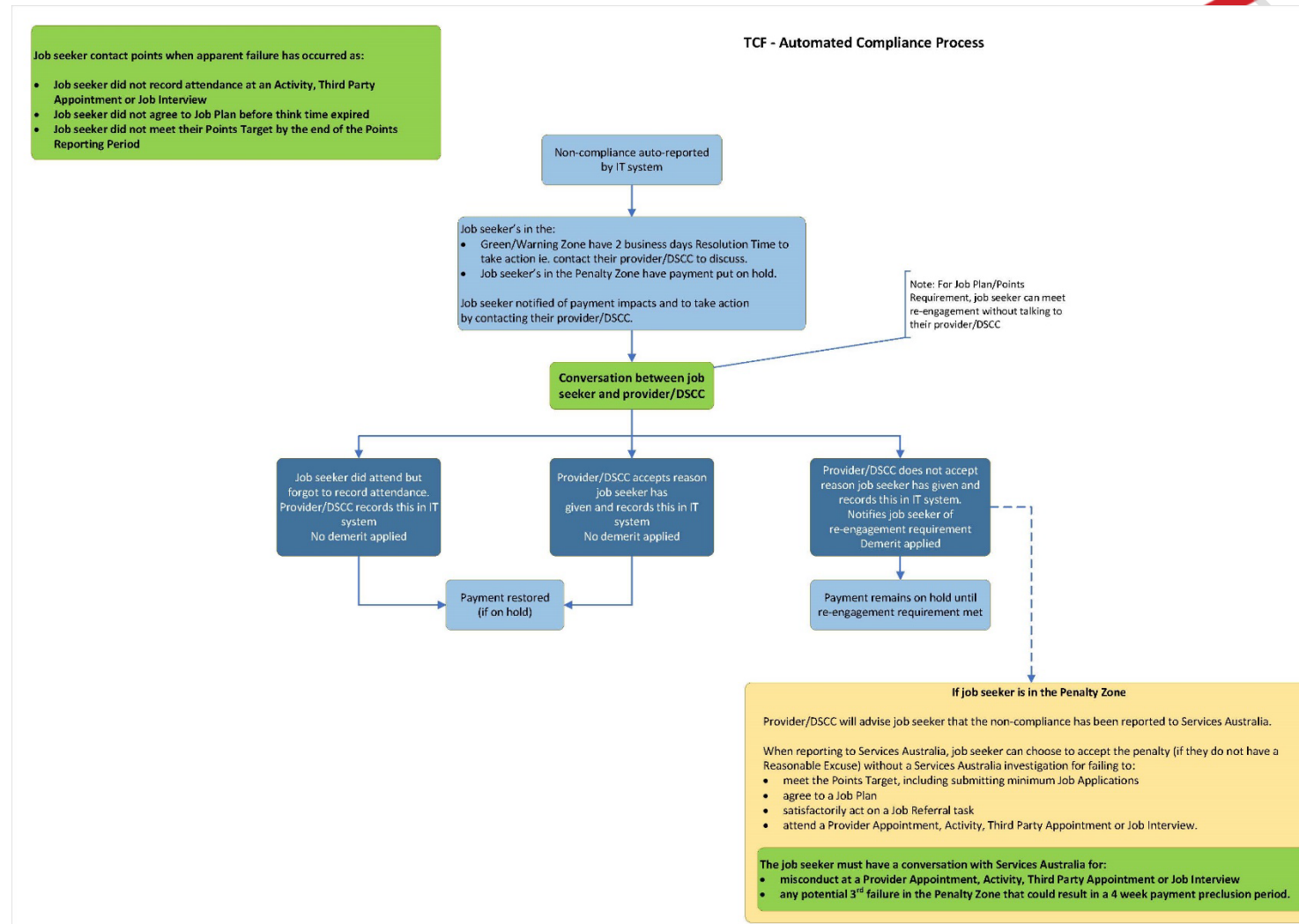


Figure 2 – ‘Light touch reconnection’ proposal business process map



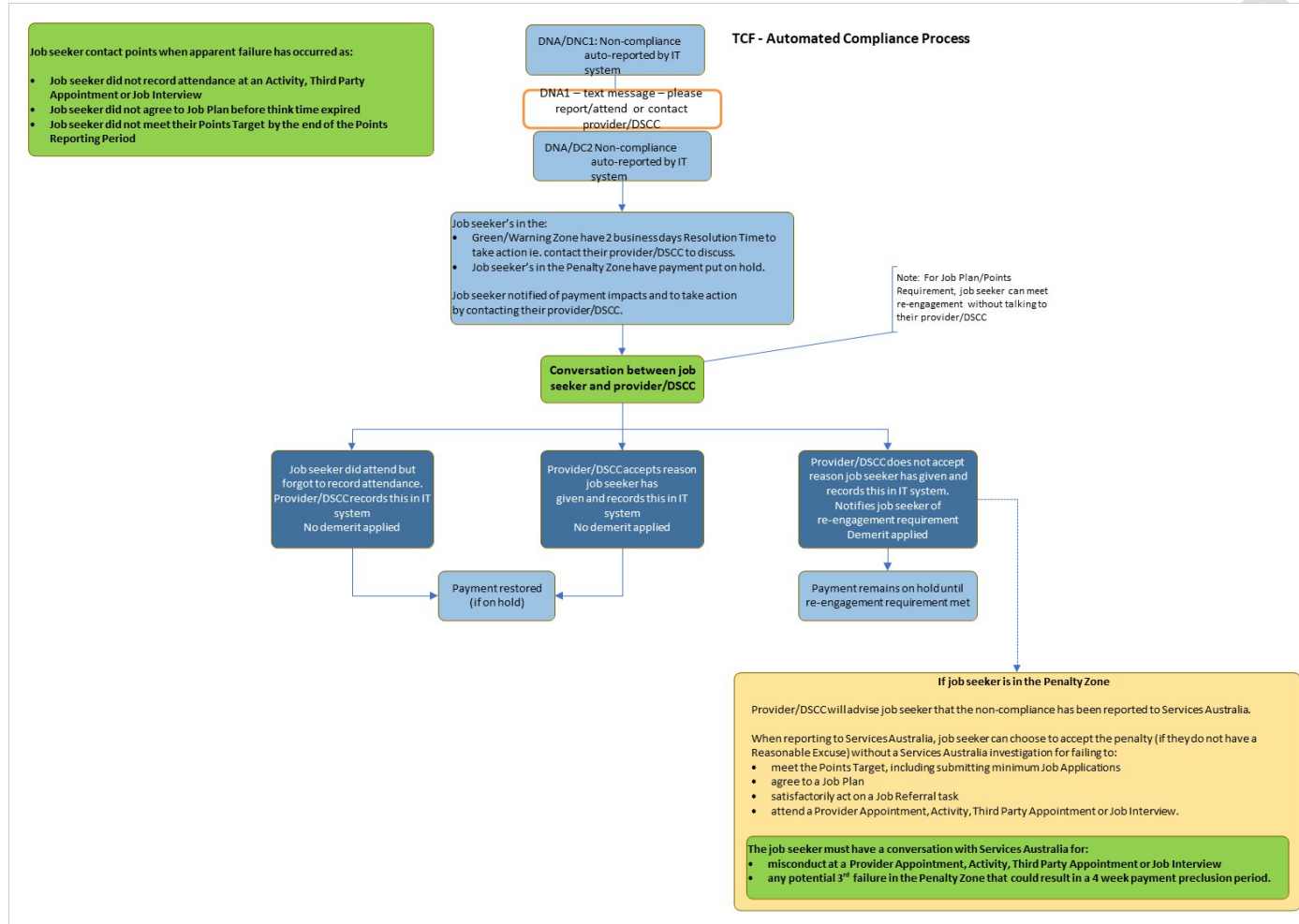
Legend: DNA = Did not attend; DNC= Did not complete

Figure 3 – Existing DEWR automated business process map



Legend: DNA = Did not attend; DNC= Did not complete

Figure 4 – ‘Light touch reconnection’ business process map



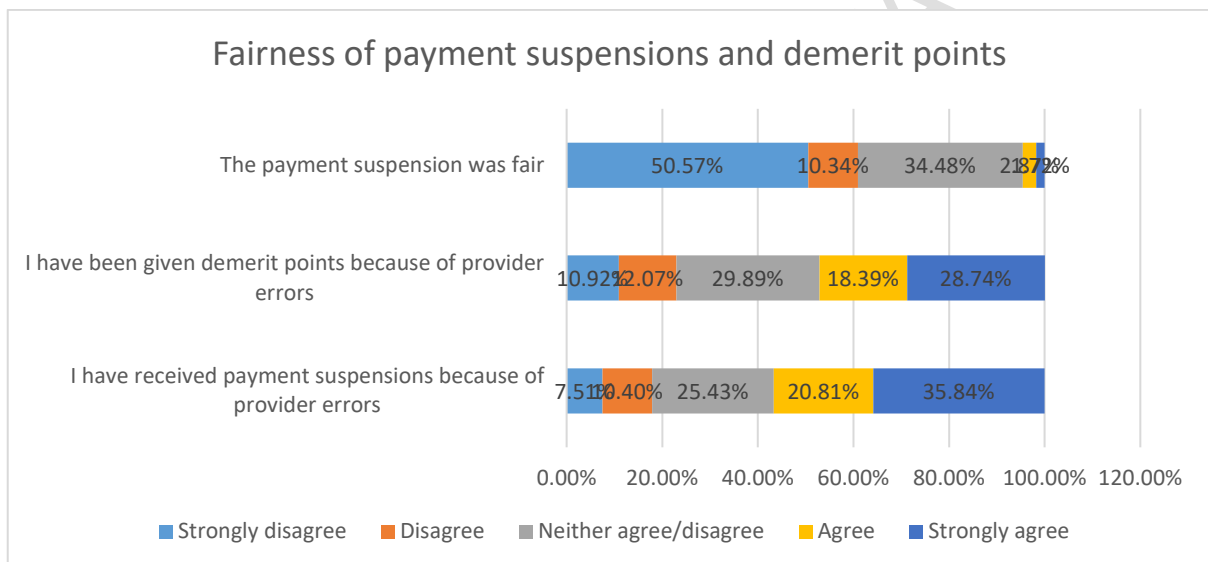
Attachment:

Financial Penalties, payment suspensions and demerit points (from ACOSS Voices 2 report)

Our 2021 survey of people using jobactive included questions on the fairness of payment suspensions and demerit points that were applied under the Targeted Compliance Framework, and the effect these had on their well-being.

Sixty per cent of respondents had received payment suspensions and demerit points. A further question examined how fair these were. Sixty-one per cent disagreed that their suspension was fair, 66% said they had payment suspensions because of provider errors, and 58% indicated they had received demerit points because of provider errors.

Figure 1 – Fairness of payment suspensions and demerit points



ACOSS (2022) [Voices 2 survey](#).

The commentary on the fairness of payment suspensions was extensive and included many examples of errors made by providers:

"I called to say I was unable to attend an appointment once because I was not feeling well that day. I was informed that if I did not attend my payment would be suspended unless I provided a doctor's certificate. It was not possible for me to see my doctor for 2 weeks and so I felt I had to attend the appointment even though I was sick."

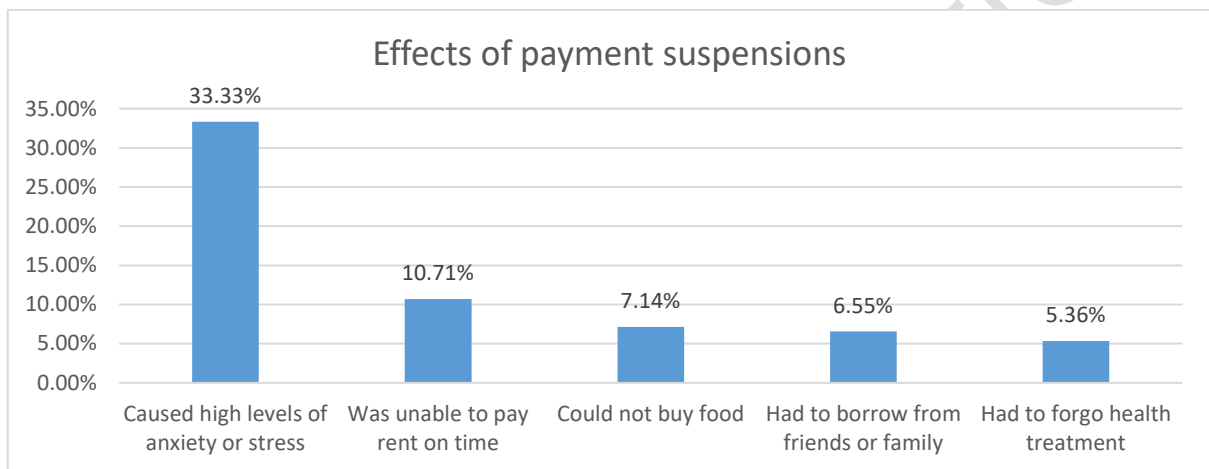
"Both demerits and payment suspensions have occurred for reasons beyond my control, including temporary closure of job active member site at no notice (and despite promptly calling provided number to report attendance). I have also had payments suspended for no apparent reason, despite satisfying all JobSeeker requirements upon reconnection with a new provider – failure to notify Centrelink. This suspension was overturned, only to be brought up at a later phone interview as if for valid reason."

"I called immediately on being threatened with a payment suspension due to provider error and it was fixed. I had to call the provider several times that day for different errors they were making."

Effects of suspensions on well-being

A further question asked people to indicate how payment suspensions had affected them. Of the 119 respondents to this question, 33% of people who had received payment suspensions indicated that they had caused high levels of stress and anxiety, while 11% indicated they were unable to pay rent on time.

Figure 2 - Effects of payment suspensions



ACOSS (2022) [Voices 2 survey](#).

The commentary also indicated how respondents felt that providers used threat of payment suspensions in ways that were coercive and harmful to their well-being.

"My provider has absolutely destroyed my mental health to the point of suicide. These feelings increased when I offered my provider a copy of Verification of medical conditions. Refusing to accept it, the site manager then increasing my job search requirements from 15 to 20.

"Suspending payments is taking food off the table, it causes more undue stress on the individual, the providers don't care. Withholding food is going against basic human rights, you have to be able to get food. What they do is criminal."

These results show that payment suspensions cause people harm. It is ACOSS's view that automatic payment suspensions should not be used in employment services. Contrary to a view that payment suspensions are not 'penalties' and do not cause harm, our findings show that there is a high level of distress associated with them that affect the wellbeing of people using employment services. The 'threat' effect of payment suspensions causes people great anxiety that is harmful to their well-being, regardless of whether the suspension results in a delay to the payment.