

Guideline:

Targeted Compliance Framework: Mutual Obligation Failures

The Targeted Compliance Framework (TCF) is designed to target financial penalties towards only those Participants who persistently commit Mutual Obligation Failures without a Valid Reason or Reasonable Excuse, while providing protections for the most vulnerable. It is designed to encourage Participants to engage with their employment services provider (Provider), take personal responsibility for managing and meeting their Mutual Obligation Requirements, and actively look for work.

Participants commit Mutual Obligation Failures when they fail to comply with any one of a range of particular requirements specified in the Social Security Law. Broadly speaking, these requirements include, among other things:

- entering into a Job Plan;
- attending appointments, and participating in activities;
- acting appropriately during those appointments and while participating in those activities;
- undertaking adequate Job Searches, where required by their Job Plan;
- attending job interviews; and
- acting on job opportunities when requested to do so by their Provider.

If a Participant persistently commits Mutual Obligation Failures, they progress through the compliance framework. The Participant may eventually incur financial penalties after they:

- have participated in a Capability Interview with their Provider, and a Capability Assessment with Services Australia, to ensure that the Mutual Obligation Requirements specified in their Job Plan are appropriate for their personal circumstances and that they are capable of meeting them; and
- have continued to commit Mutual Obligation Failures.

That Participant may also face financial penalties if, at any time, they commit a Work Refusal Failure or an Unemployment Failure. See the Work Refusal Failures and Unemployment Failures Guideline for more information.

Version: 2.0

Published on: 30 October 2019

Effective from: 2 December 2019

Changes from the previous version (Version 1.2)

Policy changes:

Nil

Wording changes:

This guideline has been restructured and rewritten for clarity, accuracy, consistency with the jobactive Deed, ParentsNext Deed and Social Security Law, and comprehensiveness.

References to the 'Department of Human Services (DHS)' have been updated to 'Services Australia'.

References to 'job seeker' have been updated to 'Participant'.

A full document history is available on the Provider Portal.

Related documents and references

jobactive

Job Plan and Setting Mutual Obligation
Requirements Guideline

Capability Assessment Guideline

Capability Interview Guideline

Work Refusal Failures and Unemployment Failures
Guideline

ParentsNext

Capability Assessment Guideline

Capability Interview Guideline

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1. Interpretation

Unless otherwise specified:

- all references in this Guideline to:
 - a 'Participant' are references to a 'Fully Eligible Participant (Mutual Obligation)' as defined in the jobactive Deed 2015–2022 or a 'Compulsory Participant' as defined in the ParentsNext Deed 2018–2021, as relevant;
 - a 'Job Plan' are references to a 'Job Plan' as defined in the jobactive Deed 2015–2022 or a 'Participation Plan' as defined in the ParentsNext Deed 2018–2021, as relevant;
 - '3 active months' are, broadly speaking, references to 91 days, but prolonged for the time the Participant is in a penalty period or has an Exemption (up to a maximum of 12 months); and
 - '6 active months' are, broadly speaking, references to 182 days, but prolonged for the time the Participant is in a penalty period or has an Exemption (up to a maximum of 12 months); and
- capitalised terms in this Guideline have the meaning given to them in the jobactive Deed 2015–2022 or the ParentsNext Deed 2018–2021, as relevant.

2. The Targeted Compliance Framework (TCF)

Providers' main obligations relating to the Targeted Compliance Framework (TCF) are set out in Chapter B3 of the jobactive Deed 2015–2022 or Chapter B3 of the ParentsNext Deed 2018–2021, as relevant. One of the key obligations is that Providers must actively monitor and record each Participant's compliance against their Mutual Obligation Requirements (see section B3.1 in the jobactive Deed 2015–2022 or the ParentsNext Deed 2018–2021, as relevant). This includes recording compliance against requirements that, if not complied with, would result in a Mutual Obligation Failure, Work Refusal Failure or Unemployment Failure for jobactive Participants, or a Mutual Obligation Failure for ParentsNext Participants.

For more information on the meaning of the term 'Mutual Obligation Failure', see section 3 below. For more information on Work Refusal Failures and Unemployment Failures, see the Targeted Compliance Framework: Work Refusal and Unemployment Failures Guideline.

In summary, a Participant's Income Support Payment potentially may be:

- suspended, reduced and/or cancelled—if they commit a Mutual Obligation Failure (see section Committing Mutual Obligation Failures in this document);
- suspended and/or cancelled if they commit a Work Refusal Failure (that is, they refuse or fail to accept an offer of suitable employment, subject to certain exceptions); and/or
- cancelled if they commit an Unemployment Failure (that is, they become unemployed as a result of a voluntary act or misconduct, subject to certain exceptions).

Note that, if a Participant's Income Support Payment is cancelled, the Participant must serve a four-week preclusion period before they may be paid again (after reapplying for income support).

A key principle of the TCF is personal responsibility. Participants are held personally responsible for managing, meeting and reporting on their Mutual Obligation Requirements each fortnight in return for their Income Support Payment. This means that Participants are responsible for:

- meeting their Mutual Obligation Requirements, including those set out in their Job Plan;
- self-reporting participation against their Mutual Obligation Requirements as they are scheduling in their Electronic Calendar—when they are found to be reasonably capable of doing so; and
- looking for work and reporting their Job Searches on time each month—when required to do so.

The three zones

The TCF comprises three zones for Participants: the Green Zone, the Warning Zone and the Penalty Zone. The key things that influence whether a Participant moves from one zone to another are:

- whether they accrue a Demerit. See Attachment A for information on the circumstances in which a Participant will accrue a Demerit. Broadly speaking, it is intended that a Participant will accrue a Demerit when they commit a Mutual Obligation Failure without a Valid Reason;
- how many Demerits they accrue in a particular time period;
- the types of Mutual Obligation Failures that lead to the accrual of the Demerits; and
- the outcomes of any Capability Interview or Capability Assessment that the Participant participates in. See the Capability Interview Guideline and the Capability Assessment Guideline for more information on Capability Interviews or Capability Assessments.

Each of the three zones are described in further detail below.

For a diagram illustrating the three zones in the TCF, see Attachment B.

The Green Zone

All Participants begin in the Green Zone. As long as they do not commit any Mutual Obligation Failures without a Valid Reason, they will remain in this zone.

The Warning Zone

Moving into the Warning Zone helps to reinforce the importance of meeting Mutual Obligation Requirements and discourages Participants from committing any further Mutual Obligation Failures.

When a Participant in the Green Zone accrues a Demerit, they move into the Warning Zone. Each Demerit has a lifespan of 6 active months, after which they are automatically removed by the Department's IT Systems.

In some circumstances (discussed below), when a Participant is in the Warning Zone, the Provider must conduct a Capability Interview with the Participant. The Provider must do this when the Department's IT Systems specify that the Participant's

Reconnection Requirement is a Capability Interview (the timing of when this occurs is discussed below). Note that the Department's IT Systems refer to a Reconnection Requirement as a 're-engagement requirement'.

As discussed further below, the outcome of a Capability Interview determines whether the Participant will remain in the Warning Zone or will go back to the Green Zone with their Demerits reset to zero. The purpose of a Capability Interview is to determine whether a Participant's Job Plan is suitable for the Participant, and to provide an additional opportunity for the Participant to disclose information that may be affecting their capacity to comply with their Mutual Obligation Requirements. A Job Plan will be suitable for a Participant if the Mutual Obligation Requirements specified in the Participant's Job Plan are appropriate for their individual circumstances and the Participant is capable of meeting them.

Broadly speaking, the Department's IT Systems will specify that the Participant's Reconnection Requirement is a Capability Interview when the Participant has, in 6 active months, incurred three Demerits or a Demerit for a 'fast-track' Mutual Obligation Failure. A fast-track Mutual Obligation Failure is one of the following:

- acting in a manner that could result in an offer of employment not being made to the Participant;
- failing to attend a job interview; or
- failing to act on a Job Referral.

Note that, if a Participant has less than three Demerits when they incur a Demerit for a fast-track Mutual Obligation Failure, the Department's IT Systems will automatically increase the number of Demerits to three.

In practice, fast-track Mutual Obligation Failures do not apply in ParentsNext because ParentsNext Participants do not have obligations related to finding work.

A factor that influences whether a Provider must conduct a Capability Interview in the circumstances described above is the outcome of any Capability Interview or Capability Assessment that has been conducted in relation to the Participant in the last 60 days.

Providers' main obligations regarding Capability Interviews are set out in clauses 114.7, 114.8 and 114.9 of the jobactive Deed or clauses 97.1, 97.2 and 97.3 of the ParentsNext Deed, as relevant. See also the Capability Interview Guideline for more information.

The Department's IT System will determine whether the Participant will remain in the Warning Zone, or go back to the Green Zone with their Demerits reset to zero. This is based on the information that the Provider records in the Department's IT Systems regarding the outcome of the Capability Interview. It is intended that, if the result of the Capability Interview is that:

- the Participant's Job Plan is not suitable for the Participant (i.e. the Mutual Obligation Requirements specified in the Participant's Job Plan are not appropriate for their circumstances, and/or the Participant is not capable of meeting them), the Participant will go back to the Green Zone with their Demerits reset to zero; or

- the Participant's Job Plan is suitable for the Participant (i.e. the Mutual Obligation Requirements specified in the Participant's Job Plan are appropriate for their circumstances and the Participant is capable of meeting them), the Participant will continue in the Warning Zone with their confirmed Demerits.

In some circumstances (discussed below), when a Participant is in the Warning Zone, Services Australia will conduct a Capability Assessment with the Participant. The Department's IT System will notify the Provider when this will occur.

(Deed references: jobactive Deed 2015–2022 clauses 114.7, 114.8 and 114.9; ParentsNext Deed 2018–2021 clauses 97.1, 97.2 and 97.3)

The Penalty Zone

There are a number of criteria that must be satisfied before a Participant will enter the Penalty Zone. The first is that the Participant has attended a Capability Interview and the outcome of that Capability Interview is that the Participant's Job Plan is suitable for the Participant.

The second criterion that must be satisfied before a Participant will enter the Penalty Zone is that the Participant has incurred five Demerits in 6 active months. When this occurs, the Services Australia will arrange for the Participant to attend a Capability Assessment with Services Australia. Note that, if a Participant has three or four Demerits when they incur a Demerit for a fast-track Mutual Obligation Failure (discussed above), the Department's IT Systems will automatically increase the Participant's total number of Demerits to five.

The final criterion is that the outcome of the Capability Assessment is that the Participant's Job Plan is suitable for the Participant. This means that the outcome of a Capability Assessment determines whether the Participant will enter the Penalty Zone or will go back to the Green Zone with their Demerits reset to zero.

The Capability Assessment has the same goals as the Capability Interview: to assess whether a Participant's Job Plan is suitable for the Participant (i.e. whether the Mutual Obligation Requirements specified in the Participant's Job Plan are appropriate for their circumstances and whether the Participant is capable of meeting them).

The Department's IT System will determine whether the Participant will enter the Penalty Zone or will go back to the Green Zone with their Demerits reset to zero. It does this based on the information that Services Australia records in the Department's IT Systems regarding the outcome of the Capability Assessment. It is intended that, if the result of the Capability Assessment is that:

- the Participant's Job Plan is not suitable for the Participant (i.e. the Mutual Obligation Requirements specified in the Participant's Job Plan are not appropriate for their circumstances, and/or the Participant is not capable of meeting them), the Participant will go back to the Green Zone with their Demerits reset to zero; or
- the Participant's Job Plan is suitable for the Participant (i.e. the Mutual Obligation Requirements specified in the Participant's Job Plan are appropriate for their circumstances and the Participant is capable of meeting them), the Participant will enter the Penalty Zone.

Broadly speaking, it is intended that a Participant in the Penalty Zone will incur the following financial penalties in succession if they continue to commit Mutual Obligation Failures:

- first Mutual Obligation Failure without a Reasonable Excuse in the Penalty Zone—loss of one week’s Income Support Payment
- second Mutual Obligation Failure without a Reasonable Excuse in the Penalty Zone—loss of two weeks’ Income Support Payment
- third Mutual Obligation Failure without a Reasonable Excuse in the Penalty Zone—Income Support Payment is cancelled, and the Participant must serve a four-week preclusion period before they may be paid again (after reapplying for income support). The preclusion period referred to here is called a ‘post-cancellation non-payment period’ in the relevant legislation.

Once a Participant’s Income Support Payment has been cancelled, the Participant must reapply for income support—they will not automatically receive an Income Support Payment again once the four-week preclusion period has ended. If a Participant has had their Income Support Payment cancelled, but they return to payment within 3 active months of cancellation, they will return to the beginning of the Penalty Zone. In other words, their next Mutual Obligation Failure without a Reasonable Excuse (committed within 3 active months after cancellation) would result in another loss of one week’s payment.

It is intended that a Participant in the Penalty Zone will return to the Green Zone if they do not commit any further Mutual Obligation Failures for 3 active months. The potential to return to the Green Zone through demonstrating compliance provides a further incentive for Participants to change their behaviour and meet their Mutual Obligation Requirements.

Note that, although Participants can incur financial penalties while they are in the Penalty Zone (as discussed above), they do not accrue further Demerits.

Recording participation by close of business

Providers have an obligation to record Engagements in each Participant’s Electronic Calendar (see clause 83A of the jobactive Deed or clause 71 of the ParentsNext Deed, as relevant). The types of Engagements that must be recorded include all Mutual Obligation Requirements.

Providers also have an obligation to confirm or record participation against each Mutual Obligation Requirement scheduled in a Participant’s Electronic Calendar. This must be done no later than close of business on the day that the Mutual Obligation Requirement is scheduled to occur in the Participant’s Electronic Calendar (see clause 106A of the jobactive Deed or clause 88 of the ParentsNext Deed, as relevant).

If no result is recorded by close of business—either by the Provider or by the Participant—the Department’s IT systems will automatically suspend the Participant’s Income Support Payment.

Although a Participant does not necessarily accrue a Demerit for failing to record their participation against a Mutual Obligation Requirement, they may potentially

accrue a Demerit if they did not attend or participate in the Mutual Obligation Requirement, including if they failed to give prior notice of their inability to meet the requirement when it was reasonable to expect them to do so. See Attachment A for information on the circumstances in which a Participant will accrue a Demerit.

(Deed references: jobactive Deed 2015–2022 clause 83A, 106A; ParentsNext Deed 2018–2021 clauses 71, 88)

Self-reporting participation

Providers must assess whether each individual Participant is capable of taking personal responsibility for self-reporting participation against all the Mutual Obligation Requirements in their Job Plan (see clause 106A.1 of the jobactive Deed or clause 88.1 of the ParentsNext Deed, as relevant).

If the Provider assesses that a Participant is not capable of self-reporting as referred to above, it is the Provider's responsibility to record the Participant's participation against each of the Mutual Obligation Requirements scheduled in their Electronic Calendar (see clause 106A.2 of the jobactive Deed or clause 88.2 of the ParentsNext Deed, as relevant). Providers are encouraged to work with Participants assessed as not capable of self-reporting to help them build the required skills to be able to self-report their participation against each of the Mutual Obligation Requirements scheduled in their Electronic Calendar.

If the Provider assesses that a Participant is capable of self-reporting as referred to above, the Provider must confirm with the Participant that they understand that this means:

- the Participant must record their participation against each of the Mutual Obligation Requirements scheduled in their Electronic Calendar themselves—either on the jobactive website, or by using the Job Seeker App; and
- if the Participant does not do this, their Income Support Payment will be suspended until they contact their Provider to discuss.

For information on how Providers must assess whether each individual Participant is capable of taking personal responsibility for self-reporting participation against all the Mutual Obligation Requirements in their Job Plan, refer to the Job Plan and Scheduling Mutual Obligation Requirements Guideline on the Provider Portal.

(Deed references: jobactive Deed 2015–2022 clauses 106A.1, 106A.2; ParentsNext Deed 2018–2021 clauses 88.1, 88.2)

3. Committing Mutual Obligation Failures

The term 'Mutual Obligation Failure' is defined in the Deeds by reference to the meaning of that term in the *Social Security (Administration) Act 1999* (see the definition of 'mutual obligation failure' in section 42AC of that Act). In summary, this means that a Participant will commit a Mutual Obligation Failure if they:

- fail to enter into a Job Plan;
- fail to attend, or to be punctual for, an appointment that they are required to attend under their Job Plan;
- fail to attend, to be punctual for, or to participate in, an activity that they are required to undertake under their Job Plan;

- fail to undertake adequate Job Searches;
- fail to comply with any other requirement in their Job Plan;
- acted in an inappropriate manner:
 - during an appointment that they are required to attend under their Job Plan; or
 - while participating in an activity that they are required to undertake under their Job Plan;
- intentionally act in a manner that could result in an offer of employment not being made to the person;
- fail to:
 - attend a job interview; or
 - act on a job opportunity when requested to do so by their Provider.

Fast-track Mutual Obligation Failures

Particular types of Mutual Obligation Failures are referred to as ‘fast-track’ Mutual Obligations Failures because they can result in a Participant having a Capability Interview or Capability Assessment more quickly than would otherwise be the case. See The Warning Zone section of this Guideline for more information on ‘fast-track’ Mutual Obligations Failures.

Prior notice and Acceptable Reasons

A Participant may notify the Provider, before the start time scheduled for a Mutual Obligation Requirement, that they are unable to comply with their Mutual Obligation Requirement. Providers must then assess whether the Participant’s reason for being unable to comply with the Mutual Obligation Requirement is an Acceptable Reason. If the Provider is satisfied that the Participant has an Acceptable Reason for being unable to comply with the Mutual Obligation Requirement, they have an obligation to reschedule or remove the Mutual Obligation Requirement from the Electronic Calendar. See clause 106B.1 of the jobactive Deed or clause 89.1 of the ParentsNext Deed, as relevant, together with the definition of ‘Acceptable Reason’ in Annexure A1 in the relevant Deed.

For the purposes of the above, the Provider must determine that a Participant has an Acceptable Reason for being unable to satisfy a Mutual Obligation Requirement if:

- the Participant notified the Provider, before the start time scheduled for a Mutual Obligation Requirement, that the Participant is unable to satisfy the Mutual Obligation Requirement; and
- the Provider is satisfied that the Participant has a Valid Reason for being unable to satisfy the Mutual Obligation Requirement.

A Provider must determine that the Participant has a Valid Reason for a Mutual Obligation Failure when they are satisfied that the reason the Participant provides:

- would directly prevent the Participant from meeting the Mutual Obligation Requirement at the time that the Mutual Obligation Requirement is scheduled to occur;

- would be considered to be reasonable by a member of the general public; and
- aligns with the Participant's personal circumstances as known by the Provider.

However, note the exception to the above discussed below in the Drug and alcohol dependency or misuse section of this Guideline.

Where a Provider has an obligation to reschedule or remove a Mutual Obligation Requirement under clause 106B.1 of the jobactive Deed or clause 89.1 of the ParentsNext Deed, the Provider must select 'No Longer Required' or 'Rescheduled' (as appropriate) in relation to the Mutual Obligation Requirement in the Participant's Electronic Calendar. This will either remove the Mutual Obligation Requirement from the Participant's Electronic Calendar or allow the Mutual Obligation Requirement to be re-scheduled in the Participant's Electronic Calendar.

Despite the above, the Provider must select 'No Longer Required' in relation to the Mutual Obligation Requirement in the Participant's Electronic Calendar if the Mutual Obligation Requirement in question is a requirement to undertake Job Searches or a requirement to attend a job interview or act on a job opportunity.

If the Provider selects 'No Longer Required' or 'Rescheduled' in relation to a Mutual Obligation Requirement in the Participant's Electronic Calendar as referred to above, the Provider must also select a description of the relevant Valid Reason from the drop-down menu that will appear. In selecting a Valid Reason option from the drop-down menu, the Provider must select the option that is most similar to the Participant's Valid Reason as they described it to the Provider. The Provider must not use the options in the drop-down menus to prompt or elicit responses from the Participant.

If the Provider is not satisfied that the Participant has a Valid Reason for being unable to satisfy the Mutual Obligation Requirement, the Provider must tell the Participant why. The Provider must then remind the Participant that they are still expected to meet the Mutual Obligation Requirement and must remind them about the consequences of non-compliance.

A full list of these drop-down menu options can be found at Attachment C.

(Deed references: jobactive Deed 2015–2022 clause 106B.1; ParentsNext Deed 2018–2021 clause 89.1; definition of 'Acceptable Reason' in Annexure A1 in the relevant Deed)

Misconduct—Acting in an inappropriate manner

Particular types of Mutual Obligations Failures are referred to as 'misconduct' in the Department's IT Systems. The circumstances in which the Provider must select 'misconduct' are described below in the When the Participant does not have a Valid Reason section of this Guideline.

Misconduct refers to:

- inappropriate behaviour by the Participant:
 - during an appointment that they are required to attend under their Job Plan; or
 - while participating in an activity that they are required to undertake under their Job Plan; or

- behaviour by a Participant, during a job interview, that could result in an offer of employment not being made to the Participant.

A Provider must determine that a Participant's behaviour involved 'misconduct' in the circumstances described above when the Participant's behaviour during the relevant appointment, activity or job interview:

- was within the Participant's control;
- prevented the purpose of the relevant appointment, activity or job interview from being met; and
- would be judged by a reasonable person as being inappropriate in the circumstances.

This behaviour may include:

- dressing in a way that is clearly inappropriate for the relevant appointment, activity or job interview;
- using offensive language during the relevant appointment, activity or job interview;
- showing an obvious lack of interest in the relevant appointment, activity or job interview;
- exaggerating the severity of an existing injury or illness to avoid fully participating in the relevant appointment, activity or job interview; and/or
- leaving the relevant appointment, activity or job interview before its completion.

Behaviour that appears to be inappropriate but is out of the Participant's control must not be determined by a Provider to be misconduct. For example, a Participant may act in an inappropriate manner because they:

- do not have appropriate clothes to wear to the relevant appointment, activity or job interview;
- are affected by a major personal crisis; or
- are affected by a medical condition.

When a Participant commits a Mutual Obligation Failure

When a Participant commits a Mutual Obligation Failure, it is intended that there are a few immediate ramifications: their Income Support Payment is suspended and they also accrue a Demerit if they do not have a Valid Reason. See Attachment A for information on the circumstances in which:

- a Participant's Income Support Payment is suspended;
- the suspension of a Participant's Income Support Payment is lifted; and
- a Participant will accrue a Demerit.

Payment suspension

The suspension of a Participant's Income Support Payment is intended to encourage the Participant to re-engage with their Provider. Suspension occurs prior to any assessment of Valid Reason and is generally maintained until the Participant re-engages (i.e. meets a Reconnection Requirement), even if they subsequently

provide a Valid Reason for the relevant Mutual Obligation Failure. The exceptions to this are where:

- the Participant has a Valid Reason for not being able to meet a Reconnection Requirement within two Business Days following the day of the contact between the Participant and their Provider to discuss the relevant Mutual Obligation Failure;
- the Reconnection Requirement is to attend an appointment or activity, and no appointment or activity is available within the two Business Day timeframe referred to above; or
- re-engagement is no longer appropriate.

These exceptions are discussed below in the Reconnection Requirements section of this Guideline.

When the Participant's Income Support Payment is suspended, the Department's IT System sends them a payment suspension notification to notify them:

- that their Income Support Payment is suspended;
- why their Income Support Payment is suspended;
- what they must do to lift the Income Support Payment suspension; and
- to contact their Provider as soon as possible.

The automatic notification described above only occurs if the Participant has SMS or e-mail details recorded in the Department's IT Systems for automatic notification. If the Participant does not have SMS or e-mail details recorded in the Department's IT Systems for automated notification, the Provider must send the notice prepared by the Department's IT Systems in response to the Mutual Obligation Failure to the Participant's postal address. See clauses 114.2(a)(iii), 114.5(a)(ii) and 115.4(a)(ii) of the jobactive Deed or clause 96.5(a)(ii) of the ParentsNext Deed, as relevant.

A Participant's Income Support Payment will normally remain suspended until they meet a Reconnection Requirement. However, failure to comply with a Reconnection Requirement within four weeks of notification will usually result in Services Australia cancelling the Participant's Income Support Payment. For more information on Reconnection Requirements, see the Reconnection Requirements section in this document.

(Deed references: jobactive Deed 2015–2022 clauses 114.2(a)(iii), 114.5(a)(ii), 115.4(a)(ii); ParentsNext Deed 2018–2021 clause 96.5(a)(ii))

Participant contact

In most cases, if the Provider becomes aware that a Participant has apparently committed a Mutual Obligation Failure, the Provider must attempt to contact the Participant on the same Business Day on which the Provider becomes aware of the apparent Mutual Obligation Failure. If there is contact between the Provider and the Participant on that day, the Provider must:

- discuss the circumstances of the apparent Mutual Obligation Failure so that the Provider can determine whether a Mutual Obligation Failure has actually been committed; and

- if the Provider considers that a Mutual Obligation Failure has been committed:
 - discuss the Participant's reasons for the Mutual Obligation Failure, and assess whether the Participant has a Valid Reason; and
 - set an appropriate Reconnection Requirement for the Participant (regardless of whether the Participant has a Valid Reason, since having a Valid Reason only determines whether or not they incur a Demerit); or
- if the Provider considers that a Mutual Obligation Failure has not been committed, not take any further action.

See clause 114 of the jobactive Deed or clause 96 of the ParentsNext Deed, as relevant.

For more information on Valid Reasons, see the Assessing Valid Reasons section in this document.

For more information on Reconnection Requirements, see the Reconnection Requirements section in this document.

(Deed references: jobactive Deed 2015–2022 clause 114; ParentsNext Deed 2018–2021 clause 96)

Contact attempt not required

The Provider is not required to attempt to contact the Participant if the Mutual Obligation Failure has occurred because the Participant:

- failed to self-report the required number of Job Searches by the end of a Job Search Period (this does not apply to participants in ParentsNext); or
- refused to enter into a Job Plan.

See clause 114.2 of the jobactive Deed or clause 96.2 of the ParentsNext Deed, as relevant.

In these instances, the Provider should wait for the Participant to make contact. However, as specified in the Deed clauses referred to above, once the Participant has made contact the Provider must schedule a date and time for a Reconnection Requirement to occur, among other things.

(Deed references: jobactive Deed 2015–2022 clause 114.2; ParentsNext Deed 2018–2021 clause 96.2)

Contact attempt not successful

As discussed above, in most cases, the Provider has an obligation to attempt to contact the Participant on the same Business Day on which the Provider becomes aware of an apparent Mutual Obligation Failure. When the Provider attempts to contact the Participant in accordance with that obligation and the attempt is not successful, the Provider must:

- select 'Did Not Attend—Invalid' in relation to the relevant Mutual Obligation Requirement in the Participant's Electronic Calendar. Doing so will suspend the Participant's Income Support Payment and will:
 - create a pending Demerit on the Participant's record if the Participant is in the Warning Zone; or
 - create a pending Non-Compliance Report on the Participant's record if the Participant is in the Penalty Zone; and

- comply with clause 114.5 of the jobactive Deed or clause 96.5 of the ParentsNext Deed, as relevant. This means that the Provider must set Reconnection Requirement, among other things.

(Deed references: jobactive Deed 2015–2022 clause 114.5; ParentsNext Deed 2018–2021 clause 96.5)

Assessing Valid Reasons

Providers have obligations to assess whether a Participant has a Valid Reason for a Mutual Obligation Failure in a number of specific circumstances (see clauses 114.4, 114.6 and 114.11 of the jobactive Deed or clauses 96.4 and 96.6 of the ParentsNext Deed, as relevant). It is intended that:

- if the Participant has a Valid Reason for a Mutual Obligation Failure, any Demerit on their record relating to that Mutual Obligation Failure will be removed; or
- if the Participant does not have a Valid Reason, the Demerit will be confirmed.

See Attachment A for information on the circumstances in which:

- a Demerit (pending confirmation) will be put on a Participant's record; and
- a Demerit (pending confirmation) will be confirmed or removed from the Participant's record.

For the purposes of the above, a Provider must determine that the Participant has a Valid Reason for a Mutual Obligation Failure when they are satisfied that:

- the reason the Participant provided:
 - directly prevented the Participant from meeting the Mutual Obligation Requirement at the relevant time that the Mutual Obligation Failure occurred;
 - would be considered to be reasonable by a member of the general public; and
 - aligns with their personal circumstances as known by the Provider; and
- it would have been unreasonable to expect the Participant to give prior notice of their inability to meet the relevant Mutual Obligation Requirement.

However, note the exception to the above discussed below under the heading 'Drug and alcohol dependency or misuse'.

(Deed references: jobactive Deed 2015–2022 clauses 114.4, 114.6, 114.11; ParentsNext Deed 2018–2021 clauses 96.4, 96.6)

Drug and alcohol dependency or misuse

There are limits on the circumstances in which a Provider can determine that a Participant's drug or alcohol misuse or dependency is a Valid Reason for a Mutual Obligation Failure. Valid Reason determinations are discussed above in the Prior notice and Acceptable Reasons and Assessing Valid Reasons sections of this Guideline. Subject to what is stated in those sections, the first time a Participant cites drug or alcohol misuse or dependency as the reason they have committed a Mutual Obligation Failure, the Provider may determine that this is a Valid Reason. If the Participant does this, the Provider must identify and source an available and appropriate treatment program, and must encourage the Participant to participate

in that program. Participation in treatment services to address drug or alcohol misuse or dependency may reduce other Mutual Obligation Requirements. See the Managing and Monitoring Mutual Obligation Requirements Guideline for information on setting Mutual Obligation Requirements.

If a Participant cites drug or alcohol misuse or dependency as the reason they have committed a Mutual Obligation Failure, the Provider must not determine that this is a Valid Reason if:

- the Participant previously committed a Mutual Obligation Failure on or after 1 July 2018;
- the Provider determined that the Participant's drug or alcohol misuse or dependency was a Valid Reason for that previous Mutual Obligation Failure, so it did not result in a Demerit;
- as a result of the Mutual Obligation Failure, the Provider referred to Participant to treatment to address the drug or alcohol misuse or dependency; and
- the Participant refused or failed to participate in the treatment.

The Provider must not determine that drug or alcohol misuse or dependency is a Valid Reason in the circumstances described above, unless one of the following applies:

- the treatment that the Participant was referred to was not available or appropriate for the Participant;
- the Participant was genuinely unable to participate in the treatment;
- the Participant agreed to participate in the treatment but, despite taking all reasonable steps to commence the treatment, the treatment did not commence; or
- before the Participant was referred to the treatment, the Participant had:
 - completed the same type of treatment as the treatment they were referred to; or
 - completed treatment that was substantially similar to the treatment they were referred to;

and, in the opinion of an appropriately qualified medical professional, the Participant would not benefit from further treatment of the same kind as the type of treatment already completed by the person.

When the Participant has a Valid Reason

On the day that a Provider assesses whether a Participant has a Valid Reason for a Mutual Obligation Failure, they must select 'Did Not Attend—Valid' in relation to the relevant Mutual Obligation Requirement in the Participant's Electronic Calendar. When they do this, the Provider must also select a description of the relevant Valid Reason from a drop-down menu that will appear. In selecting a Valid Reason option, the Provider must select the option that is most similar to the Participant's Valid Reason as they described it to the Provider. The Provider must not use the options in the drop-down menus to prompt or elicit responses from the Participant. By recording a reason that is Valid, the Provider is removing the relevant Demerit from the Participant's record.

A full list of these drop-down menu options can be found at Attachment D. In the Department's IT Systems:

- 'reasons accepted' refers to reasons that the Provider determines are Valid Reasons; and
- 'reasons not accepted' refers to reasons that the Provider determines are not Valid Reasons.

When the Participant does not have a Valid Reason

On the day that the Provider determines that a Participant does not have a Valid Reason for failing to meet a Mutual Obligation Requirement, the Provider must record 'Did Not Attend—Invalid' or 'Misconduct' in relation to the relevant Mutual Obligation Requirement in the Participant's Electronic Calendar. When they do this, the Provider must also select a description of the Participant's reason that was not a Valid Reason from a drop-down menu that will appear. In selecting a reason option, the Provider must select the option that is most similar to the reason that the Participant gave as they described it to the Provider. By recording a reason that is not Valid, the Provider is confirming the relevant Demerit on the Participant's record.

A full list of these drop-down menu options can be found at Attachment D. In the Department's IT Systems:

- 'reasons accepted' refers to reasons that the Provider determines are Valid Reasons; and
- 'reasons not accepted' refers to reasons that the Provider determines are not Valid Reasons.

On the day that the Provider determines that a Participant does not have a Valid Reason for failing to meet a Mutual Obligation Requirement, the Provider must then explain to the Participant:

- why their given reason was not a Valid Reason and what the consequences of this are;
- that the Participant's Income Support Payment has been suspended as a result of a Mutual Obligation Failure;
- how this decision will be recorded on the Participant's Participation (Compliance) History and displayed on the Participant's Compliance Status Indicator on the online Dashboard;
- whether the Mutual Obligation Failure is considered a 'fast-track' Mutual Obligation Failure and, if so, what that means and what the next steps are;
- the number of Demerits the Participant has accrued so far;
- the importance of meeting all Mutual Obligation Requirements;
- the consequences of persistent non-compliance, including financial penalties and Income Support Payment cancellation;
- that the Participant must meet a Reconnection Requirement to have their Income Support Payment suspension lifted; and
- what and when the Participant's Reconnection Requirement will be.

By reinforcing the consequences of failing to meet Mutual Obligation Requirements, Participants are encouraged to meet their Mutual Obligation Requirements in the future and remain engaged with their Providers.

Manually removing Demerits

Providers have obligations to remove Demerits in certain circumstances. See clauses 114.11 and 114.12 of the jobactive Deed or clause 98 of the ParentsNext Deed, as relevant. If the Participant is in the Penalty Zone when the provider assesses that a Demerit should be removed in accordance with clause 114.11 of the jobactive Deed or clause 98 of the ParentsNext Deed, as relevant, the Provider should contact their Account Manager for advice before removing the Demerit.

When removing the Demerit, the Provider must record the reason for the removal in the Department's IT Systems. A full list of these drop-down menu options can be found at Attachment E.

(Deed references: jobactive Deed 2015–2022 clauses 114.11, 114.12; ParentsNext Deed 2018–2021 clause 98)

Participants cannot appeal Demerit decisions under Social Security Law

All Participants have the right to ask for a review of a decision made under Social Security Law, and, in most cases, appeal the decision to a court or tribunal. This includes decisions to suspend a Participant's Income Support Payment as a result of non-compliance and decisions made by Services Australia to reduce or cancel their Income Support Payment.

Demerit decisions are not decisions under Social Security Law and so Participants cannot appeal or ask for a formal review of any decision to confirm a Demerit using the same processes as those that apply for decisions under Social Security Law. However, Participants may dispute Demerit decisions.

Disputing a Demerit decision with the National Customer Service Line

If a Participant is dissatisfied with a Demerit decision, they must first discuss the decision with their Provider. If they still wish to dispute the decision after this discussion, they can contact the Department of Employment, Skills, Small and Family Business National Customer Service Line (NCSL).

By contacting the NCSL to dispute a Demerit decision, the Participant will in effect make a jobactive servicing-related complaint. If required and appropriate, Providers must action complaints that are referred back to them by the NCSL. This may include reviewing the Demerit decision-making process, any Valid Reason assessments, or information that has been recorded on the Department's IT Systems.

(Deed references: jobactive Deed 2015-2020 clause 114.12 and ParentsNext Deed 2018-2021 clause 98.2)

4. Reconnection Requirements

A Participant must generally meet a Reconnection Requirement following a Mutual Obligation Failure in order to have their Income Support Payment suspension lifted,

regardless of whether or not they had a Valid Reason for the Mutual Obligation Failure. See Attachment A for information on the circumstances in which:

- a Participant's Income Support Payment is suspended; and
- the suspension of a Participant's Income Support Payment is lifted.

'Reconnection Requirements' are referred to as 're-engagement requirements' in the Department's IT Systems.

Note that a Reconnection Requirement is a Mutual Obligation Requirement. This means that, among other things:

- the Provider must comply with clause 83A of the jobactive Deed or clause 71 of the ParentsNext Deed, as relevant, when recording Reconnection Requirements in a Participant's Electronic Calendar; and
- the Provider must comply with clause 106B of the jobactive Deed or clause 89 of the ParentsNext Deed, as relevant, in relation to rescheduling or removing a Reconnection Requirement from a Participant's Electronic Calendar.

(Deed references: jobactive Deed 2015–2022 clauses 83A, 106B; ParentsNext Deed 2018–2021 clauses 71, 89)

Setting a Reconnection Requirement

Providers have obligations to set Reconnection Requirements in certain circumstances following a Mutual Obligation Failure (see clauses 114.2(a)(ii), 114.4(b) and 114.5(a)(i) of the jobactive Deed or clauses 96.4(b) and 96.5(a)(i) of the ParentsNext Deed, as relevant). When setting a Reconnection Requirement, the Provider must follow the prompts in the Department's IT Systems and notify the Participant of the Reconnection Requirement. The Department's IT Systems will specify the type of Reconnection Requirement that the Provider must set for the purposes of complying with their Deed obligation referred to above.

Note that, when a Provider sets a Reconnection Requirement as discussed above, they are imposing a Reconnection Requirement for the purposes of subsection 42AM of the *Social Security (Administration) Act 1999*.

Providers have obligations to schedule Reconnection Requirements in the timeframes specified in this Guideline. See clauses 114.2(a)(ii) and 114.4(b) of the jobactive Deed, and clause 96.4(b) of the ParentsNext Deed. The Provider must schedule the Reconnection Requirement in the Participant's Electronic Calendar to occur within two Business Days following the day of the contact between the Participant and their Provider to discuss the relevant Mutual Obligation Failure. Exceptions to this two Business Day requirement are:

- the Department's IT Systems automatically sets the date and time of the Reconnection Requirement as discussed below under the heading 'Reconnection Requirements that have times and dates automatically set by the Department's IT Systems'; or
- the Participant has a Valid Reason for not being able to meet the Reconnection Requirement within the two Business Day timeframe as discussed below under the heading 'Valid Reason to not meet Reconnection Requirement within two Business Days'.

The aim of the two Business Day requirement is to try and ensure that a Participant's Income Support Payment is not suspended for more than two Business Days following contact with their Provider.

(Deed references: jobactive Deed 2015–2022 clauses 114.2(a)(ii), 114.4(b), 114.5(a)(i); ParentsNext Deed 2018–2021 clauses 96.4(b), 96.5(a)(i))

Multiple Mutual Obligation Failures before contact

When a Participant commits multiple Mutual Obligation Failures before there is a contact with their Provider to discuss those Mutual Obligation Failures:

- only one Reconnection Requirement can be set; and
- the Provider must advise Participants that they only have to meet one Reconnection Requirement.

Reconnection Requirements that have times and dates automatically set by the Department's IT Systems

For some Mutual Obligation Failures, the Department's IT Systems will automatically set the Reconnection Requirement, including recording its time and date in the Participant's Electronic Calendar. This happens when:

- in jobactive, the Participant has failed to self-report the required number of Job Searches by the end of their Job Search Period as referred to in clause 114.2(a) of the jobactive Deed; or
- the Participant has refused to enter into a Job Plan as referred to in clause 114.2(b) of the jobactive Deed or clause 96.2 of the ParentsNext Deed.

Where the Department's IT Systems automatically sets a Reconnection Requirement for a Participant as described above, the Provider does not need to do this (despite what is stated in clause 114 of the jobactive Deed and clause 96 of the ParentsNext Deed).

(Deed references: jobactive Deed 2015–2022 clause 114; ParentsNext Deed 2018–2021 clause 96)

Valid Reason to not meet Reconnection Requirement within two Business Days

When the Provider contacts the Participant to discuss the relevant Mutual Obligation Failure(s), they must consider whether the Participant has a Valid Reason for being unable to meet their Reconnection Requirement within two Business Days following that contact. If the Provider considers that the Participant does have such a Valid Reason, the Provider must select 'Unable to Re-engage Within two Business Days' on the Provider Re-engagement page in the Department's IT Systems. This will lift the Participant's Income Support Payment suspension and remove the need for a Reconnection Requirement.

For the purposes of the above, a Provider must determine that the Participant has a Valid Reason for being unable to meet their Reconnection Requirement within the two Business Days when they are satisfied that the reason the Participant is unable to do this:

- directly prevents the Participant from meeting meet their Reconnection Requirement within two Business Days following the contact with their Provider to discuss the relevant Mutual Obligation Failure(s);

- would be considered to be reasonable by a member of the general public; and
- aligns with the Participant's personal circumstances as known by the Provider.

If the Provider selects 'Unable to Re-engage Within two Business Days' as described above, the Provider must also select a description of the relevant Valid Reason from the drop-down menu that will appear. In selecting a Valid Reason option from the drop-down menu, the Provider must select the option that is most similar to the Participant's Valid Reason as they described it to the Provider. Providers must not use the options in the drop-down menus to prompt or elicit responses from the Participant.

A full list of these drop-down menu options can be found at Attachment F.

Provider not able to arrange or deliver the Reconnection Requirement within the two Business Day timeframe

In some circumstances, a Provider is not be able to arrange or deliver the Reconnection Requirement within two Business Days following the contact between the Participant and the Provider to discuss the relevant Mutual Obligation Failure(s). If that is the case, and only if that is the case, the Provider must select 'Re-engagement Not Required' on the provider Re-engagement page. This will lift the Participant's Income Support Payment suspension and remove the need for a Reconnection Requirement. When selecting 'Re-engagement Not Required' as described above, the Provider must also select a description of the relevant reason from the drop-down menu that will appear when they make that selection. In selecting a reason option from the drop-down menu, the Provider must select the option that is most similar to the actual reason.

A full list of these drop-down menu options can be found at Attachment G.

Compliance action no longer appropriate

Once a Participant's Reconnection Requirement has been set, unexpected circumstances may make it inappropriate to maintain their payment suspension and expect them to meet a Reconnection Requirement. If that is the case, the Provider must record 'Compliance action no longer appropriate' on the Provider Re-engagement page. This will lift the Participant's payment suspension and remove the need for a Reconnection Requirement.

When selecting 'Compliance action no longer appropriate' as described above, the Provider must also select a description of the relevant reason from the drop-down menu that will appear when they make that selection. In selecting a reason option from the drop-down menu, the Provider must select the option that is most similar to the actual reason.

A full list of these drop-down menu options can be found at Attachment H.

Failure to meet a Reconnection Requirement

If the Provider becomes aware that a Participant has failed to meet a Reconnection Requirement, the Provider must attempt to contact the Participant on the same Business Day. If the Provider:

- is not able to contact the Participant on that day, the Provider must select 'Did Not Attend—Invalid' in relation to the Reconnection Requirement in the Participant's Electronic Calendar. In this case, the Participant's Income Support Payment will remain suspended, and the Provider must reschedule the Reconnection Requirement; or
- is able to contact the Participant on that day, the Provider must discuss the Participant's reasons for not meeting the Reconnection Requirement and assess if the Participant had a Valid Reason.

For the purposes of the above, a Provider must determine that the Participant had a Valid Reason for being unable to meet their Reconnection Requirement when they are satisfied that the Participant's reason:

- directly prevented the Participant from meeting meet their Reconnection Requirement;
- would be considered to be reasonable by a member of the general public; and
- aligns with the Participant's personal circumstances as known by the Provider.

If the Participant had a Valid Reason, the Provider must select 'Did Not Attend—Valid' in relation to the Reconnection Requirement in the Participant's Electronic Calendar. If the Participant did not have a Valid Reason, the Provider must select 'Did Not Attend—Invalid' in relation to the Reconnection Requirement in the Participant's Electronic Calendar. In this case, the Participant's Income Support Payment will remain suspended, and the Provider must reschedule the Reconnection Requirement.

5. The Penalty Zone

As discussed in further detail above under the heading 'The Penalty Zone', the Department's IT System will determine whether the Participant will enter the Penalty Zone based on the information that Services Australia records in the Department's IT Systems regarding the outcome of a Capability Assessment.

Non-compliance reports

If a Participant is in the Penalty Zone, and the Provider records 'Did Not Attend—Invalid' or 'Misconduct' as discussed above under the heading 'When the Participant does not have a Valid Reason', the Department's IT System creates a non-compliance report and submits it to Services Australia for investigation, instead of recording a Demerit. As a result of the creation of a non-compliance report, the Participant's Income Support Payment will be suspended.

If a Participant is in the Penalty Zone, and the Provider records 'Did Not Attend—Valid' as discussed above under the heading 'When the Participant has a Valid Reason', any non-compliance report on their record relating to that Mutual Obligation Failure will be closed.

An open non-compliance report on a Participant's record will prevent the Participant from finalising their fortnightly reporting requirement, and it will prevent the Participant from receiving their Income Support Payment.

Summary of required Documentary Evidence

Depending on the Mutual Obligation Failure that the Participant has committed, in addition to the evidence recorded in the Department's IT Systems, the Provider must retain the following Documentary Evidence:

- where the Mutual Obligation Failure is a failure to attend a job interview or act on a job opportunity, a copy of the prior notification of the requirement to attend the job interview or act on the job opportunity;
- where the Mutual Obligation Failure is a failure to attend an appointment, a copy of the prior notification of the requirement to attend the appointment;
- where the Mutual Obligation Failure is a failure to undertake adequate Job Searches, a hard copy of any relevant fully or partially completed Job Searches; and
- where the Mutual Obligation Failure is acting in an inappropriate manner during an appointment or while participating in an activity, details of the job/employer and/or details of the relevant incident, including dates, the parties involved and what occurred.

Attachment A—System steps that affect: creation and confirmation of Demerits; suspension of Income Support Payment; lifting of Income Support Payment suspensions

Mutual Obligation Failure related Provider actions in the Department's IT Systems that result in a Participant's Income Support Payment being suspended, the suspension being lifted, or a Demerit being created on a Participant's record or accrued by the Participant (i.e. confirmed)

Type of potential Mutual Obligation Failures	When is a Participant's Income Support Payment suspended?	When is a Demerit created (pending confirmation) on a Participant's record?	When does a Participant accrue a Demerit (i.e. the Demerit is confirmed)?	When is a Participant's Income Support Payment suspension lifted?
Non-attendance The Participant fails to: <ul style="list-style-type: none"> attend, or to be punctual for, an appointment that they are required to attend under their Job Plan; attend, to be punctual for, or to participate in, an activity that they are required to undertake under their Job Plan; or attend a job interview. The relevant Mutual Obligation Requirement is shown in the Participant's Electronic	When the Provider selects 'Did Not Attend Invalid (DNAI)' in relation to a Mutual Obligation Requirement in the Participant's Electronic Calendar. See the discussion on page 15 of this Guideline regarding when a Provider must select 'Did Not Attend—Invalid'. When both the Participant and the Provider have failed to select 'Attended' by close of business on the day on which the Mutual Obligation Requirement is	When the Provider selects 'Did Not Attend Invalid (DNAI)' in relation to a Mutual Obligation Requirement in the Participant's Electronic Calendar. See the discussion on page 15 of this Guideline regarding when a Provider must select 'Did Not Attend—Invalid'.	When the Provider records the reason they did not accept as a Valid Reason in the Department's IT Systems. See the discussion on page 17 of this Guideline regarding when a Provider must select a description of the Participant's reason that was not a Valid Reason.	When the Provider selects 'Did Not Attend—Valid' in relation to the relevant Mutual Obligation Requirement in the Participant's Electronic Calendar. See the discussion on page 16 of this Guideline regarding when a Provider must select 'Did Not Attend—Valid'. OR When the Provider selects 'Attended' or 'Did Not Attend—Valid' in relation to a Reconnection Requirement in the Participant's Electronic Calendar. OR When the Provider selects 'Unable to Re-engage Within two Business Days' on the Provider Re-engagement page in the Department's IT Systems. See the discussion on page 21 of this Guideline regarding when a Provider must select 'Unable to Re-engage Within two Business Days'. OR If a Capability Assessment is the Reconnection Requirement, Services Australia will lift the Income Support Payment suspension once the Participant contacts them to participate in a Capability Assessment. OR

Type of potential Mutual Obligation Failures	When is a Participant's Income Support Payment suspended?	When is a Demerit created (pending confirmation) on a Participant's record?	When does a Participant accrue a Demerit (i.e. the Demerit is confirmed)?	When is a Participant's Income Support Payment suspension lifted?
Calendar as one of the following: <ul style="list-style-type: none"> • 'Provider Appointment'; • 'Activity'; • 'Third Party Appointment' or • 'Job Interview'. 	Scheduled to occur in the Participant's Electronic Calendar.			When the Provider selects 'Compliance action no longer appropriate' on the Provider Re-engagement page. See the discussion on page 22 of this Guideline regarding when a Provider must select 'Compliance action no longer appropriate'. <i>OR</i> When the Provider selects 'Attended' (where this was previously not selected by close of business on the day on which the Mutual Obligation Requirement is Scheduled to occur in the Participant's Electronic Calendar).
Non-attendance at Activity—Supervisor reported The Participant fails to attend, to be punctual for, or to participate in, an activity that they are required to undertake under their Job Plan. The relevant Mutual Obligation Requirement is shown in the Participant's Electronic Calendar as 'Activity'.	When the activity Supervisor records DNA via the Supervisor App.	N/A—No Demerit.	N/A—No Demerit.	When the Provider selects 'Did Not Attend—Valid' in relation to the activity in the Participant's Electronic Calendar. See the discussion on page 16 of this Guideline regarding when a Provider must select 'Did Not Attend—Valid'. <i>OR</i> When the Provider selects 'Attended' or 'Did Not Attend—Valid' in relation to a Reconnection Requirement in the Participant's Electronic Calendar. <i>OR</i> When the Provider selects 'Unable to Re-engage Within two Business Days' on the Provider Re-engagement page in the Department's IT Systems. See the discussion on page 21 of this Guideline regarding when a Provider must select 'Unable to Re-engage Within two Business Days'. <i>OR</i>

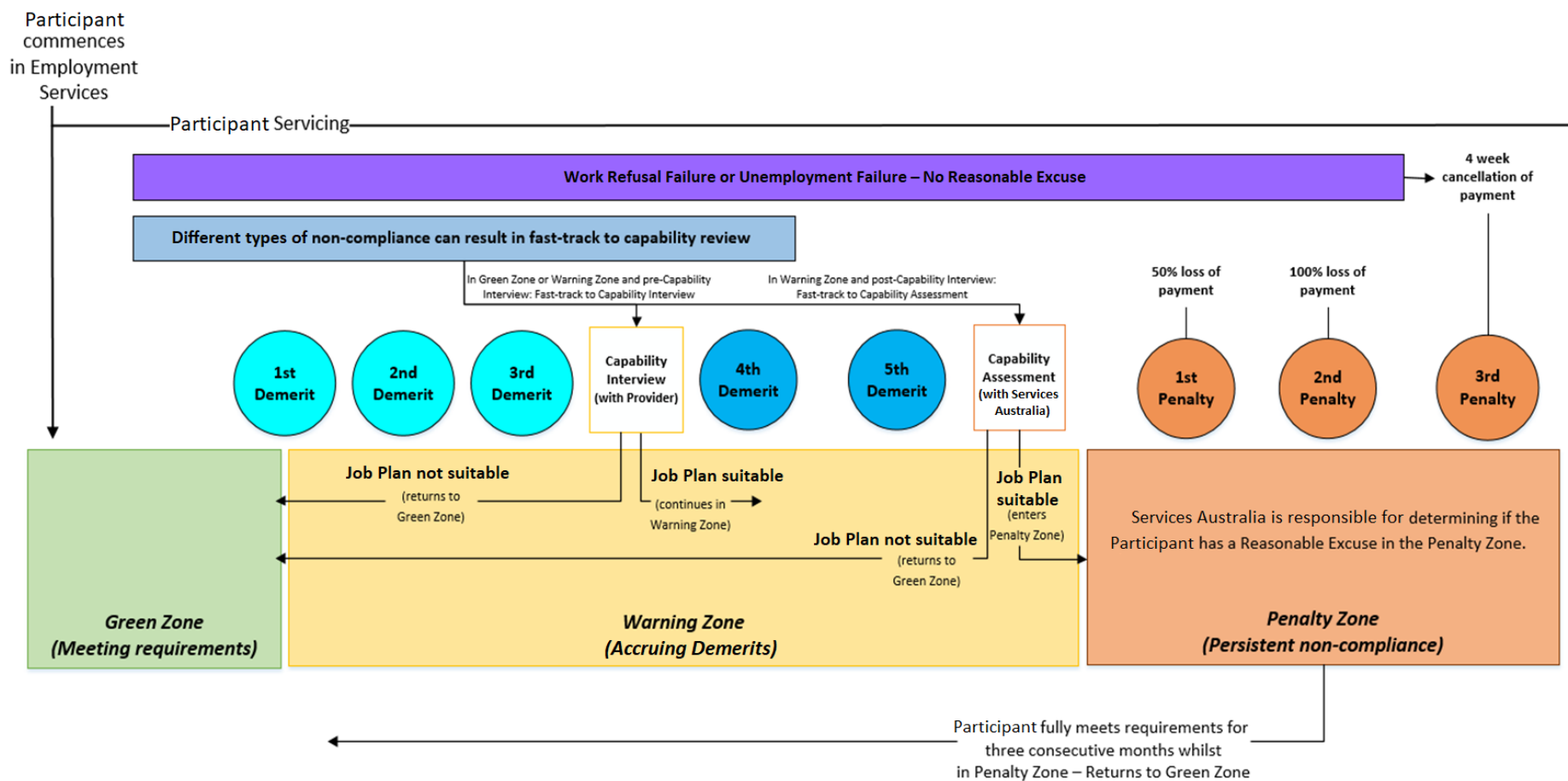
Type of potential Mutual Obligation Failures	When is a Participant's Income Support Payment suspended?	When is a Demerit created (pending confirmation) on a Participant's record?	When does a Participant accrue a Demerit (i.e. the Demerit is confirmed)?	When is a Participant's Income Support Payment suspension lifted?
				<p>If a Capability Assessment is the Reconnection Requirement, Services Australia will lift the Income Support Payment suspension once the Participant contacts them to participate in a Capability Assessment.</p> <p>OR</p> <p>When the Provider selects 'Compliance action no longer appropriate' on the Provider Re-engagement page. See the discussion on page 22 of this Guideline regarding when a Provider must select 'Compliance action no longer appropriate'.</p>
<p>Misconduct</p> <p>The Participant acted in an inappropriate manner:</p> <ul style="list-style-type: none"> during an appointment that they are required to attend under their Job Plan; or while participating in an activity that they are required to undertake under their Job Plan. <p>The relevant Mutual Obligation Requirement is shown in the</p>	<p>When the Provider selects 'Misconduct (MISC)' in relation to the relevant appointment or activity in the Participant's Electronic Calendar, along with the type of inappropriate behaviour.</p> <p>See the discussion on pages 12 and 17 of this Guideline regarding when a Provider must select 'Misconduct'.</p>	<p>When the Provider selects 'Misconduct (MISC)' in relation to the relevant appointment or activity in the Participant's Electronic Calendar, along with the type of inappropriate behaviour.</p> <p>See the discussion on pages 12 and 17 of this Guideline regarding when a Provider must select 'Misconduct'.</p>	<p>When the Provider records the reason they did not accept as a Valid Reason in the Department's IT Systems.</p> <p>See the discussion on page 17 of this Guideline regarding when a Provider must select a description of the Participant's reason that was not a Valid Reason.</p>	<p>When the Provider selects 'Did Not Attend—Valid' in relation to the appointment or activity in the Participant's Electronic Calendar. See the discussion on page 16 of this Guideline regarding when a Provider must select 'Did Not Attend—Valid'.</p> <p>OR</p> <p>When the Provider selects 'Attended' or 'Did Not Attend—Valid' in relation to a Reconnection Requirement in the Participant's Electronic Calendar.</p> <p>OR</p> <p>When the Provider selects 'Unable to Re-engage Within two Business Days' on the Provider Re-engagement page in the Department's IT Systems. See the discussion on page 21 of this Guideline regarding when a Provider must select 'Unable to Re-engage Within two Business Days'.</p>

Type of potential Mutual Obligation Failures	When is a Participant's Income Support Payment suspended?	When is a Demerit created (pending confirmation) on a Participant's record?	When does a Participant accrue a Demerit (i.e. the Demerit is confirmed)?	When is a Participant's Income Support Payment suspension lifted?
Participant's Electronic Calendar as one of the following: <ul style="list-style-type: none"> • 'Provider Appointment', which includes Reconnection Requirements; • 'Activity'; • 'Third Party Appointment'; or • 'Job Interview'. 				OR If a Capability Assessment is the Reconnection Requirement, Services Australia will lift the Income Support Payment suspension once the Participant contacts them to participate in a Capability Assessment. OR When the Provider selects 'Compliance action no longer appropriate' on the Provider Re-engagement page. See the discussion on page 22 of this Guideline regarding when a Provider must select 'Compliance action no longer appropriate'.
Job Plan Failure The Participant fails to enter into a Job Plan See the Job Plan and Scheduling Mutual Obligation Requirements Guideline for information on the process of entering into a Job Plan.	<u>Job Plan sent Job Plan online</u> —when the 'think time' expires and the Participant has not agreed to their Job Plan online.	When the 'think time' expires and the Participant has not agreed to their Job Plan online. Demerit is automatically created and confirmed.	When the 'think time' expires and the Participant has not agreed to their Job Plan online.	When the Participant agrees to their Job Plan online. OR When the Provider selects 'Attended' or 'Did Not Attend—Valid' in relation to a Reconnection Requirement in the Participant's Electronic Calendar. OR
	<u>Job Plan sent Job Plan in hard copy</u> —when the 'think time' expires	When 'think time' expires.	When the Provider records the reason they did not accept as a Valid Reason in the Department's IT Systems.	When the Provider selects 'Unable to Re-engage Within two Business Days' on the Provider Re-engagement page in the Department's IT Systems. See the discussion on page 21 of this Guideline regarding when a Provider must select 'Unable to Re-engage Within two Business Days'. OR

Type of potential Mutual Obligation Failures	When is a Participant's Income Support Payment suspended?	When is a Demerit created (pending confirmation) on a Participant's record?	When does a Participant accrue a Demerit (i.e. the Demerit is confirmed)?	When is a Participant's Income Support Payment suspension lifted?
			See the discussion on page 17 of this Guideline regarding when a Provider must select a description of the Participant's reason that was not a Valid Reason.	If a Capability Assessment is the Reconnection Requirement, Services Australia will lift the Income Support Payment suspension once the Participant contacts them to participate in a Capability Assessment. OR When the Provider selects 'Compliance action no longer appropriate' on the Provider Re-engagement page. See the discussion on page 22 of this Guideline regarding when a Provider must select 'Compliance action no longer appropriate'.
	<u>If a Participant refuses outright to agree to Job Plan:</u> When the Provider selects 'Create Compliance' and selects 'submit' on the Job Plan screen in the Department's IT Systems.	When the Provider selects 'Create Compliance' and selects 'submit'. Demerit is automatically created and confirmed.	When the Provider selects 'Create Compliance' and selects 'submit'. Demerit is automatically created and confirmed.	
Job Search Failure The Participant failed to undertake adequate Job Searches.	When the Job Search Period ends and the number of Job Search efforts that are recorded by the Participant in the Department's IT System is not equal to the number of Job Search efforts that are	When the Job Search Period ends and the number of Job Search efforts that are recorded by the Participant in the Department's IT System is not equal to the number of Job Search efforts that are required	When the Job Search Period ends and the number of Job Search efforts that are recorded by the Participant in the Department's IT System is not equal to the number of Job Search efforts that are	When the Provider selects 'Attended' or 'Did Not Attend — Valid' in relation to a Reconnection Requirement in the Participant's Electronic Calendar. OR When the Provider selects 'Unable to Re-engage Within 2 Business Days' on the Provider Re-engagement page in the Department's IT Systems. See the discussion on page 21 of this

Type of potential Mutual Obligation Failures	When is a Participant's Income Support Payment suspended?	When is a Demerit created (pending confirmation) on a Participant's record?	When does a Participant accrue a Demerit (i.e. the Demerit is confirmed)?	When is a Participant's Income Support Payment suspension lifted?
	required under the Participant's Job Plan.	under the Participant's Job Plan. Demerit is automatically created and confirmed.	required under the Participant's Job Plan. Demerit is automatically confirmed.	Guideline regarding when a Provider must select 'Unable to Re-engage Within 2 Business Days'. <i>OR</i> If a Capability Assessment is the Reconnection Requirement, Services Australia will lift the Income Support Payment suspension once the Participant contacts them to participate in a Capability Assessment.
	If the Provider assesses that submitted Job Search efforts are not of satisfactory quality to have satisfactorily met their requirement, payment is suspended when the Provider records an 'Unsatisfactory' assessment result in the Job Search Reporting page.	When the Provider records an 'Unsatisfactory' assessment result in the Job Search Reporting page.	When the Provider records the reason they did not accept as a Valid Reason in the Department's IT Systems. See the discussion on page 17 of this Guideline regarding when a Provider must select a description of the Participant's reason that was not a Valid Reason.	<i>OR</i> When the Provider selects 'Compliance action no longer appropriate' on the Provider Re-engagement page. See the discussion on page 22 of this Guideline regarding when a Provider must select 'Compliance action no longer appropriate'.

Attachment B—Overview of the Targeted Compliance Framework



Attachment C—‘Rescheduled’, ‘No Longer Required’ and ‘Requirement no longer needs to be met’ reason options

‘Rescheduled’ or ‘No Longer Required’

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| <ul style="list-style-type: none"> • Acceptable Reason—Caring/family reasons • Acceptable Reason—Housing—instability issues/inspections • Acceptable Reason—Legal requirements • Acceptable Reason—Travel/transport—access/financial issues • Acceptable Reason—Local issue/natural disaster • Reason not acceptable—flexibility utilised | <ul style="list-style-type: none"> • Acceptable Reason—Cultural business • Acceptable Reason—Major personal crisis affecting job seeker* • Acceptable Reason—Medical/health reason • Acceptable Reason—Working on day of requirement • Provider Initiated—Requirement can’t be delivered |
|---|---|

‘Requirement no longer needs to be met’

Job Search	Job referrals
<ul style="list-style-type: none"> • Job Plan requires update to reflect new job search efforts • Paid work impacting level of job search • Major personal crisis impacting job seeker* • Ongoing local issue/natural disaster impacts ongoing compliance • Cultural business for extended period • Significant and ongoing caring/family duties—no exemption • Significant and ongoing medical/health issues—no exemption 	<ul style="list-style-type: none"> • Applications closed/Vacancy withdrawn • Caring/family duties • Conditions or pay not suitable • Housing instability/emergency • Legal requirements • Local issue/natural disaster • Medical/health issue • Major personal crisis affecting job seeker* • Position no longer suitable • Referral created in error

* In this case, ‘job seeker’ refers to a ‘Fully Eligible Participant (Mutual Obligation)’ as defined in the jobactive Deed 2015–2022 or a ‘Compulsory Participant’ as defined in the ParentsNext Deed 2018–2021, as relevant

Attachment D—Valid Reason assessment options

The following tables replicate the drop-down menus in the system. When recording a reason that is a Valid Reason or that is not a Valid Reason in the Department's IT Systems, the appropriate menu will appear. Reasons may appear in both columns and may be a Valid Reason or not a Valid Reason, depending on the Provider's determination (see the Assessing Valid Reasons section of this Guideline, above). In the Department's IT Systems, 'reasons accepted' refers to Reasons that the Provider determines are Valid Reasons, and 'reasons not accepted' refers to Reasons that the Provider determines are not Valid Reasons.

Failure to attend a Provider Appointment, Third Party Appointment, activity or job interview

Reasons accepted	Reasons not accepted
<ul style="list-style-type: none"> • Caring/family reasons that were unforeseeable—unable to advise prior • Conditions or pay not suitable* • Conditions/skills beyond job seeker* capacity* • Cultural business—unable to advise prior • Believe job seeker* thought they were exempt • Housing instability issues—unable to advise prior • Housing—landlord/property inspection—unable to advise prior • Legal requirements—unable to advise prior • Local issue/natural disaster—unable to advise prior • Major personal crisis affected job seeker*—unable to advise prior • Medical/health reason—unable to advise prior • Notification issue—not aware of requirement • Travel/transport, did not have money to pay—unable to advise prior • Travel/transport access issue—unable to advise prior • Working on day of requirement—unable to advise prior 	<ul style="list-style-type: none"> • Away from home/on holiday • Caring/family reasons • Caring—claims childcare will be too expensive if offered job* • Conditions—claims job does not match skills* • Conditions—claims not in preferred* employment industry* • Did not believe they had a requirement • Did not think they had to attend—thought exempt • Did not want to attend requirement • Forgot about requirement • Got lost/got time wrong • Housing instability issues • Medical/health reason • Slept in/missed requirement • Travel/transport—did not have money to pay • Travel/transport issue—did not have access • Travel/transport issue—claims distance too great • Undertaking other non-mutual obligation requirement <p><i>Prior notice not given and reasonable to expect:</i></p> <ul style="list-style-type: none"> • Caring/family reasons • Housing—landlord/property inspection • Legal requirement • Medical/health reason

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Failure to attend a Provider Appointment, Third Party Appointment, activity or job interview

Reasons accepted	Reasons not accepted
	<ul style="list-style-type: none"> • Travel/transport—did not have money to pay • Travel/transport issue—did not have access • Working on day of requirement

**Applicable to Job Interviews only*

Misconduct at a Provider Appointment, Third Party Appointment, activity or job interview

Behaviours that may be considered misconduct which prevent the purpose of the requirement from being met include:

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|--|---|
| <ul style="list-style-type: none"> • Appeared intoxicated/under the influence • Disingenuous • Disruptive/disengaged—unable to complete requirement • Inadequate presentation/attire at requirement • Left prior to completion of requirement | <ul style="list-style-type: none"> • Physically abusive—unable to deliver requirement • Self-sabotage • Theft • Verbally abusive—unable to deliver requirement. |
|--|---|

Reasons accepted	Reasons not accepted
<ul style="list-style-type: none"> • Did not have appropriate attire to wear at requirement • Disability/condition presenting itself as misconduct • Major personal crisis affected job seeker* • Medical issue/condition contributed to behaviour 	<ul style="list-style-type: none"> • Couldn't control behaviour/self • Denied nature of misconduct • Did not believe they were impacted by substances • Did not think they had to stay for the duration • Did not think they were dressed inappropriately • Did not want to participate/engage with requirement • Falsified disability/condition presenting itself as misconduct • Did not want that job*

**Applicable to Job Interviews only*

* In this case, 'job seeker' refers to a 'Fully Eligible Participant (Mutual Obligation)' as defined in the jobactive Deed 2015–2022 or a 'Compulsory Participant' as defined in the ParentsNext Deed 2018–2021, as relevant

Failure to agree to a Job Plan

Reasons accepted	Reasons not accepted
<ul style="list-style-type: none"> • Did not understand requirement to agree to Job Plan • Required further assistance to understand terms of Job Plan • Housing instability issues—unable to return Plan or advise prior • Local issue/natural disaster—unable to return Plan or advise prior • Legal requirements—unable to return Plan or advise prior • Medical/health reason—unable to return Plan or advise prior • Travel/transport access issue—unable to return Plan or advise prior 	<ul style="list-style-type: none"> • Away from home/on holiday • Caring/family reasons—claims no time to participate • Does not believe they have to meet requirements • Refuses to participate in employment services • Refuses to look for work—number or overall • Refuses to participate due to study • Refuses to participate in specific activity • Refuses to participate/claims to have no time due to paid work • Refuses to participate due to self-employment • Refuses to discuss requirements • Refuses to participate due to undertaking other, non-mutual obligation requirements • Does not want to enter into a Job Plan • Forgot about requirement • Medical/health reason—could not return Plan • Caring/family reasons—could not return Plan • Travel/transport issues—could not return Plan

Failure to satisfactorily meet a Job Search Requirement

Reasons accepted	Reasons not accepted
<ul style="list-style-type: none"> • Caring/family duties that were significant—no exemption • Cultural business for extended period • Housing instability issues • Legal requirements impacted job search • Local issue/natural disaster impacted job search • Medical/health reason—no exemption • Major personal crisis—no exemption 	<ul style="list-style-type: none"> • Away from home/on holidays • Caring/family requirements affected job search • Claims other requirements affected job search • Does not believe suitable jobs are available • Does not want to apply for jobs • Does not want to apply for jobs using different methods • Does not want to look for work in diverse industries • Does not want to tailor applications to industry • Forgot about job search/got due date wrong • Housing instability • Medical/health reasons • States not required to look for work • States too many job searches required • Technology issue—claims could not submit efforts online • Technology issue—reported job search efforts incorrectly • Thinks quality of applications is satisfactory

Failure to act on a job referral

Reasons accepted	Reasons not accepted
<ul style="list-style-type: none"> • Caring/family duties were significant—no exemption • Commute to/from workplace—distance too great/expensive • Conditions or pay not suitable • Conditions/skills for job beyond job seeker* capacity • Cultural business for extended period • Cultural—workplace unsuitable for cultural/religious reasons • Housing instability issues • Legal requirements prevented compliance • Local issue/natural disaster prevented compliance • Major personal crisis affected job seeker* • Medical/health reason prevented compliance • Notification issue—not aware of requirement • PCP—job seeker* not better off financially • Technology—no access to technology to complete requirement • Technology—no phone or credit to contact employer 	<ul style="list-style-type: none"> • Acted in a manner that did not result in a job offer/interview • Away from home/on holiday • Believes not required to look for work • Caring/family requirements • Caring—claims childcare will be too expensive if job offered • Conditions—claims job does not match skills • Conditions—claims not in preferred employment industry • Conditions—claims too many or too few hours • Conditions—pay not enough (within allowable policy) • Does not want job • Forgot about requirement • Housing instability • Medical/health reason • Résumé not acceptable standard • Technology—claims no access to technology to complete requirement • Technology—claims no phone or credit to contact employer • Travel/transport issue—claims distance too great/expensive

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Attachment E—Manual Demerit removal options

All Demerit types

Reason	Description
Issue affected overall capability—requirements changed	The Participant’s personal circumstances would have likely affected their overall capability to meet requirements. Their Provider has updated their requirements to be more appropriate and to support the Participant to meet them.
New information disclosed—job seeker* in services to address	New information about the Participant has been disclosed which impacted their ability to meet requirements at the time they accrued the Demerit. The Provider has referred the Participant to services, or the Participant is in services, to address this issue.
New information disclosed—likely impacted compliance	New information about the Participant has been disclosed which impacted their ability to meet requirements at the time they accrued the Demerit, and should it have been known, would likely have meant the Participant had a Valid Reason.
Provider Error	An error occurred and the Participant should not have accrued a Demerit—for example, they had a Valid Reason or they should not have had the requirement.

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Job Search Demerits

Reason	Description
Issue affected overall capability—requirements changed	The Participant’s personal circumstances would have likely affected their overall capability to meet requirements. Their Provider has updated their requirements to be more appropriate and to support the Participant to meet them.
Job Search efforts submitted after end of Job Search Period—Valid Reason identified	The Participant has submitted their outstanding Job Search efforts online, following payment suspension. Upon Participant contact, the Provider identified that the Participant had a Valid Reason for not submitting their efforts by the end of their Job Search Period.
Adjustment not made—paid work impacted number required	The Participant’s declared earnings for that period mean that their Provider should have reduced their level of job search. <i>Note: this is only applicable where paid work/self-employment is not included in the Job Plan as a requirement. Where it is included, the Department’s IT system will automatically make this adjustment based on hours committed to per fortnight (regardless of actual earnings).</i>
Adjustment not made—exemption impacted number required	The Participant had an Exemption during the Job Search Period. Although the system re calculated their required efforts based on the exemption period, the Provider should have made further adjustment due to the nature of the Exemption.
Adjustment not made to number of Job Search efforts required	The Provider failed to adjust the Participant’s required Job Search efforts for the Job Search Period. The result was that the number of required efforts was too high, and the Provider will make the adjustment in the Job Plan for the next Job Search Period.
Job Search efforts were reported manually within Job Search Period	The Participant provided their Job Search efforts to their Provider during the Job Search Period; however, the Provider did not record them in the Department’s IT System before the end of the Participant’s Job Search Period.
Job Search efforts were satisfactory	The Provider had assessed that the Participant’s Job Search efforts were unsatisfactory in quality. Upon review, the Provider identified that the efforts and quality were satisfactory.

Job Plan Demerits

Reason	Description	Type of failure
Job Plan accepted online—Valid Reason identified	The Participant accepted their Job Plan online, but only after the due date. Upon contact with the Participant, the Provider identified that they had a Valid Reason for not agreeing to the Job Plan within the required timeframe.	Job Plan
Job Plan terms unreasonable/inappropriate	Upon another review of the Job Plan and discussion with the Participant, the Provider identified that the requirements in the Plan are not suitable for Participant.	Job Plan
Signed Job Plan was returned	An error occurred and the Participant did not return their signed hardcopy Job Plan within the required timeframe, however the Provider did not record this agreement in the Department's IT System.	Job Plan—where think time granted (hardcopy)
Job seeker* did agree to Job Plan at appointment	An error or misunderstanding occurred and the Participant did actually agree to their Job Plan onsite. However, the Provider did not record this agreement in the Department's IT System, and they used the compliance framework instead.	Job Plan—think time granted (hard copy) or refusal recorded
Job seeker* did not refuse to sign Job Plan	An error or misunderstanding occurred and the Participant had not refused to agree to their Job Plan onsite. However the Provider did not record their agreement or their request for think time, and they used the compliance framework instead.	Job Plan—refusal

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Attachment F—‘Unable to Re-engage Within 2 Business Days’ reason options

‘Unable to Re-engage within 2 Business Days’

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| • Caring/family duties that were unexpected impacts attendance | • Local issue/natural disaster impacts attendance |
| • Cultural business over next two business days impacts attendance | • Major personal crisis affecting job seeker* impacts attendance |
| • Full-Time Activity/Training impacts attendance | • Medical/health issue over next two days impacts attendance |
| • Housing instability/emergency impacts attendance | • Travel/transport—exceptional issue impacts attendance |
| • Legal requirements impact attendance | • Working over next two business days |
-

* In this case, ‘job seeker’ refers to a ‘Fully Eligible Participant (Mutual Obligation)’ as defined in the jobactive Deed 2015–2022 or a ‘Compulsory Participant’ as defined in the ParentsNext Deed 2018–2021, as relevant

Attachment G—‘Re-engagement Not Required’ reason options

The following table describes the options Providers have to record the reason a Re-engagement is Not Required. The table also indicates which requirements each of the options can be recorded against.

Reason	Appointment (Provider or third party)	Activity	Job interview	Job Plan	Job referral
Re-engagement not required—non-compliance discussed	✓	✓	✓		✓
Outreach/ Part-time site impacts re-engagement	✓	✓	✓		
Unable to be arranged in next two days		✓			
Applications closed/ Vacancy withdrawn					✓
Local issue/natural disaster impacts compliance	Record as ‘unable to re-engage within 2 business days’			Record ‘compliance action no longer appropriate’	✓
Major personal crisis impacts compliance					✓
Departmental Override*	✓	✓	✓	✓	✓
Exit/Transfer from services*	✓	✓	✓	✓	✓

* Departmental Users or the IT system (automatically) only

Attachment H—‘Compliance Action No Longer Appropriate’ reason options

The following table describes the options Providers have to record the reason Compliance Action is No Longer Appropriate. The table also indicates which requirements each of the options can be recorded against.

Reason	Appointment (Provider or third party)	Job Plan	Activity or job interview	Job Search	Job referral
Applications closed/ Vacancy withdrawn					✓
Local issue /natural disaster impacts compliance	✓		✓	✓	✓
Major personal crisis impacts compliance	✓	✓	✓	✓	✓
Significant and ongoing caring/family duties—no exemption				✓	
Significant and ongoing medical/health issues—no exemption				✓	
Job seeker* requirements changed—job search not applicable				✓	
Departmental Override*	✓	✓	✓	✓	✓
Exit/Transfer from services*	✓	✓	✓	✓	✓

* In this case, ‘job seeker’ refers to a ‘Fully Eligible Participant (Mutual Obligation)’ as defined in the jobactive Deed 2015–2022 or a ‘Compulsory Participant’ as defined in the ParentsNext Deed 2018–2021, as relevant

All capitalised terms in this guideline have the same meaning as in the jobactive Deed 2015–2022 (the Deed).

This Guideline is not a stand-alone document and does not contain the entirety of Employment Services Providers' obligations. It must be read in conjunction with the Deed and any relevant Guidelines or reference material issued by Department of Employment, Skills, Small and Family Business under or in connection with the Deed.