

Briefing: Why payment suspensions are causing serious harm

November 2023

Income support payment suspensions are still rampant in Workforce Australia employment services 12 months since the previous Government introduced the 'Points-Based Activation System' that was supposed to make the system fairer.

The sheer scale of payment suspensions is due in large part to the fact that – as with the notorious 'Robodebt' scheme – they are applied automatically rather than by a public official who has given the person affected the chance to explain their circumstances.

In many cases people are threatened with loss of their next payment for minor infractions like not attending a meeting with an employment services provider.

People are being threatened with loss of income support for not attending meetings they were not even properly notified about.

ACOSS analysis indicates that payment suspensions are occurring at comparable rates to the previous jobactive employment services model, even though the 'Points system' was supposed to be a more flexible and fairer way for people to report their job searching activities.

Payment suspensions and other financial penalties threaten people's economic safety and can profoundly undermine their psychological well-being. Too many people live under the constant threat of loss of their only income. Payment suspensions on this scale are unnecessary and cruel in the midst of a cost of living crisis and may be in breach of Australia's human rights commitments.¹

What are payment suspensions?

A payment suspension is a temporary withholding of an income support payment until a mutual obligation requirement is met. The first stage of receiving a payment suspension is an SMS or a message on the online 'jobseeker dashboard' that tells people they have not met a mutual obligation requirement. This warning gives people two days to rectify the issue before their payment is put 'on hold' – the term that is used for payment suspensions. About 30 per cent of potential payment suspensions are resolved this way.

As with the notorious Robodebt system, payment suspensions are automated. If the person hasn't made contact to rectify the problem within the two days, their next payment is stopped automatically.

¹ p. 11 <https://www.ejaustralia.org.au/wp-content/uploads/Final-HRA-submission-28.06.pdf>

The suspension is lifted when job seekers meet the requirement for re-engagement which might be attending an appointment, activity or completing a task such as job search targets.

Payment suspension statistics April-June 2023

In the quarter April-June 2023 there were 538,995 people who had reporting requirements under the compliance framework in Workforce Australia.

- The number of people in both provider and online services for the period was 386,470 and 152,525 respectively.
- Over that period there were 442,395 payment suspensions that affected 239,805 or 45% of the 538,995 people in Workforce Australia overall.
- Without the two-day resolution period there would have been around 56% more suspensions overall.
- Overall, 44% of the suspensions were for not being able to complete Points under the Points-based activation model on time and 52% were for not attending appointments.

	Flow Caseload	Participants Receiving a Suspension	Suspensions	% of Flow Caseload
Workforce Australia Online	152,525	42,785	57,545	28.10%
Providers services	386,470	198,435	384,850	51.40%
All	538,995	241,220	442,395	45%

Table 1. Total Payment Suspensions for the Period 1 April 2023 to 30 June 2023

Update to September 2023

In the quarter to September 2023:

- 39,000 people in online services (29%) and 185,000 people in provider services (51%) had their payments suspended, similar to the results for the June quarter.

During the period from the commencement of Workforce Australia in July 2022 to September 2023:

- A cumulative 70% of participants in provider services faced a payment suspension.

Payment suspensions cause harm

Research from ACOSS has previously shown that suspensions cause harm and are administratively unfair. In our survey for Voices 2: a survey of jobactive, people told us that:

- 61% thought unemployment payment suspensions were unfair.
- 66% said they had payment suspensions because of provider errors.
- 33% of people who had received payment suspensions indicated that they had caused high levels of stress and anxiety.
- 11% indicated they were unable to pay rent on time due to payment suspensions.

CASE STUDY: BROCK

Brock is a 25-year-old student receiving Austudy payments. He currently has a medical exemption for mutual obligations.

Despite this, Brock has been continually contacted by a private employment service provider receiving numerous phone calls, voicemail messages, and letters saying he needs to attend appointments.

He has a valid medical certificate and has contacted Centrelink seeking to stop the ESP from contacting him. Centrelink staff told Brock to ignore the calls and letters, but they remain a constant cause of stress and anxiety for him. At one point, the ESP threatened to suspend Brock's payments because he didn't attend an appointment.

Like many people receiving income support, Brock survives from payment to payment. If his payments were suspended, it would have a compound effect where he would be subject to overdraw fees for weekly direct debits.

Brock reports that the experience of mutual obligations and constant contact from the ESP has taken a significant toll on his mental health.

The unfairness of payment suspensions is reflected in quotes provided to us by participants.

"My provider notified me of a suspension at 4pm the day before my payday, when I pay my bills, because I failed to attend an interview that I was

not made aware of. I received no notification of the appointment causing needless stress and anxiety.

Every payment suspension I've ever had has been either a system glitch, a provider failure or a failure of the phone operator to complete a report when the website is down."

RECOMMENDATIONS

As a matter of urgency, income support payment suspensions and 'demerit points' should be paused until a fair, workable alternative to the present system is put into place:

- Decisions to suspend a person's payment should no longer be automated. Instead, they should be made by appropriate personnel at Services Australia;
- Suspensions should not be used as the first resort, especially for minor infractions such as missing a provider appointment, and providers should have more discretion not to initiate them;
- Proper administrative law processes including human rights protections, should be adopted to ensure that suspension is the least restrictive option, taking into account any personal vulnerabilities, the impact on individual and their family financial circumstances (such as the risk of not being able to pay rent) and the seriousness of the breach.

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