

Impacts of the new Job Seeker Compliance Framework

**The Report of the Independent Review
to the Parliament of Australia**

Summary of Conclusions and Recommendations

September 2010

Preface

The Independent Review of the Job Seeker Compliance Review was conducted by a panel comprising the following members:

Prof Julian Disney (Chair);
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Mr Peter Grant.

The full Report of the Review was published in September 2010. This separate Summary of Conclusions and Recommendations is drawn directly from the Report. The full Report provides detailed descriptions of the compliance framework being reviewed, including extensive statistical information, as well as views expressed to the Review in submissions and at consultations and other background to the Conclusions and Recommendations.

The Review was established by the then Minister for Employment Participation, Senator the Hon. Mark Arbib, in compliance with the requirements of the Social Security Legislation Amendment (Employment Services Reform) Act 2009. That Act established a new system for achieving compliance with key requirements applying to people wishing to receive Newstart Allowance and some types of Youth Allowance, Parenting Payment and Special Benefit. The new system applies to requirements in relation to seeking work and improving prospects of finding work. It does not include the separate requirements to report changes in income, assets, marital status and other matters affecting ongoing eligibility.

Section 42ZA of the Act required the Minister to establish an “independent review of the impact of the amendments” made by the relevant Division of the Act (ie, the new compliance system). It required that the review be conducted by “an independent panel, chaired by a person with expertise in social security and employment matters” and be provided with adequate resources for the task. The Act also specified an extensive list of matters to be considered by the Review (see Appendix 1 of the full Report).

The Act provided that the new compliance system was to take effect from 1 July 2009. It required the Review to be undertaken “as soon as possible after 30 June 2010” (ie, after the first twelve months of the new system) and to provide a written report to the Minister which must be made public and tabled in each House of Parliament by 30 September 2010.

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Printed September 2010

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The Report is an independent publication funded by the Australian Government Department of Education, Employment and Workplace Relations.

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An Overview

This Overview outlines the key conclusions and recommendations of the Independent Review. It is followed by the Conclusions and Recommendations themselves in the same terms as they appear in the Review's Report to the Parliament.

KEY CONCLUSIONS

As a background to its conclusions and recommendations, the Review noted that the new compliance system remained in an evolutionary stage at the end of its first year. The same applied to the Job Services Australia (JSA) and Disability Employment Services (DES) systems which were introduced at the same time and have considerable impacts on the operation of the new compliance system.

➤ SOME STRENGTHS

The Review concluded that at the end of its first year the new compliance system appeared to be operating in line with the Government's stated objectives of improving engagement with job seekers and providing better protection of highly vulnerable job seekers. Key features which have been positively received, and appear to be working well, include:

- **greater flexibility for providers** (especially through the new Contact Request option and greater discretion to re-engage job seekers without initiating compliance action);
- **the new structure of failures and sanctions** (leading, as intended, to an increased number of early, lower-level sanctions and a major reduction in high-level sanctions);
- **improved ways of engaging with job seekers** (especially the Contact Request option, Comprehensive Compliance Assessment process, and Compliance Activity option);
- **better protection for highly vulnerable job seekers** (especially through the use of Vulnerability Indicators and the new Comprehensive Compliance Assessment process).

➤ SOME DIRECTIONS FOR IMPROVEMENT

The new compliance system appears to be a significant improvement on the previous system. Nevertheless, the Review identified a number of directions in which there remains room for further improvement. They include:

- **less complexity and more transparency** in the rules, processes, IT systems and other official materials affecting the operation of the compliance system, JSA and DES;
- **better communication and interaction** between relevant government agencies, and by them with employment service providers and job seekers;
- **higher attendance rates by job seekers** at meetings with providers and at required participation activities;
- **further intensification of reviews for some job seekers** (especially those who may be persistent evaders of participation requirements or face major barriers to compliance).

➤ SOME RELATED ISSUES

The Review also considered some aspects of the changing context in which the new system is operating, especially the contemporaneous introduction of JSA and DES. In particular, it identified some strengths and concerns in relation to the impact on the compliance system of changes affecting

- **assessments** of the barriers faced by individual job seekers and of the assistance with which they should be provided;
- **development and notification of participation requirements** for individual job seekers through Employment Pathway Plans;

- **exemptions** of some job seekers from engagement with employment service providers;
- **performance monitoring** of employment service providers.

PRINCIPAL RECOMMENDATIONS

The Review's principal recommendations to address these and other concerns relate to overall systemic issues, particular aspects of the new structure of failures and sanctions, and the detailed operation of the Participation Report process. They can be broadly summarised under the following headings (with the relevant recommendation numbers shown in brackets).

➤ SIMPLIFICATION AND HARMONISATION

- **conduct of a Simplification Review**, under independent oversight, to remove undue length and complexity in the system's public documents and electronic materials (R1);
- **improved inter-operability between the IT systems** of Centrelink and DEEWR, especially in relation to Participation Reports (R2);
- **joint training and other improved interaction** between Centrelink, DEEWR, employment service providers and welfare workers (R3, R4, R8);
- **modification of sanctions** for Reconnection Failures and No Show, No Pay Failures to remove undue inconsistency with sanctions for other failures (R15, R17).

➤ TRANSPARENCY AND COMMUNICATION

- **quarterly publication of key statistics** concerning the operation of the system, including updates of the tables in the Statistical Annex to the Report (R25);
- **publication of an Annual Review** by an independent consultant of a sample of Centrelink responses to Participation Reports (R13);
- **better communication between Centrelink, providers and job seekers** in relation to Participation Reports and imposition of sanctions (R.9 -11, R12, R16);
- **special communication arrangements** where a job seeker is hard to contact directly or to communicate with (R7).

➤ ASSESSMENTS OF INDIVIDUAL JOB SEEKERS

- **a new Case Conference process for intensive review** of job seekers who incur a high number of Participation Reports without imposition of a Serious Failure (R22, R23);
- **expanded criteria for referral of job seekers** with multiple participation failures to a Comprehensive Compliance Assessment (R18);
- **improved follow-up on reports** of Comprehensive Compliance Assessments (R19);
- **improved assessment processes** for the Job Seeker Classification Instrument and Job Capacity Assessment (R6).

➤ OTHER ISSUES

- **monitoring of attendance rates at provider appointments** to assess whether Centrelink should have discretion, in some limited circumstances, to suspend payments for Connection Failures (R14);
- **monitoring of take-up rates for the Compliance Activity option** to assess whether measures should be taken to increase them (R20);
- **conduct of an intensive review** of the operation of the JSA and compliance systems in remote areas (R24);
- **adjustment of financial hardship criteria** to keep pace with changes in living costs (R21);
- **ongoing review of JSA funding methods and performance monitoring methods** to ensure that they do not unduly influence providers' decisions in relation to compliance action (R5).

Summary of Conclusions

THE CHANGING CONTEXT

1. As explained in the full Report, the Review was concerned principally with the operation of the new compliance system but it would be inappropriate to ignore the impact on that system of the context in which it operates. This is especially true because in each of the following areas a number of changes in this context must be taken into account when seeking to draw comparisons between the operation of the new compliance system and its predecessor.

Employment Pathway Plans

2. The new Employment Pathway Plan system was introduced at the same time as the new compliance system. It appears to have provided significant benefits in many instances but also to be at risk of becoming excessively rigid and bureaucratic for providers as well as unduly confusing for job seekers. If EPPs are expressed too comprehensively, job seekers can have difficulty understanding the key requirements with which they must comply and providers seeking to initiate compliance action may have difficulty in providing adequate notification of those requirements.

3. Further fine-tuning of the specified format for Employment Pathway Plans and the guidelines about their content could help to reduce these problems while still retaining the benefits. It is also important to ensure that inappropriately designed Key Performance Indicators or unduly zealous contract managers do not put excessive pressure on providers to get EPPs signed too quickly or to make the EPPs too detailed.

Highly disadvantaged job seekers

4. Allocation of resources to providers and to the operation of the compliance system should take into account the demands placed on them by the transfer into the Job Services Australia system of a large number of highly disadvantaged job seekers who were not in the previous Job Network system. Assessments of the effectiveness of providers and of the compliance system should also take due account of that significant change. This applies especially to the rates of attendance at appointments and activities, the submission of Participation Reports by providers and the responses to them by Centrelink which are examined in chapters 4 and 5 of the Report.

Early school leavers

5. The Earn or Learn system appears to be operating with some undue rigidity in relation to the period within in which job seekers must enter into an appropriate activity. In practice, it can be very difficult and even impossible to identify an appropriate and available activity, even of an interim nature, within that time frame. More account needs to be taken of the circumstances of those early leavers for whom the best option, at least in the near future, is to be able to concentrate on looking for work (perhaps combined with undertaking some part-time work) rather than being forced into a premature return to inappropriate education or formal training.

Assessments of job seekers

6. There is room for improvement in the effectiveness of the Job Seeker Classification Instrument at detecting key circumstances of the job seeker and at classifying an appropriate proportion of job seekers into Stream 4. This is especially so when, as now, the composition of the overall group of job seekers has a higher proportion of highly disadvantaged job seekers than was expected when the JSCI was re-calibrated in the middle of 2009.

7. While practical constraints cannot be ignored, there is a strong case for maximising the proportion of assessments which are conducted in person, especially for vulnerable job seekers. This applies not only to the Job Seeker Classification Instrument but also, especially, to Job Capacity Assessments and Stream Services Reviews.

“Work experience” activities

8. Care is necessary to ensure that providers have a wide range of work experience activities to which they can and will refer job seekers when appropriate, rather than being unduly induced by financial considerations or lack of available alternatives to refer job seekers to low-cost training programs of dubious benefit. Failure to address imbalances of this kind aggravates the risk of non-compliance by job seekers and of ineffective assistance by providers.

9. The “work experience” phase into which most people who have been job seekers for twelve months will pass seems likely to raise substantial problems in relation to the supply and

effectiveness of activities. It may also create considerable challenges for the compliance system to monitor and enforce compliance effectively while, on the other hand, not putting undue pressure on job seekers to engage in work experience activities which are of little likely benefit to their work prospects.

Suspensions from providers' services

10. The rules for suspension of job seekers from providers' services, and the way in which they are being applied, should be reviewed to ensure that providers are not being unduly discouraged from engaging constructively with some job seekers. This applies especially to job seekers who are considered to have a temporarily reduced capacity for work but could still comply with some participation requirements. There may be a case for applying some requirements, provided they are not incompatible with the reduced capacity, and for paying some service fees to providers if job seekers agree voluntarily to engage with them.

Evaluation of providers

11. Key Performance Indicator 3 can have a major impact on the compliance system, especially on providers' behaviour in relation to Employment Pathway Plans, their efforts to make and maintain contact with job seekers, and their submission of Participation Reports to initiate compliance action.

12. The current Indicator seems generally satisfactory in these respects but needs some fine-tuning so that it does not put excessive pressure on providers to impose unduly rigorous requirements on job seekers or to resort prematurely to compliance action. Similar strengths and risks can be seen also in DEEWR's systems for funding providers and monitoring them through contract managers. They should be subjected to ongoing review to ensure that they are not adversely affecting the operation of the compliance system and that there is not undue inconsistency between the practices of different contract managers.

Special problems

13. Most of the issues mentioned above are of special concern in relation to job seekers who live in remote areas or for other reasons cannot readily access their providers or Centrelink offices. They are also of special concern in relation to job seekers who have severe difficulties in understanding or communicating or in organising their daily lives. This includes many young people, people with mental health or literacy problems, and Indigenous people.

PARTICIPATION REPORTS

14. It is very difficult to draw firm conclusions about the operation of the Participation Report process in the new compliance system. The contemporaneous introduction of the new system and Job Services Australia involved a lengthy period of transition and then adjustment. It was only towards the end of the first year that the system may have become bedded down sufficiently to provide a moderately reliable sense of its likely operation in future. Also, the new system involved so many changes in key structures and processes, as well as in matters of detail, that it is often impossible to relate cause to effect or to make reliable historical comparisons on the basis of either statistical data or opinion. Nevertheless, the Review arrived at the following conclusions.

Submission of Participation Reports

15. The Participation Report process has existed for many years as a key part of successive compliance systems. The main change in the new compliance system was to encourage greater use of discretion by providers when deciding whether to submit PRs. This included introduction of the preliminary option of making a Contact Request. A large number of Contact Requests has been made and the use of PRs has declined significantly from the previous system, at least when adjusted to allow for the increase in the total number of job seekers. Accordingly, providers appear to be getting more help from Centrelink than under the previous system in achieving engagement with job seekers and there is evidence to suggest that they are now exercising greater discretion in their decisions whether to submit a PR.

Centrelink responses to Participation Reports

16. After starting at a relatively low level at the beginning of the new system, by the final quarter of the first year the proportion of Participation Reports which led to imposition of a participation failure had risen to a considerably higher level than the average for the previous year. The rising rate during the first year probably reflects growing familiarity by providers with the procedures for submitting PRs and also changes during the year to the guidelines for assessment of the reports.

17. Despite these desirable improvements in the quality of PRs being submitted by providers and of Centrelink's response to those PRs, there remain good grounds for believing that further improvements should be made. This applies even though almost one-fifth of the rejections notified to providers do not result from a difference of opinion between Centrelink and the provider. For example, many of them relate to PRs which were withdrawn or related to job seekers who were no longer receiving a participation payment.

Directions for action

18. The twin goals for strengthening the Participation Report process should be to improve the appropriateness and quality of the PRs being submitted by providers, and to improve the quality and transparency of Centrelink's responses to PRs.

19. This approach requires simplification of the rules, processes and materials about the compliance system with which providers and staff in Centrelink and DEEWR need to be familiar. It also requires improved flows of information and advice, especially between providers and Centrelink staff in relation to submission and determination of PRs. Centrelink's processes for investigating and determining PRs need to be strengthened, especially in relation to the degree of communication with providers. As mentioned earlier, it is also important for the JSA payment and monitoring systems to be conducive to effective operation of the PR process.

Job seekers with multiple PRs

20. A high priority is to focus on situations in which a particular job seeker is the subject of a substantial number of PRs. It is important to reduce the relatively small but unacceptable number of job seekers who are able for a sustained period to evade reasonable participation requirements. The damage done to the prospects of effective engagement with these job seekers, and to the perceived integrity of the whole system of participation payments, clearly calls for further action.

21. The proposed focus on job seekers with large numbers of PRs should also seek to ensure that hardship is not being caused to any of them who may be highly vulnerable people rather than entrenched evaders. It seems clear, however, that the risk of such hardship has been reduced very substantially by the new Comprehensive Compliance Assessment process and further progress may depend to a considerable extent on changes outside the compliance system. Nevertheless, significant concerns remain in relation to, for example, some young people and some Indigenous people.

22. Adopting a risk management approach is crucial for achieving adequate improvement. Extra resources are needed for monitoring and improving the quality of PRs being submitted in these situations and of Centrelink's response to them. There needs to be a focus on particular methods of possible evasion relating, for example, to alleged lack of notification of requirements, medical issues or transfers between providers. It is also important to ensure that providers understand any particular causes of vulnerability, or barriers to compliance, which may currently be under-recognised.

PARTICIPATION FAILURES AND PENALTIES

23. The structure of failures and sanctions in the new compliance system is still at an early stage of implementation and its operation was still evolving significantly at the end of the first year of operation. As mentioned earlier, this consideration, together with the contemporaneous introduction of Job Services Australia and the difficulties in making reliable statistical comparisons with the previous compliance system, means that assessments of the impact of the new structure must be made with great caution and often with substantial qualifications.

24. Thus far, the overall impact of the new structure appears to have been beneficial. The combination of greater flexibility for providers and a more modulated range of sanctions appears to have led to modest improvements in job seekers' engagement with providers and to a major reduction in concerns about unduly harsh treatment of vulnerable job seekers. As intended, the system has led to a substantial increase in the number of early, lower-level sanctions and a substantial decrease in the number of higher-level sanctions.

Contact Requests

25. The new Contact Request option for providers is being used very widely and proving beneficial in many instances. However, there is cause for concern that, even where Centrelink is able to contact job seekers and make new appointments for them with their providers, too many job seekers are then failing to attend the appointments. There are also grounds for discouraging

providers from over-using Contact Requests in lieu of, where appropriate, making further efforts of their own to contact job seekers or submitting a Participation Report.

Connection Failures

26. Although the rate of attendance at appointments has increased a little under the new system, in the absence of further improvement there may be a case for imposing a financial sanction for Connection Failures in some circumstances. If further experience of the new system demonstrates that such a course would be appropriate, the substantial risk of causing undue hardship requires that any penalty should not apply to vulnerable job seekers and should be repayable when the job seeker agrees to another appointment.

Reconnection Failures

27. The new processes for making re-engagement appointments and imposing Reconnection Failures appear to have contributed to improvements in the speed of re-engagement by comparison with the previous system. However, there is some scope for clarifying and simplifying the procedures. There is ground for concern that some vulnerable job seekers may be suffering undue hardship from lengthy losses of payment due to difficulties in understanding and complying with their requirement to re-engage and perhaps not knowing that they are losing payments.

No Show, No Pay Failures

28. The No Show, No Pay Failure concept is good in principle but it faces substantial practical difficulties. These relate partly to monitoring and reporting of non-attendance at activities which are conducted by external organisations instead of the providers themselves. They also include problems in defining and measuring non-attendance in many instances. Most of these problems existed to some extent under the previous compliance system but they have become more significant due to the greater encouragement of a diversity of activities in the new JSA system, especially in training and part-time or voluntary work, and to the need under the new system to identify a specific date for the failure.

Comprehensive Compliance Assessments and Serious Failures

29. The new Comprehensive Compliance Assessment process is a crucial and generally very beneficial element of the new system. It greatly reduces the major risk under the previous system of excessively harsh sanctions being imposed, especially in relation to vulnerable job seekers. The CCA process also reduces the risk of job seekers becoming disengaged irretrievably as a result of a lengthy loss of payment and it has strengthened the targeting of further assessment and assistance to help overcome barriers to compliance and employment.

30. It is not yet clear whether the CCA process and Serious Failure concept have had much impact, whether positive or negative, on the long-standing problem of a small but nevertheless unacceptable number of job seekers being able to evade their participation requirements for a sustained period. In the absence of a substantially beneficial impact, further targeted action is necessary to address this concern, including perhaps some intensive investigations and assessments allied to the CCA process.

Compliance Activity

31. The new Compliance Activity option appears to be having a useful impact. Its future operation should be monitored, however, in case further action is needed to increase the take-up rate.

Timing of sanctions

32. There is a case for trying to make financial sanctions take effect from the job seeker's first, rather than second, pay day after a failure is imposed. This could induce earlier compliance in some cases and reduce the risk of incurring a large loss of payment. On the other hand, it could also cause considerable hardship and, in many cases, not significantly improve the job seeker's understanding or speed of compliance. A more effective approach is to ensure that job seekers receive immediate and clear notification of the loss which they are beginning to incur and of ways to prevent further loss.

Harmonisation of sanctions

33. There is considerable scope for harmonising and simplifying the nature and sequencing of sanctions between failures applying to appointments and activities respectively. This applies to the current differences between the sanctions for first failures in relation to appointments and activities, and to the rate at which losses of payments are calculated for each day of non-

compliance. It applies also to some differences in processes and sanctions between the four types of participation failure and the system of preclusion periods.

OTHER ISSUES

34. The terms of reference of the Review were very broad and, amongst other factors, the time scale for completion precluded detailed examination of some of them. The following comments and conclusions relate to some aspects of the terms of reference which are not dealt with earlier in the Report.

Remote areas

35. The new compliance system faces great difficulties in remote areas, especially in relation to Indigenous people. While some of its innovative safeguards are preventing hardship which might otherwise have occurred, there is a clear risk that Participation Reports and participation failures will continue to accumulate for reasons which have more to do with the dearth of opportunities and services in these areas than with recalcitrance on the part of job seekers. The need to maintain assistance and pressure on job seekers to maximise their limited opportunities must be balanced with the risk of pointless and damaging harassment to comply with unfeasible or inappropriate participation requirements. While some of the general recommendations in this report would also be beneficial in remote areas, they need to be complemented by proposals from a more specialised and intensive review.

Non-vocational services in regional areas

36. It is clear that shortages of non-vocational services are greatly weakening the efficacy and fairness of the compliance system in many regional areas. The principal need is additional funding for those services, as well as for innovative but careful utilisation of internet and other technologies which can improve communication with services in both regional centres and metropolitan areas.

Complaints, reviews and appeals

37. Data in relation to the level of complaints and appeals concerning the compliance system suggest that the level of dissatisfaction by job seekers with the quality of administration and decision-making was very much lower in the first year of the new compliance system than in the previous two years. This partially reflects, no doubt, the large reduction in the number of eight-week loss of payments that were imposed.

Employment outcomes

38. It is possible that the new compliance system may have assisted a little to improve employment outcomes and that such improvements could develop a little further in the coming year. But there is no firm evidence to that effect and it is inherently unlikely that such evidence would be obtainable.

Principal Recommendations

General issues

R1. (1) A major Simplification Review of all Centrelink's and DEEWR's public documentation and electronic materials relating to the compliance system should be conducted under the oversight of independent consultants with expertise in plain English drafting and IT design.

(2) The Review should aim to reduce substantially the number, length and complexity of documents and electronic material; remove inconsistencies between them; and improve the clarity and accuracy of the formats for electronic reporting by providers.

R2. (1) A high priority should be given to improving inter-operability between the Centrelink and DEEWR IT systems, especially in relation to the capacity for providers to see appropriate material on the Centrelink system and for Centrelink staff to see appropriate material in the providers' records on the DEEWR system.

(2) The Privacy Commissioner should be consulted about the possible impact of proposed improvements on the privacy of job seekers and providers.

R3. (1) Providers should ensure that their employees receive adequate information and training about the compliance system, especially about submitting Participation Reports and responding to the outcomes of those reports, and about interacting with highly vulnerable job seekers.

(2) DEEWR should engage Centrelink to conduct training sessions for providers' staff in the operation of the compliance system (including joint sessions with relevant Centrelink and DEEWR staff where appropriate) and to expand the current arrangements for visits between the staff of providers and of Centrelink to experience each other's work roles.

R4. (1) Centrelink and DEEWR should strengthen their processes for interaction with providers and welfare workers about policy and implementation issues.

(2) This should include strengthening the awareness and effectiveness of the existing six-weekly meetings at Area level (including involvement of welfare workers) and of the existing Centrelink and DEEWR "hotlines".

R5. (1) DEEWR should ensure that its methods of funding and monitoring JSA providers do not unduly influence providers' decisions about whether or not to initiate compliance procedures or how to do so.

(2) For example, the number of Participation Reports made by a provider should not be included in any Key Performance Indicator or taken into account when allocating business between providers.

Initial assessment and engagement

R6. (1) The Job Seeker Classification Instrument should be re-calibrated when the labour market changes substantially, in order to ensure that it takes due account of the proportion of job seekers who are likely to face major barriers in finding work.

(2) All Job Capacity Assessments should be made by a person with expertise that is relevant to the particular job seeker's circumstances, except in narrowly specified circumstances.

R7. (1) Centrelink should strengthen its processes for ensuring that job seekers understand their obligations and rights in relation to appointments with their provider, and that Vulnerability Indicators (VIs) are applied to appropriate job seekers before referral to a provider.

(2) Centrelink should also seek to ensure that job seekers who may be especially difficult to contact because of homelessness, mental health problems, language difficulties, remoteness etc are urged to designate an appropriate contact person who may be able to help Centrelink and their provider to contact the job seeker.

(3) If further and significant improvements are not achieved in attendance rates at initial appointments with providers, consideration should be given to targeted changes in the sanction for a Connection Failure (see R.14 below).

R8. (1) Providers should be encouraged not to be highly prescriptive in Employment Pathway Plans until they have fully explored the job seeker's circumstances and needs (especially for job seekers in Stream 4).

(2) Employment Pathway Plans should distinguish very clearly between those requirements which are generic and those which are specific to the particular job seeker.

Participation Reports

R9. (1) Members of Centrelink's Participation Solutions Teams (PSTs) should not be under undue pressure to finalise consideration of Participation Reports (PRs) without adequate investigation; in particular, they should not have to finalise consideration prior to re-engaging the job seeker with the provider.

(2) In order to strengthen lines of communication about Participation Reports, each provider in an area should be given the name of a person within the PST office in that area who has been designated as the specific liaison person for that provider.

R10. (1) Except in specified circumstances, PST members should discuss with the provider any PR which is being considered for rejection due to inadequate notification of the requirement, an inappropriate requirement or the job seeker having a reasonable excuse.

(2) Providers should be required to ensure that their internal records and processes enable speedy and informed responses to inquiries by PSTs. This should include nominating a senior staff member with whom Centrelink can liaise directly.

R11. (1) Centrelink should ensure that adequate details of the reasons for a decision in relation to a PR are made available to both the job seeker and the provider.

(2) Where a PR has been rejected due to inadequate notification, an inappropriate requirement or the job seeker having a reasonable excuse, providers should be entitled to discuss the reasons directly with the decision-maker, their designated liaison officer in the closest PST office, or via the PST hotline for providers.

R12. (1) Where possible, the usual postal notification to job seekers that a financial sanction has been imposed on them should be supplemented by notification by telephone, text or email. The notification should include a very clear and specific indication of the nature and timing of the sanction, and what can be done to avert or minimise it.

(2) Where a contact person has been designated by the job seeker (see R. 7 above) the notification should be provided to that person as well as to the job seeker.

R13. (1) In addition to their current system of internal reviews, Centrelink and DEEWR should engage an independent expert to conduct an Annual Review of a random sample of Participation Reports in certain categories in order to identify any systemic problems in the processes and criteria for submission and determination of such Reports.

(2) The proposed scope of each Annual Review, and its subsequent results, should be made publicly available.

Connection and Reconnection Failures

R14. (1) If further and significant improvements are not achieved within the next 12 months or so in job seekers' attendance rates at appointments with providers, consideration should be given to Centrelink having a discretion in specified circumstances to suspend payment as the result of a Connection Failure.

(2) This discretion should be exercisable where

- the job seeker is in Stream 1 or 2 and is not the subject of a Vulnerability Indicator; and
- the missed appointment had been agreed with the job seeker by Centrelink (for example, as the result of a Contact Request by the provider).

(3) The suspension could be for, say, fourteen days subject to payment being restored with full back pay if the job seeker agrees to a new appointment for a date earlier than the end of the suspension period.

R15. (1) The loss of payments for a Reconnection Failure should commence from the date on which the failure is imposed, not the date of the failure itself.

(2) Any losses of payment exceeding fourteen days should be repaid if the job seeker undertakes a Compliance Activity for the number of days in question, or is in financial hardship, on terms analogous to those applying to waiver of penalties for Serious Failures.

No Show, No Pay Failures

R16. Providers and external organisations involved in conducting activities for job seekers should be given clear and practical information about the requirements for recording and reporting attendance.

R17. The sanction for a first No Show, No Pay Failure should be the same as for a Connection Failure, and the sanctions for subsequent No Show, No Pay Failures relating to the same activity should be the same as for a Reconnection Failure.

Comprehensive Compliance Assessments and Serious Failures

R18. Comprehensive Compliance Assessments should be triggered automatically by three participation failures of any type.

R19. (1) High priority should be given to ensuring adequate resources are available for Comprehensive Compliance Assessments to be conducted promptly and thoroughly by appropriately qualified Centrelink staff.

(2) This should include ensuring that assessments involve a face-to-face discussion with the job seeker and, in general, a discussion with the provider.

(3) DEEWR contract managers should give special attention to providers' follow up on the information and recommendations which the providers receive from Comprehensive Compliance Assessments,

R20. (1) Detailed research should be conducted into the reasons why some job seekers who incur a Serious Failure either do not opt to undertake a Compliance Activity or withdraw from that activity prior to completion of the required period.

(2) Depending on the results of the research, consideration should be given to improving the availability of appropriate Compliance Activities and of assistance for job seekers to access them; and to reinstating the loss of payment period if a job seeker ceases attending the Compliance Activity without reasonable excuse.

R21. The limits on eligibility for waiver of a Serious Failure on the ground of financial hardship should be reviewed regularly, especially in relation to liquid assets, to ensure that they are fair and keep pace with changes in the cost of living.

Intensive Reviews and Case Conferences

R22. Where two or more Participation Reports in relation to a job seeker have been rejected within the previous six months and a PST member proposes to reject a further report, he or she must discuss it with the provider by telephone or in person and then refer it for final decision by a designated senior PST member.

R23. (1) A special Case Conference should be held where five or more Participation Reports (whether or not leading to imposition of a failure) have been submitted within the previous twelve months in relation to a job seeker but no Comprehensive Compliance Assessment has been undertaken.

(2) The Case Conference should be convened by a Centrelink officer who also conducts Comprehensive Compliance Assessments, and it should be attended by the job seeker and a senior representative of the provider.

(3) The purpose of the Case Conference should be to assess whether the job seeker needs further assistance to achieve compliance or should be subject to different participation requirements. Where appropriate, more stringent investigation or oversight should be agreed by Centrelink and the provider (including, for example, more frequent attendance by the job seeker at Personal Contact Interviews with Centrelink).

(4) The Case Conference should also consider whether the job seeker's compliance with the Activity Test is sufficient to establish continuing eligibility for the participation payment.

Job seekers in remote areas

R24. A special review should be undertaken of the operation of the JSA and compliance systems in remote areas, focusing on issues such as the impacts of competition between providers, the conduct of assessments by telephone, the shortage of training and employment opportunities, and the provision of exemptions or rejection of Serious Failures due to problems of remoteness.

Publication of statistics

R25. (1) DEEWR and Centrelink should ensure prompt publication of quarterly statistics about the operation of the compliance system.

(2) The statistics should include, at least, quarterly updates to the information which is provided in the Statistical Annex to this report.