



Australian Government
Department of Employment
and Workplace Relations

Minute to: s22(1) , Secretary —

Subject: Commonwealth Ombudsman Investigation into the Targeted Compliance Framework—Draft report 1

Action Due date: 21 July 2025. The reason is to respond to the Commonwealth Ombudsman by 21 July 2025.

From: s 22(1) , First Assistant Secretary, Employment Strategy and Policy

Contact: Ph: (s 22(1))
 Mob: s 22(1)

Through: s 22(1) Deputy Secretary, Employment and Workforce Group

Copy to: s 22(1) Chief Operating Officer and Deputy Secretary, Corporate and Enabling Group

s 22(1) First Assistant Secretary, Workforce Australia for Individuals

Date provided to the Secretary's office: 21 July 2025

Legal Advice: s 22(1) General Counsel
 s 22(1) A/g Senior Executive Lawyer

Recommendation(s) – That you:

- 1) **note** the draft Report 1 from the Commonwealth Ombudsman Investigation into the cancellation of income support payments under the Targeted Compliance Framework (Attachment B).
- 2) **agree** the draft Secretary submission and department's response to the recommendations (Attachment D).
- 3) **note** the chronology of key dates relevant to Finding 6 of the draft Report 1 (Attachment E)
- 4) **note** the department's feedback on factual errors in draft Report 1 (Attachment F).
- 5) **sign** the letter to provide a formal response to the Commonwealth Ombudsman (Attachment C).

noted / please discuss

agree / please discuss

noted / please discuss

noted / please discuss

signed / not signed

Signature:

Date: 21 / 7 / 2025

Comments: this section is for the final approver

Purpose

To seek your agreement to the department's submission in response to the Commonwealth Ombudsman's draft Report 1 on the Investigation into the Department of Employment and Workplace Relations and Services Australia's cancellation of income support payments under the Targeted Compliance Framework (TCF) and signature on the letter of response.

Issues

1. On 30 June 2025 the Commonwealth Ombudsman (the Ombudsman) wrote to you to provide an update on the Own Motion Investigation (OMI) into the cancellation of income support payments under the TCF ([Attachment A](#)). The letter provided a draft version of the first report (Report 1) and requested the department respond to the Ombudsman by 21 July 2025 with:
 - a. advice of any errors of fact in the report (see [Attachment F](#))
 - b. a formal response using the template provided by the Ombudsman (see [Attachment D](#)).
2. In places, the draft Report 1 is critical of the department. Pursuant to section 8(5) of the *Ombudsman Act 1976* (Act), the Ombudsman must not make a report which sets out opinions that are either expressly or impliedly critical of a department unless he allows you and others an opportunity to make submissions 'as they think fit'.
3. The Draft Report 1 (*Automation in the TCF: when the law is changed but the system isn't*) ([Attachment B](#)) reflects that the Ombudsman formed the opinion that:
 - a. under s 15(1)(a)(i) of the Act, the actions of DEWR and Services Australia outlined in this report were contrary to law
 - b. under ss 15(2)(d) and (f) of the Act, DEWR and Services Australia should, as soon as practicable, consider the recommendations in this report and work towards implementing them.
4. Recommendations 2 to 7 are joint recommendations with Services Australia. On 14 July 2025, Services Australia provided the department with its proposed draft responses to the recommendations. The department is working with Services Australia, where appropriate, to ensure a comprehensive approach in response.
5. A response to the 7 recommendations to address the findings of the Investigation is [Attachment D](#). It is anticipated that this attachment will form part of the Ombudsman's first report when it is finalised and published on the Ombudsman's website.
6. A review of the draft Report 1 identified a number of factual inaccuracies and omissions, these are detailed at [Attachment F](#).
7. The report findings share common themes with the recommendations from the TCF Assurance Review undertaken by Deloitte, including lack of alignment with governing legislation, traceability, decision-making (including exercising discretions), assurance and training. The TCF Taskforce is consolidating recommendations from concurrent reviews and investigations and will develop a holistic strategy for addressing recommendations and bringing the TCF into lawful administration.

Background

8. The department notified the Ombudsman on 27 November 2024 about issues associated with the TCF and section 42AF of the *Social Security (Administration) Act 1999*. You provided further information to the Ombudsman by letter on 19 December 2024.
9. In February 2025 the Ombudsman announced an OMI into DEWR's cancellation of income support payments under the TCF.
10. The OMI was expanded in June 2025 to assess how DEWR and Services Australia maintain oversight of decision-making delegated to Employment Service Providers. In June the Ombudsman also advised he was preparing two reports to reflect the findings and recommendations of the OMI.

11. The department submitted information via the OMI Request for Information. The response to the expanded scope was provided on 27 June 2025 and will inform Report 2.

Financial implications

12. Funding and resourcing will need to be prioritised to address the recommendations from the reviews and OMI. The costs of remediation are yet to be fully understood and costed.

Consultation

13. The following stakeholders were consulted and contributed to the department's OMI and draft response to the Ombudsman:

14. Workforce Australia for Individuals

- i. Employment Strategy and Policy
- ii. Evidence and Assurance
- iii. Digital Solutions
- iv. Legal and Assurance Divisions.

Summary of attachments

Attachment A	Letter from the Commonwealth Ombudsman—Draft Report 1
Attachment B	Ombudsman Investigation into the TCF—Draft Report 1
Attachment C	Letter to the Commonwealth Ombudsman
Attachment D	Secretary's Submission to the Ombudsman and responses to the recommendations
Attachment E	Chronology of key dates relevant to draft Finding 6
Attachment F	Draft Report 1 – Factual errors and omissions

Pages 4 -46 removed as wholly exempt
Ombudsman letter to department dated 30 June 2025
Ombudsman draft report



Secretary

s 22(1)

Mr Iain Anderson
Commonwealth Ombudsman
GPO Box 442
Canberra ACT 2601

Dear Mr Anderson

Thank you for your letter dated 30 June 2025 and the opportunity to respond to your draft first report (Report No. 1) on the Targeted Compliance Framework (TCF) and the cancellation of social security participation payments under section 42AF(2)(d) of the *Social Security (Administration) Act 1999* (Administration Act).

I thank you for your insights and the recommendations contained in your report. I have accepted all of its recommendations. The department's formal response is attached (Attachment A).

The department will promptly act on the recommendations and work with other partner agencies on improving the integrity, operation and transparency of the employment services systems.

Over the past year, in response to the serious concerns our reviews have raised about the operation of the TCF, the department has established the TCF Integrity Assurance Program. This body has formal senior governance, project management and dedicated resources to oversee a program of work to provide assurance that decision making under the TCF is operating in accordance with the legislative framework. As part of this work, I have commissioned a legal review and an independent IT assurance review to seek advice on whether decision making under the TCF is in alignment with the legislative framework and the IT system is operating as intended.

Your report shares common themes with advice emerging in these reviews. It is clear that the implementation of the TCF, both when introduced in 2018, and with subsequent changes made in 2022, did not sufficiently translate the legislative framework and policies into proper decision making and a robust IT system. It is also apparent that our governance and assurance processes are immature, fragmented across legal, policy and operations and do not adequately support the complexity of the system which we integrated into our system.

We are actively working to improve our governance processes, ensuring legal, policy and operational considerations are integrated into our system.

We are maturing our end-to-end assurance processes so that we can identify and rapidly resolve any system issues which have a direct impact on people's social security payment or experience of the employment services system. Critically, we are prioritising our consideration of what needs to change to ensure appropriate transparency and discretion is applied to decisions that impact an individual's social security payments and welfare.

In your report, you have noted the time taken to pause cancellations under section 42AF and especially the time that elapsed between when a question was first raised and my decision to pause these decisions on 4 July 2024.

I have reviewed your draft report carefully and reflected closely on the departmental posture in responding to these critically important matters. I acknowledge the impact of the time that passed to resolve the question on vulnerable people who were relying on their income support. I regret that more people were affected as a result. I can assure you the resolution of the legal question was taken seriously, treated urgently, and was escalated to the most senior levels across the public service.

In working with Services Australia and our legal advisers, it became evident that the convoluted design of the system of decision making involving multiple decision points, decision makers and IT systems, added to the task of tracing the interactions between legal, policy and operational settings. This made the legal advising process more complex than I had hoped.

I have re-examined the state of the legal advice provided to the department prior to my decision and reflected again on my obligation as the responsible Secretary to administer this part of the social security law. I do not consider I had advice that was based on all relevant facts and circumstances to act until July 2024, at which time I acted on the strong preliminary views of my legal advisers. I acknowledge the collaborative, active and diligent work of all the parties involved in getting the clarity and the confidence I needed to take the decision to pause cancellations under section 42AF(2).

To provide you with greater visibility of the detailed interactions before the decision to pause cancellations under section 42AF, a chronology of events is provided at Attachment B. Some of the information contained in Attachment B was not caught by your investigation and may be new to you. We are happy to work with your investigators and provide you with further information on any of these points if it would assist.

The fragmentation and lack of transparency in the administration of these decisions, as currently operationalised, is relevant to your first recommendation.

Addressing it will be a central part of my becoming satisfied that the policies, processes and systems that operationalise section 42AF(2) decisions taken in the future are lawful. The TCF Integrity Assurance process outlined above will address this in making recommendations to me about the future of the system. I will not take any decision to resume cancellations unless and until it can be clearly demonstrated that the process to support the decision making complies with the law.

Since my decision to pause payment cancellations under 42AF(2)(d) of the Administration Act, I have taken further action to pause decision making to reduce and cancel a person's social security payments. In taking these decisions, I have considered both my responsibilities under the *Public Governance, Performance and Accountability Act 2013* and *Public Service Act 1999*.

Front of mind for me and embedded in the principles governing the department's TCF Integrity Assurance Program, is that people subject to these frameworks are often our most vulnerable, including those who are homeless, First Nations people and those with disability. These decisions will remain paused until I can be assured decision making is robust and occurring in accordance with the legislative framework.

As requested, I have also provided a table addressing errors of fact at Attachment C.

I note that a number of your recommendations are the joint responsibility of my department and Services Australia, and I confirm we will work in partnership with Services Australia to ensure a holistic, system-wide view and operational response to your recommendations.

In your letter of 3 June 2025, you outline your intention to prepare 2 reports reflecting your findings and recommendations regarding this investigation. My department will continue to work proactively with your Office to provide all the necessary materials and documents to support your subsequent report. I look forward to receiving it in due course.

If your office would like further information about this response, please contact s 22(1) at s 22(1) dewr.gov.au or my office.

Yours sincerely

s22(1)

s 22(1)
21 July 2025

Encl.

Ombudsman's investigation into Targeted Compliance Framework (TCF) and the cancellation of social security participation payments under section 42AF(2)(d) of the *Social Security (Administration) Act 1999* (the Administration Act).

Thank you for your report. The Department of Employment and Workplace Relations (DEWR) welcomes your insights and accepts all of your recommendations.

DEWR is actively working to address the issues identified with the Targeted Compliance Framework (TCF). A legal review continues to examine whether decisions are being taken in accordance with the legislative framework. This review is expected to be finished in the coming months. DEWR is also working through advice from an independent assurance review, which has examined the IT system operating the framework against policy and business rules.

DEWR notes that the recommendations in your report share common themes with advice emerging from the independent assurance review and legal review. There is a clear consistency of views that the implementation of the TCF both when introduced in 2018, and with subsequent changes made in 2022, did not sufficiently translate the legislative framework and policies into decision making and the IT system. DEWR also acknowledges that governance and assurance processes for the TCF are fragmented across legal, policy and operations and do not adequately support the complexity of the system which DEWR administers.

In response to the issues that arose over the course of 2023-24, DEWR has established a TCF Integrity Assurance Program, with formal senior governance and project management to provide strategic oversight and assurance that decision making under the TCF is operating in accordance with the legislative framework. The TCF Integrity Assurance Program includes dedicated resourcing and project streams to drive individual projects, while ensuring an integrated approach to the legal, policy and operational projects, and to advising the Secretary with respect to decision making and appropriately responding to learnings and insights gained from reviews.

DEWR remains committed to identifying and resolving any system issues which have a direct impact on people's social security payment or experience of the employment services system. Embedded in the principles governing this program is that the people who are subject to these frameworks are our most vulnerable. This work is being taken forward in partnership with Services Australia to ensure a holistic, system-wide view and operational response. DEWR has established a TCF Stakeholder Reference Group that brings together key stakeholders to share insights on the current functioning of the TCF and mutual obligation requirements and consult on assurance activities occurring around the TCF, ensuring stakeholder views are considered.

Background

The Secretary has made statements outlining her concerns about the administration of the TCF that applies to people who are required to meet mutual obligation requirements, and fail to do so.

These statements are available on DEWR's website: [Assuring the integrity of the Targeted Compliance Framework - Department of Employment and Workplace Relations, Australian Government](#). These statements detail the Secretary's decisions to pause some parts of the framework while reviews are undertaken and the basis for taking these decisions.

Decisions paused

To date, the Secretary has made decisions to:

- pause payment cancellation decisions due to persistent mutual obligation failures (in effect from 4 July 2024). The relevant provision in the *Social Security (Administration) Act 1999* (the Administration Act) is section 42AF(2)(d).
- pause cancellations of people's social security participation payments for not meeting a 'reconnection requirement' within 4 weeks (in effect from 24 September 2024). The relevant provision in the Administration Act is section 42AM.
- pause cancellations of people's social security participation payments and to impose non-payment periods due to unemployment failures (in effect from 5 March 2025). The relevant provision in the Administration Act is section 42AH.
- pause reductions of people's social security participation payments due to persistent mutual obligation failures (in effect from 6 March 2025). The relevant provision in the Administration Act is section 42AF(2)(c).

Remediation

DEWR is reviewing each decision which cancelled a person's social security payment under 42AF(2)(d) of the Administration Act. DEWR is working with Services Australia to contact impacted people and compensation payments are in the process of being made. Information concerning this review process is available on DEWR's website: [Decision to pause payment cancellation decisions due to persistent mutual obligation failures - Department of Employment and Workplace Relations, Australian Government.](#)

Recommendation	Entity response to recommendations	Action entity proposes to take and expected timeframes for implementation of recommendations
	Please indicate your response to each recommendation. If you do not accept a recommendation, please provide reasons.	Please provide the details of any action you propose to take to implement the recommendation and expected timeframes for implementation, including justification for the timeframes.
Recommendation 1: The Secretary of DEWR not resume cancellations under section 42AF(2) of the SSA Act until satisfied that the identified errors have been rectified and that policies, processes and systems are in place that will ensure cancellations comply with the law.	☒ Accepted ☐ Not accepted If not accepted, please provide reasons:	Proposed action: The Secretary has implemented this recommendation. Payment cancellations under section 42AF(2) will not resume unless and until the Secretary is confident it can be clearly demonstrated that decision-making is occurring as it should be, and discretion is appropriately exercised. As noted above, DEWR is actively working to restore the integrity of the administration of the TCF. Expected timeframes: Ongoing Justification for timeframes: Decision-making will remain paused until the Secretary has confidence that decision-making to reduce or cancel a person's social security participation payment under section 42AF(2) can be made lawfully and in accordance with policy.
Recommendation 2:	☒ Accepted ☐ Not accepted	Proposed action:

Recommendation	Entity response to recommendations	Action entity proposes to take and expected timeframes for implementation of recommendations
	Please indicate your response to each recommendation. If you do not accept a recommendation, please provide reasons.	Please provide the details of any action you propose to take to implement the recommendation and expected timeframes for implementation, including justification for the timeframes.
The DEWR Secretary comply with section 159A of the <i>Social Security Legislation Amendment (Streamlined Participation Requirements and Other Measures) Act 2022</i> and determine a Digital Protections Framework.	If not accepted, please provide reasons:	DEWR will initiate new consultation with appropriate stakeholders on the development of an effective Digital Protections Framework. This work will form key part of DEWR's work to improve the transparency of the TCF and an important safeguard for digital services. DEWR will incorporate insights received from reviews and user feedback through our new complaints service to ensure transparency, fairness and accessibility of our services to all participants. Expected timeframes: Consultation will commence as soon as possible after the reviews are complete. Justification for timeframes: Work will commence as soon as possible, informed by insights and recommendations from reviews. In the meantime, decisions to pause cancellations remain in place.
Recommendation 3: DEWR and Services Australia develop a placemat on roles in legislation	☒ Accepted ☐ Not accepted	Proposed action: DEWR and Services Australia will work together to develop a protocol which outlines the roles and

Recommendation	Entity response to recommendations	Action entity proposes to take and expected timeframes for implementation of recommendations
	Please indicate your response to each recommendation. If you do not accept a recommendation, please provide reasons.	Please provide the details of any action you propose to take to implement the recommendation and expected timeframes for implementation, including justification for the timeframes.
development that is provided to all staff at the start of a legislative drafting process. The placemat should include who is responsible for ensuring and consulting on relevant automated systems' compliance with administrative law principles.	If not accepted, please provide reasons:	responsibilities of each entity in the legislative drafting process and relevant consultation. The protocol will support early engagement between the entities regarding program design and implementation matters. The protocol will include clear guidance on the impact of automation and responsibility for consultation on any automated systems and their compliance with administrative law principles. Expected timeframes: December 2025 Justification for timeframes: This task will be prioritised to inform the development of any future legislation.
Recommendation 4: All DEWR and Services Australia staff who make delegated decisions, and work on decision-making policy, be provided annual training on administrative law requirements for making valid decisions, including the exercise of discretion.	☒ Accepted ☐ Not accepted If not accepted, please provide reasons:	Proposed action: DEWR has implemented mandatory training for all staff on exercising discretion, delegations and good decision-making under legislation that must be completed every 12 months. DEWR has developed a legislation and delegation guide that sets out key obligations and requirements imposed

Recommendation	Entity response to recommendations	Action entity proposes to take and expected timeframes for implementation of recommendations
	Please indicate your response to each recommendation. If you do not accept a recommendation, please provide reasons.	Please provide the details of any action you propose to take to implement the recommendation and expected timeframes for implementation, including justification for the timeframes.
		across all legislation which DEWR administers. To supplement this guide, DEWR will review and refine the broader suite of guidance materials and developing operational process maps to ensure decision-makers as well as policy and operations staff are equipped with the capability and information to perform their duties. DEWR is also rolling out additional and comprehensive training for staff on administrative law requirements and good decision making, delivered by external legal advisors. Expected timeframes: This work has commenced and is ongoing. Justification for timeframes: This action has been prioritised and is underway.
Recommendation 5: DEWR and Services Australia ensure they have systems in place that provide ongoing assurance that the administration of the TCF complies with	☒ Accepted ☐ Not accepted If not accepted, please provide reasons:	Proposed action: DEWR is improving assurance processes to identify and rapidly resolve any system issues which have a direct impact on people's social security payment or experience of the employment services system.

Recommendation	Entity response to recommendations	Action entity proposes to take and expected timeframes for implementation of recommendations
	Please indicate your response to each recommendation. If you do not accept a recommendation, please provide reasons.	Please provide the details of any action you propose to take to implement the recommendation and expected timeframes for implementation, including justification for the timeframes.
the law and relevant policies. This should include risk management policies and procedures regarding automation in the TCF computer system.		The independent assurance review has identified a range of recommendations which provide advice on improving assurance and governance processes, including modern regulatory and risk processes regarding automation. DEWR will work with Services Australia to ensure end-to-end IT assurance processes are implemented and effective. Expected timeframes: This will be progressively rolled out from 6 months with the intention the process is finalised within 2 years. Justification for timeframes: This work is underway. DEWR will continue working through the findings and recommendations of reviews, incorporating the insights received into a whole of system approach and working with Services Australia to restore the integrity of the administration of the TCF and the operating platform.
Recommendation 6:	☒ Accepted	Proposed action:

Recommendation	Entity response to recommendations	Action entity proposes to take and expected timeframes for implementation of recommendations
	Please indicate your response to each recommendation. If you do not accept a recommendation, please provide reasons.	Please provide the details of any action you propose to take to implement the recommendation and expected timeframes for implementation, including justification for the timeframes.
DEWR and Services Australia prepare a plan for identifying and assessing the scale and impact of legal, policy and administrative errors in the TCF, and for their timely remediation. The plan must have strategies and actions to identify and manage potential errors with large scale and immediate impact. The plan could include options for large-scale remediation (not only case-by-case) that would simplify and expedite the process for both those impacted and for the agencies.	☐ Not accepted If not accepted, please provide reasons:	DEWR is working proactively and with urgency with Services Australia to identify and assess the scale and impact of issues under the TCF. Projects to support this include documenting processes to identify, assess and remediate system issues in the TCF, as well as the development of a remediation framework to ensure a consistent approach is taken to compensate impacted people. These projects are overseen by the TCF Integrity Assurance Program governance. DEWR will work with Services Australia to leverage and strengthen existing governance to ensure governance includes clear joint accountability. Expected timeframes: DEWR has commenced remediation of impacted individuals under section 42AF (2)(d) and will progressively work through the remaining decisions over the next 6-12 months. Justification for timeframes: Actions to identify and assess issues in the TCF are advanced, and remediation is in progress.

Recommendation	Entity response to recommendations	Action entity proposes to take and expected timeframes for implementation of recommendations
	Please indicate your response to each recommendation. If you do not accept a recommendation, please provide reasons.	Please provide the details of any action you propose to take to implement the recommendation and expected timeframes for implementation, including justification for the timeframes.
Recommendation 7: DEWR and Services Australia proactively and quickly rectify identified issues with automated decision-making that have the potential to have adverse impacts on people in vulnerable circumstances. This includes providing timely advice to our Office.	☒ Accepted ☐ Not accepted If not accepted, please provide reasons:	Proposed action: Review of automated decision-making forms part of the priority work underway to assure the integrity and lawfulness of the administration of the TCF and other mutual obligation decision making processes. This project is part of the TCF Integrity Assurance Program. DEWR is working with the support of Services Australia to quickly rectify and address any emerging issues. DEWR will provide timely advice to the Ombudsman when issues are identified. Expected timeframes: DEWR is working with urgency to rectify identified issues, with the support of Services Australia where needed. Justification for timeframes: Providing advice on these decision-making processes requires detailed consideration of legal issues as well as policies, processes and the relevant IT systems.

CHRONOLOGY

DEWR's dealings with AGS and Services Australia regarding advice leading to the pause of cancellations under section 42AF

1. Identification of potential issue, engagement with Services Australia and request for advice from Australian Government Solicitor

Date	Event
11 September 2023	During a meeting concerning a different but related matter, the Australian Government Solicitor (AGS) note that Services Australia's (SA) computer system might be imposing penalties inconsistently with the requirements of section 42AF(2). Investigations by DEWR and SA into the way the system is operationalised and the factual basis of the potential inconsistency commence.
18 September 2023	DEWR sends draft advice request to SA for comment. Notes that DEWR wished to obtain advice as soon as possible.
27 September 2023	DEWR follows up with SA about the draft advice request. Notes that DEWR wishes to obtain advice as soon as possible.
28 September 2023	Phone call between DEWR and SA about the advice request. A meeting with AGS to take place after 9 October 2023 due to staff leave. DEWR reiterates action must be quick so as to identify or remedy any error.
5 October 2023	DEWR emails and calls SA about the advice request and next steps. SA indicates it wants to meet with AGS.
10 - 11 October 2023	Emails between DEWR and SA about the advice request and meeting with AGS.
19 October 2023	Meeting between DEWR, SA and AGS.
20 October 2023	Phone call between DEWR and SA regarding content of final advice request.
20 October 2023	DEWR sends advice request to AGS posing a number of questions in relation to the process for imposing penalties under section 42AF(2), and requests the advice be provided by 3 November 2023.

2. Progression of advice with AGS

Date	Event
23 October 2023	AGS requests more time in which to provide the advice. DEWR calls AGS to discuss issues. AGS indicates they anticipate providing advice by 10 November and will advise DEWR if it looks like it will take longer than that.

Date	Event
6 – 9 November 2023	DEWR and AGS discuss the timeframe for the draft advice by phone and email. AGS anticipate providing the draft advice by 15 November 2023.
13 November 2023 – 15 November 2023	Phone calls between AGS and DEWR regarding the advice.
14 November – 17 November 2023	DEWR phones SA requesting information regarding the operation of Services Australia’s computer system. SA responds on 16 November 2023. DEWR provides this information to AGS on 17 November 2023.
23 November 2023	Phone call between DEWR and AGS regarding the advice.
5 December 2023	Phone call between DEWR and AGS. AGS advise they are working to provide the advice by 18/19 December 2023. AGS also requests further information on the operation of the system and processes for payment cancellation.
6 December 2023	DEWR consults with SA on AGS request for further information.
12 December 2023	DEWR follows up with SA and asks SA to provide a response by the end of the week.
14 December 2023	SA provides further information and DEWR provides it to AGS.
17 January 2024	DEWR emails AGS requesting an update on the draft advice.
18 January 2024	AGS advises by email that they plan to provide the advice in the next two weeks.
30 January 2024	DEWR emails AGS to request an update on the advice.
31 January 2024	DEWR emails AGS and indicates that it would like to meet about the draft advice.
1 February 2024	AGS emails DEWR with a progress update on the draft advice, and confirms settled advice will be reviewed by senior AGS lawyer as requested by DEWR.
6 February 2024	DEWR emails AGS providing further information.
9 February 2024	DEWR emails AGS to arrange a meeting to discuss the advice, noting that some days are not suitable due to senate estimates.
14 February 2024	AGS emails DEWR with an update on the draft advice. AGS notes that the advice will be delayed. AGS proposes to have a meeting with DEWR the following week.
15 February 2024	Phone call between AGS and DEWR. AGS provide brief oral outline of likely advice.
15 – 21 February 2024	Emails and phone call between DEWR and AGS about the draft advice and arranging a meeting time.
15 February 2024	SA emails DEWR requesting an update on the AGS advice. DEWR responds on the same day that the advice is not expected until the end of the following week.

Date	Event
22 February 2024	DEWR meets with AGS to discuss the draft advice on section 42AF(2).
26 - 27 February 2024	DEWR and AGS email about the draft advice. DEWR asks if the week of 11 March would be a reasonable estimated time of arrival for the advice. AGS notes that it is aiming to provide the draft advice in the week commencing 11 March 2024.
7 March 2024	AGS emails DEWR advising that the draft advice has been provided to AGS' Chief General Counsel for review. AGS notes that they have asked the Chief General Counsel to look at the advice in the next two weeks, but it may take longer than that.
13 March 2024	SA writes to DEWR following up on the AGS advice.
18 March 2024	DEWR emails AGS requesting an update on the advice. AGS confirms that they will provide the advice this week.
22 March 2024	AGS emails DEWR confirming the AGS Chief General Counsel has looked at the advice and that this has resulted in some changes needing to be made to the advice. AGS confirms they will get the advice to DEWR the next week.
25 March 2024	AGS provides the draft advice to DEWR, addressing validity of decisions made under section 42AF(2) (March 2024 draft advice).

3. Consideration of first draft advice

Date	Event
26 March 2024	DEWR provides the March 2024 draft advice to SA.
8 April 2024	DEWR follows up SA for its response to the March 2024 draft advice. SA requests a meeting with DEWR and AGS to discuss next steps.
9 April 2024	DEWR meets with AGS.
9 – 10 April 2024	DEWR sends some comments on the March 2024 ⁵ draft advice to AGS, and AGS responds.
17 April 2024	DEWR and SA email regarding meeting to discuss the March 2024 draft advice.
18 April 2024	DEWR meets with AGS regarding the March 2024 draft advice.
24 April 2024	DEWR provides further information to AGS.
30 April – 1 May 2024	DEWR and SA email regarding meeting to discuss the March 2024 draft advice.
7 May 2024	DEWR provides further material to AGS.

Date	Event
8 May 2024	DEWR requests AGS provide further written advice in response to the additional material provided, with that advice to be provided within two weeks, which AGS confirms.
19 - 20 May 2024	AGS emails DEWR advising that it has been working on the further draft advice and requesting further information. DEWR provides this further information.
21 May 2024	AGS provides further advice in response to additional information and comments from DEWR.
22 May 2024	DEWR forwards AGS further advice to SA.
23 - 24 May 2024	DEWR and AGS email about consolidating the March 2024 draft advice with subsequent AGS comments. AGS advises that the consolidated advice will be settled by AGS Chief General Counsel. DEWR advises it will probably seek AGS advice about section 42AF(1).
27 - 28 May 2024	AGS and DEWR discuss matter. AGS Chief General Counsel advises DEWR that further information provided by DEWR subsequent to March 2024 suggests it is necessary to reconsider March 2024 draft advice. DEWR instructs AGS to reconsider March 2024 draft advice, and for reconsidered advice to be expanded to also cover decisions made under section 42AF(1). AGS advises that March 2024 draft advice should be treated as provisional and subject to confirmation or change following further review by AGS.
29 May 2024	DEWR provides further information in response to request from AGS.
4 – 6 June 2024	AGS requests additional information, discusses the timeframe for providing the updated advice and requests a meeting with DEWR to ensure AGS has a full understanding of the relevant issues and context so as to ensure the advice is as complete and accurate as possible.
11, 13 June 2024	DEWR provides further information in response to requests from AGS.
14 June 2024	AGS provides working summary of facts, and list of issues to discuss with DEWR.
17 June 2024	AGS meets with DEWR to discuss the draft advice. AGS also requests further information.
17 - 20 June 2024	DEWR provides the further information to AGS. AGS reviews this material, requests additional information.
20 June 2024	AGS proposes that a meeting with the Secretary for 24 June be rescheduled to 28 June (or later), to allow time to resolve the outstanding issues regarding decision-making processes underpinning section 42AF(1) and section 42AF(2).
25 June 2024	AGS requests meeting with DEWR.
27 June 2024	DEWR and AGS meet to discuss factual issues. AGS requests further information which DEWR provides.

Date	Event
28 June 2024	AGS advises DEWR of what they will likely advise the Secretary on 1 July, and discusses possible legislative amendments.

4. Withdrawal of AGS first draft advice, pause on decisions, receipt of further draft advice and its finalisation

Date	Event
1 July 2024	AGS provides indicative view of validity of decision-making under section 42AF(1) and section 42AF(2) in conference with DEWR (including the Secretary) and identifies outstanding issues still to be resolved. AGS advised that earlier advice would be withdrawn. AGS flags that it will provide a short, written memo of the indicative verbal advice given in the meeting, and that longer draft advice will be provided by AGS when possible. After conference AGS and DEWR discuss further issue regarding cancellation decisions under section 42AF(2)(d).
3 July 2024	AGS provides a written memorandum to DEWR which formally withdraws the March 2024 draft advice and presents indicative views on section 42AF(1) and section 42AF(2) issues, including AGS's likely conclusions.
4 July 2024	DEWR pauses payment cancellation decisions under section 42AF(2).
5 July 2024	AGS requests meeting to obtain further information.
8 July 2024	DEWR and AGS meet to discuss further information.
10-15 July 2024	DEWR and AGS discuss matters to be covered by forthcoming advice.
24 July 2024	AGS seeks further information regarding section 42AF(1) decisions, which DEWR provides.
29 July 2024	AGS provides draft advice.
20 September 2024	DEWR instructs AGS to finalise the draft advice without substantive change.
23 September 2024	AGS provides its final advice.

Ombudsman Investigation Draft Report 1 on the Targeted Compliance Framework (TCF) and the cancellation of social security participation payments under section 42AF(2)(d) of the *Social Security (Administration) Act 1999* — Errors of Fact

Page	Draft report content	Department of Employment and Workplace Relations comments	Supporting evidence
3	On 4 December 2024, the DEWR Secretary advised the Ombudsman that, contrary to legislative changes in 2022 that required consideration of a job seeker's circumstances before deciding to cancel income support, decisions to cancel income support had occurred automatically – without consideration of the job seeker's circumstances.	The Secretary formally advised the Ombudsman on 4 December 2024. We note that officer-level discussions regarding the 42AF cancellations matter, the Penalty Zone IT issues and the external assurance review process commenced with your office on 27 November 2024.	Email of 27 th November 2024
3	A further 45 job seekers received automated cancellations after the Secretary's decision to pause cancellations, when they should not have.	The 45 job seekers who received automated cancellations during the period of 1 October 2024 to 31 December 2024 were as a result of decisions made under section 42AM. Nevertheless, these cancellations should not have been made. This provision was the subject of separate consideration and decision making to section 42AF(2).	TCF Public data October to December 2024—(Table 19) TCF Public Data – October to December 2024 - Department of Employment and Workplace Relations, Australian Government
8	Introduced in 2018 by the <i>Social Security (Administration) Act 1999</i> (SSA Act), the purpose of the TCF is to encourage job seekers to complete compulsory tasks such as agreeing to Job Plans, searching for a minimum number of jobs per week, attending appointments, acting appropriately during those appointments and being willing to look for and accept suitable work.	The relevant provisions were introduced in 2018 by the <i>Social Services Legislation Amendment (Welfare Reform) Act 2018</i> , which amended the <i>Social Security (Administration) Act 1999</i> .	<i>Social Services Legislation Amendment (Welfare Reform) Act 2018</i> , sch 15
13 18	The Digital Protections Framework will self-repeal on 31 December 2025. We consider this lack of action is compounded by the fact that the DPF will self-repeal on 31 December 2025.	The legislation does not include provisions concerning the self-repeal of a Digital Protections Framework. There is no requirement for a mechanism of self-repeal.	
28	The Clayton Utz report on guidance for delegates was prepared after the cancellation error had been identified.	The draft AGS advice was dated July 2024 and draft Clayton Utz Report dated April 2024.	Evidence of the timeline for the provision the draft Clayton Utz Report was provided on 9 April 2025. This was contained in the department's response to follow up questions from the Ombudsman.



Australian Government

Department of Employment and Workplace Relations

MS25-000341

Standard Brief

To Minister for Employment and Workplace Relations

Action Required For Noting

Targeted Compliance Framework Assurance Review

Timing Please action by **18 July 2025**. The reason is to note the Targeted Compliance Framework (TCF) Statement of Assurance before it is made publicly available.

Recommendation:

1. That you **note** the outcomes of the independent TCF Assurance Review.

Noted / Please discuss

Minister Rishworth

Date: / /2025

Comments:

Minister noted.
- GP 21/7.

Clearing Officer

s 22(1)

Signature 4 / 07 / 2025

s 22(1)
Deputy Secretary, Employment and Workforce Group,
Department of Employment and Workplace Relations
Ph: s 22(1)

Contact Officer

s 22(1)
First Assistant Secretary,
Workforce Australia for Individuals
Ph: s 22(1)
Mob: s 22(1)

Executive summary:

1. In December 2024, in response to issues identified with the lawful administration of the TCF, the Department of Employment and Workplace Relations commissioned an independent assurance review of the operation of the TCF (the Review).
2. Deloitte was selected as the independent assurer following a tender process and delivered the final Statement of Assurance to the department on 18 June 2025. The Review was unable to provide assurance that, in its current form, the TCF operates reliably or delivers outcomes fully consistent with legislative and policy objectives.
3. The Statement of Assurance will be supported by a final report with recommendations to bring the TCF back into proper operation and restore public confidence in the system.
4. The department intends to publish the Statement of Assurance on the department's website. It is anticipated there will be increased public interest and scrutiny once the findings are released.

Key Points:

5. In the Statement of Assurance (**Attachment A**), the independent assurer determined an inability to provide assurance that the TCF, in its current form, reliably operates or delivers outcomes that are fully consistent with its legislative and policy objectives.
6. Despite being unable to provide that Assurance, the Review shows fully suspending the TCF that the department is legally obliged to deliver is not justified given the relatively low number of errors being produced by the system (which manages over 640,000 job seeker cases each month).
7. Findings which contributed to the determination are:

Topic	Finding
IT system functionality and decision integrity	The Review determined that, as at the time of assessment, assurance cannot be provided in relation to the integrity, effectiveness, or appropriateness of decisions produced by the TCF IT system in its current form.
Legislative and policy alignment	Based on the evidence available, assurance cannot be provided in relation to the integrity, effectiveness, or appropriateness of operational policy and business rules in delivering the TCF in line with relevant policy and social security law.
Governance and assurance effectiveness	The Review determined that, at the time of assessment, assurance cannot be provided in relation to the adequacy, effectiveness, or responsiveness of the governance and assurance arrangements in place to support the TCF. Current arrangements are insufficient to mitigate inherent risk, support transparency, or suitably control the delivery of the TCF.
Benchmarking and regulatory maturity	The Review determined, in contrast to comparable public sector programs, the near exclusive reliance of the TCF on automated IT system processing, particularly in response to complex or vulnerable cases, is not reflective of contemporary practice or theories.

8. Findings indicated these issues stemmed from the original design and implementation of the TCF in 2018, including the translation of legislative policy intent into system and operation logic, and lack of governance to inform the TCF. This has resulted in existing controls being insufficient to prevent or detect systemic failures.
9. The independent assurer will next provide the department with a final report and a set of recommendations. These recommendations will inform a management response letter and action plan to ensure the TCF is operating as intended and aligns with legislation.

Public Sensitivities:

10. There has been increased scrutiny and public interest in the TCF Assurance Review and other concurrent reviews into the administration of the TCF.

Consultation:

11. Various teams across the department were consulted as part of the Assurance Review, including General Counsel, Program Advice & Corporate Law Branch, Chief Internal Audit and Internal Audit team, Activities & Participation Branch, Digital Solutions Employment Services Branch, and the TCF Taskforce.
12. The department has actively engaged external stakeholders as part of the reviews into the administration of the TCF, including employment services advocacy groups. A Stakeholder Reference Group was established in November 2024 with representatives from the Antipoverty Centre, Australian Council of Social Service and Economic Justice Australia.

Legal advice / Legislative impacts:

13. The department's General Counsel and relevant legal teams will consider the Statement of Assurance and final report to inform future briefings.

Financial impacts:

14. The department received \$4.3 million funding (over 2 years) as part of the 2024–25 MYEFO *Ensuring Integrity of Processes Supporting Mutual Obligations* measure. The Assurance Review was funded through this measure with a contract value of \$439,142.00 (GST inclusive).

Background:

15. The TCF was designed to encourage job seekers to meet mutual obligation requirements and ensure job seekers who were persistently and wilfully non-compliant incurred financial penalties.
16. An independent Assurance Review was commissioned to ensure the integrity of the system operating the TCF. The Assurance Review consisted of in-depth stakeholder interviews, process mapping and industry benchmarking.

Communications and media strategy:

17. Information about the Assurance Review was published on the department's website in February 2025. This information included support for job seekers who have questions, are concerned or would like to make a complaint.
18. Media talking points have been drafted in consultation with the department's Media team (**Attachment B**).

Stakeholder Implications:

19. The Stakeholder Reference Group was briefed by the independent assurer about the direction of their review on 11 and 17 June 2025. The Group was asked for their views and experience of individuals with case complexity and vulnerabilities and their interaction with the current system. This includes people with low digital literacy, limited access to technology or other barriers that may affect their ability to engage with the system effectively.
20. It is anticipated there will be increased attention from the media and employment service advocacy groups. The department has already received some media queries and Freedom of Information requests.

Attachments:

- A:** Targeted Compliance Framework—Statement of Assurance
- B:** Targeted Compliance Framework Assurance Review—Media Talking Points

Minister Talking Points – Strengthening the Integrity of the Targeted Compliance Framework

HEADLINE

- The Australian Government expects openness and transparency as the Department of Employment and Workplace Relations works to ensure employment services systems and processes are robust and properly administered.

TALKING POINTS

- We are committed to the principles of mutual obligations, in line with longstanding community expectations that people receiving income support, who are assessed as capable to work, do their best to find work in return. There is a role for well-designed mutual obligations that support people into work.
- Any decisions that potentially impact payments need to be made appropriately and lawfully, and the current reviews the department is undertaking will help to ensure that is the case.
- The findings of the statement of assurance have confirmed there are examples where the Targeted Compliance Framework is not operating in alignment with the law and policies, nor with the rigour we would expect.
- These issues will be addressed openly and transparently.
- The Secretary has made decisions to pause some parts of the system. The pause will stay in place until we can be sure that the system is operating lawfully and as intended.
- We are committed to ensuring a fair compliance system that operates correctly and does not penalise people unfairly.



To Minister for Employment and Workplace Relations

Action Required For Decision

Commonwealth Ombudsman Draft Report One: Investigation into the Cancellation of Income Support Payments Under the Targeted Compliance Framework

Timing Please action by **31 July 2025** to provide a timely response ahead of the Ombudsman finalising his response.

Recommendation/s:

1. That you **note** the Commonwealth Ombudsman Draft Investigation Report: Cancellation of Income Support Payments Under the Targeted Compliance Framework (**Attachment B**)
Noted / Please discuss
2. That you **note** the Department of Employment and Workplace Relations' response to the Commonwealth Ombudsman (**Attachment C**).
Noted / Please discuss
3. **Sign** the response to the Commonwealth Ombudsman (**Attachment D**)
Signed / Not signed / Please discuss

Minister Rishworth

Date: 6 / 8 / 2025

Comments:

Clearing Officer

s 22(1)

Signature _____ 25 / 07 / 2025

s 22(1)
Deputy Secretary,
Employment and Workforce
Department of Employment and Workplace Relations
Mob: **s 22(1)**

Contact Officer

s 22(1)
Assistant Secretary,
TCF Taskforce
Mob: **s 22(1)**

Executive summary:

1. The Commonwealth Ombudsman wrote to you on 30 June 2025 (**Attachment A**) to provide a copy of the first draft report in response to the Own Motion Investigation (OMI) into the cancellation of income support payments under s 42AF(2) of the *Social Security (Administration) Act 1999* (draft Report No. 1) (**Attachment B**).

2. This brief provides you with visibility of the department's response to the Ombudsman and includes a letter for your signature acknowledging the report and his work.

Key points:

3. In places, the draft Report No. 1 is critical of the department. The draft report indicates the actions of the department and Services Australia were contrary to law (decision making under 42AF(2)(d) of the *Social Security Administration Act 1999* were invalidly made) and the two departments should, as soon as practicable, consider the recommendations in the report and work towards implementing them.
4. The department has accepted all of the Ombudsman's recommendations and is actively working to address the issues identified with the Targeted Compliance Framework (TCF). This includes working with Services Australia and other partner agencies to address joint recommendations (2 to 7 from the report) and broader system alignment.
5. The report findings share common themes with the recommendations from the TCF Assurance Review undertaken by Deloitte, including lack of alignment with governing legislation, traceability, decision making (including exercising discretions), assurance and training.
6. The department is consolidating recommendations from these reviews, and an internal legal review of other high priority sections of the legislation, to inform a comprehensive strategy to bring the TCF into lawful administration.
7. The department responded to the Ombudsman on 21 July 2025 (**Attachment C**) addressing the findings and recommendations and this will form part of the Ombudsman's published report. The timing for publication is a matter for the Ombudsman.
8. As required by the Ombudsman, the department's response outlines the proposed actions in response to the 7 recommendations, timeframe for actions and justification for timeframes.
9. The department has prepared a draft response for you to send to the Commonwealth Ombudsman (**Attachment D**) acknowledging the importance of the investigation and findings.

Background

10. On 27 November 2024, the department notified the Commonwealth Ombudsman about issues associated with the TCF and section 42AF of the *Social Security (Administration) Act 1999* (the Act).
11. On 4 February 2025, the Ombudsman announced that it was commencing an OMI into the actions of the department and Services Australia in administering the cancellation of participation payments under section 42AF(2) of the Act.
12. On 3 June 2025, the Ombudsman wrote to the Secretary of the department to advise of the decision to expand the scope of the investigation to assess how the department and Services Australia maintain oversight of decision making delegated to Employment Service Providers. At the same time the Ombudsman indicated it would prepare 2 reports to reflect the findings and recommendations of the investigation.

13. The Ombudsman announced on 6 June 2025 that the scope of the investigation into the department and Services Australia's cancellation of income support payments under the TCF had been expanded.

Public sensitivities:

14. There has been increased scrutiny and public interest in the concurrent reviews into the administration of the TCF. It is anticipated there will be increased attention from the media and employment service advocacy groups.

Consultation:

15. The following internal stakeholders were consulted and contributed to the department's OMI and draft response to the Ombudsman:
- a. c Australia for Individuals
 - b. Employment Strategy and Policy
 - c. Evidence and Assurance
 - d. Digital Solutions
 - e. Legal and Assurance Division
16. The department consulted with Services Australia in relation to joint recommendations. Australian Government Solicitor was also consulted as the departmental response included matters of interaction with the Australian Government Solicitor is seeking and finalising legal advice within the scope of the Ombudsman's investigation.

Legal advice / Legislative impacts:

17. The department's General Counsel was consulted and contributed to the department's response to draft Report No.1.

Financial impacts:

18. Nil. There may be subsequent financial impacts as the department works to address the recommendations made by the Ombudsman.

Stakeholder implications:

19. It is anticipated there will be increased attention from the media and employment service advocacy groups. The department has already received some media queries and Freedom of Information requests in relation to the investigation and other reviews underway.
20. The department will work with Services Australia, as appropriate, in responding to media enquiries.

21. The department is preparing for the following stakeholder communications ahead of the anticipated public release of draft Report No. 1:
- a. A public statement from the Secretary which will be published on the department's website at www.dewr.gov.au/assuring-integrity-targeted-compliance-framework.
 - b. Public messaging material on the department's website will be updated, and a link to the Ombudsman's final Report No. 1 will be published on the department's website.
 - c. The TCF Stakeholder Reference Group, Employment Services Providers and community and peak representative organisations to be informed, with communication to coincide with the publication of web content.

Attachments:

- A: Letter from the Commonwealth Ombudsman – 30 June 2025
- B: Draft Report 1 – Commonwealth Ombudsman
- C: DEWR response to the Ombudsman
- D: Draft response letter to the Commonwealth Ombudsman



The Hon Amanda Rishworth MP

Minister For Employment and Workplace Relations

MS25-000453

Mr Iain Anderson
Commonwealth Ombudsman
GPO Box 442
CANBERRA ACT 2601

Dear Mr Anderson

Thank you for your correspondence dated 30 June 2025, advising me of your own motion investigation into the administration of s 42AF(2) of the *Social Security (Administration) Act 1999* (the SSA Act) by the Department of Employment and Workplace Relations.

I note the department has provided you with a response to your first report and is continuing to work with you on your second report.

I support the work underway by the department to assure the integrity of the administration of the Targeted Compliance Framework (TCF), including decisions taken by the Secretary to pause parts of the TCF while this work is underway.

I appreciate you bringing this matter to my attention.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Amanda Rishworth', with a large, stylized flourish at the end.

Amanda Rishworth MP

6 / 8 / 2025



Australian Government

Department of Employment and Workplace Relations

MS25-000399

Standard Brief

To Minister for Employment and Workplace Relations

Action Required For Noting

Targeted Compliance Framework Assurance Review – Final Report

Timing Please action by 15 August 2025.

Recommendations:

1. That you **note** the Targeted Compliance Framework Assurance Review—Final Report.

Noted / Please discuss

Minister Rishworth

Date: 14 / 8 / 2025

Comments:

I am pleased to see that action outlined in point 9

Clearing Officer

s 22(1)

Signature

13 / 08 / 2025

S a r, First Assistant Secretary
| Emp & W | Workforce Australia for Individuals
Ph: s 3 3 3 | Mob: s 3 3 3

Contact Officer

s 22(1) a ki
Assistant Secretary
| Emp & W | Workforce Australia for
Individuals
Ph: s 22(1) 1 1
3 3 3

Executive summary:

1. An independent Assurance Review of the Targeted Compliance Framework (TCF), undertaken by Deloitte from December 2024 to July 2025, was commissioned to examine the TCF against operational policy, business rules and IT to ensure it operates as intended and aligns with legislation. Review outputs include a Statement of Assurance and Final Report.
2. The Final Report includes a set of recommendations which, combined with the outcomes of the Commonwealth Ombudsman Investigation and Legal Review of the TCF, will inform an action plan to bring the administration of the TCF back into alignment with legislation and contribute to the employment services reform agenda.
3. There is increased public interest and scrutiny in the review findings and future of the TCF, particularly following the release of the Commonwealth Ombudsman's report on 6 August 2025.
4. The Department of Employment and Workplace Relations will publish the Statement of Assurance and Final Report on its website.

Key Points:

5. The Final Report (**Attachment A**) is a culmination of in-depth analysis, review findings and a set of recommendations to strengthen the integrity of the TCF. Recommendations seek to address existing risks and structural deficiencies within the TCF while supporting the development of a more effective, lawful and sustainable compliance framework which align with contemporary regulatory principles.
6. There are 46 recommendations across 8 common themes which are presented in technical and non-technical streams, and recommended timeframes to implement ranging from immediate actions (within 3 months) to 2 years (**Attachment B**):
 - i. Tension between Automation and Catering for Individuals
 - ii. Traceability between Legislation, Policy and Operationalisation
 - iii. Governance and Assurance: Three Lines of Defence
 - iv. Iterative Changes: Policy and Legislation
 - v. Progressive Degradation of IT System Architecture
 - vi. Initial Design and Implementation
 - vii. Strategic System Roadmap
 - viii. Release Controls and Testing.
7. The majority of recommendations are long-term actions (28) requiring funding, resourcing and stakeholder engagement. Another 16 are medium-term actions and 2 are short-term actions.
8. Two recommendations which have a suggested timeframes of 3 months or less are:
 - a. Ensure all changes to the TCF and IT system are documented.
 - b. Implement controls that recognise, uphold and give effect to lawful policy determinations or delegate decisions.
9. The department has commenced a number of actions to respond to the urgent interventions identified in the Statement of Assurance and the recommendations set out in the Final Report, including:
 - a. Working with Services Australia to strengthen assurance processes to reinforce the income support reduction and cancellation decisions currently paused under the TCF.
 - b. Identifying and mapping all processes that might impact a person's payment (including suspensions) against legislation, policy and process in the current employment services system, including where a human decision maker is incorporated.
 - c. Limiting any IT changes to only essential changes, increasing testing before implementation, and focusing on improvements that are beneficial to participants.
 - d. Strengthening internal governance and assurance mechanisms to confirm that any changes are aligned with law, policy and operations.

10. All income support payment reduction and cancellation decisions under the TCF remain paused.

Key Risks and Sensitivities:

11. The report contains a total of 46 recommendations, the majority of which are expected to require substantial financial investment and human resourcing to implement effectively. Several of these recommendations may also necessitate policy or legislative decisions at the government level, which could introduce additional complexity and delay.
12. The proposed implementation timelines for the recommendations vary significantly, ranging from immediate commencement to a 24-month horizon. This staggered approach may pose challenges in managing stakeholder expectations over an extended period.
13. A number of the recommendations have direct implications for partner agencies, including but not limited to Services Australia. These dependencies may result in increased operational and financial pressures on those agencies, potentially affecting their capacity to deliver on existing priorities. Effective interagency coordination and clear governance arrangements will be critical to mitigate these risks.

Public Sensitivities:

14. There is heightened media interest in the release of the Final Report and Statement of Assurance from Deloitte, following extensive media reporting on the Ombudsman's report ([news.com.au](http://news.com.au/national/politics/employment-minister-amanda-rishworth-urged-to-release-secret-report-following-unlawful-jobseeker-cancellations/news-story/e4e867a220a77ce7352375be9180f310) article – www.news.com.au/national/politics/employment-minister-amanda-rishworth-urged-to-release-secret-report-following-unlawful-jobseeker-cancellations/news-story/e4e867a220a77ce7352375be9180f310).
15. Recent reporting, including in *The Guardian*, *ABC*, *The Canberra Times*, *The Australian* and *The Mandarin*, has included statements from advocates and representatives from stakeholders, including the Antipoverty Centre, the Australian Council of Social Service (ACOSS) and Economic Justice Australia, which have called for the release of the Deloitte reports.
16. These civil society stakeholders were provided with an embargoed copy of the Statement of Assurance and Final Report Recommendations on 30 July 2025, as part of ongoing stakeholder discussions on this issue.
17. Senator Penny Allman-Payne also featured in recent media reporting calling for mutual obligations and the TCF to be ceased in an interview on 7 August 2025.
18. On 30 July 2025, the Senate agreed to an Order for the Production of Documents, moved by Senator Penny Allman-Payne, which seeks copies of the Statement of Assurance, Final report, correspondence and a list of stakeholders related to the TCF Assurance Review. The department's response to this order is in progress.

Consultation:

19. Various teams across the department were consulted as part of the Assurance Review including General Counsel, Legal Advice & Law Branch, Chief Internal Audit and Internal audit team, Activities & Participation Branch, Digital Solutions Employment Services Branch and TCF Taskforce.
20. The department has also actively engaged external stakeholders as part of the reviews into the administration of the TCF including employment services advocacy groups. A Stakeholder

Reference Group was established in November 2024 with representatives from the Antipoverty Centre, ACOSS and Economic Justice Australia.

Legal advice / Legislative impacts:

21. The department's General Counsel and relevant legal teams will consider the Final Report to inform future briefings.

Financial impacts:

22. The department received \$4.3 million funding (over 2 years) as part of the 2024–25 MYEFO *Ensuring Integrity of Processes Supporting Mutual Obligations* measure. The Assurance Review was funded through this measure with a contract value of \$439,142 (GST inclusive).

Background

23. The TCF was designed to encourage job seekers to meet mutual obligation requirements and ensure job seekers who were persistently and wilfully non-compliant incurred financial penalties.
24. An independent Assurance Review was commissioned to ensure the integrity of the system operating the TCF.
25. The department previously briefed you on the Statement of Assurance (**MS25-000341** refers) which, based on evidence at the time, determined an inability to provide assurance that, in its current form, the TCF operates reliably or delivers outcomes fully consistent with legislative and policy objectives. Despite this, the Assurance Review did not recommend fully suspending the TCF that the department is legally obliged to deliver given the relatively low number of errors being produced by the system (which manages over 640,000 job seeker cases each month).

Communications and media strategy:

26. Information about the Assurance Review was published on the department's website in February 2025. Information included support for job seekers who have questions, are concerned or would like to make a complaint.
27. Media talking points have been drafted in consultation with the department's Media team (**Attachment C**).
28. The department intends to publish the Statement of Assurance and the Final Report from Deloitte on its website.

Stakeholder Implications:

29. The Stakeholder Reference Group was briefed by the independent assurer about the direction of their review on 11 and 17 June 2025. The Group was asked for their views and experience of individuals with case complexity and vulnerabilities and their interaction with the current system. This includes people with low digital literacy, limited access to technology or other barriers that may affect their ability to engage with the system effectively.
30. There is increased attention from the media and employment service advocacy groups. The department has already received some media queries and Freedom of Information requests.

Attachments:

- A:** Targeted Compliance Framework—Final Report
- B:** Targeted Compliance Framework Assurance Review Summary
- C:** Targeted Compliance Framework Assurance Review—Media Talking Points



Australian Government
Department of Employment
and Workplace Relations

Targeted Compliance Framework Independent Assurance Review.

DRAFT for discussion

JULY 2025

Independent Assurance Review.

An independent assurance review, undertaken by Deloitte from December 2024 to July 2025, was commissioned to assure the integrity of the TCF.

The Assurance Review examined the TCF against operational policy, business rules and IT to ensure it is operating as intended and aligned with legislation.

Evidence was drawn from:

- In-depth stakeholder interviews
- industry benchmarking
- research and analysis.

Outputs informed a Statement of Assurance and Final Report with a set of recommendations.

Statement of Assurance.

The Statement of Assurance determined that, at the time of assessment and based on available evidence, Deloitte is unable to provide assurance. Key factors examined were:

- **IT system functionality and decision integrity**
- **Legislative and policy** misalignment
- Insufficient **governance and assurance effectiveness**
- Outdated **benchmarking and regulatory maturity**



Despite these findings, the Review determined that full suspension of the framework that the department is legally obliged to deliver is not justified given the relatively low number of errors currently being produced by the system.

The Review was commissioned in relation to the operational functioning of the TCF against policy and legislation.

The review did not assess the legality of the system or individual case outcomes. Legal analysis of the Social Security Act was out of scope

Statement of Assurance – Urgent Interventions.

ACTION TO DATE

Initiate measures to prevent the IT system from communicating participant payment cancellations to the Services Australia IT environment	Limit or suspend any further modification to the base system code without reference to an overarching architecture or system plan	Continue and strengthen the TCF's current internal assurance program including directing the systematic review of all negative case determinations and outcomes processed by the IT system.
The department has commenced discussions with Services Australia to address this issue. The working groups are focused on identifying and implementing technical and procedural controls that will prevent the transmission of cancellation instructions when a pause or cessation determination is in place.	The department has tightened controls on TCF system changes, however essential updates (delivery of Budget measures) are proceeding with careful scoping to protect system stability and compliance integrity. All changes are assessed for architectural alignment and compliance risk, using a risk-based approach to guide approval or deferral. The Readiness to Release framework now includes: • User Acceptance Testing for all TCF changes • Pre-release checks against legislation and policy • Cross-functional sign-off (IT, policy, legal, program) • Rollback protocols for unintended impacts	The department has initiated a comprehensive mapping exercise of all active TCF decision types that can result in a suspension. This includes: • Identifying where human decision-making is involved in the processes. • Testing each pathway for traceability to legislative authority and policy intent. • Reviewing system logic and business rules to ensure they reflect current legal and operational frameworks.

Final Report.

The Final Report is a culmination of the Assurance Review including in-depth analysis and a set of recommendations to address the findings. Analysis included:



Governance and assurance



Legislative and policy traceability



Systemic connections and cumulative impacts



Compliance model design and maturity



IT system defects



Contemporary compliance and program design.

Recommendations:

- There are 46 recommendations to strengthen the integrity of the TCF and mature the framework.
- 28 are long-term actions requiring funding, resourcing and stakeholder engagement.
- 16 are medium-term actions and
- 2 are short-term actions with a suggested timeframe of 3 months or less:
 - Ensure all changes to the TCF and IT system are documented
 - Implement controls that recognise, uphold and give effect to lawful policy determinations or delegate decisions.

Key issues.

1. Systemic Misalignment with Legislation and Policy

- operational misinterpretation of initial intent at inception in 2018
- automated decisions are often made without human oversight or validation
- no comprehensive documentation to support lawful and consistent decision-making.

2. IT System Defects and Technical Debt

- inadequate initial design and multiple defects dating back to its inception
- business rules mapping indicates only 23% are fully mapped against legislation
- heavily patched with hard-coded fixes, leading to a fragmented and unstable codebase
- inconsistent approaches with testing and releases.

3. Fragmented Governance and Assurance

- lack of a unified IT assurance framework and relies on reactive issue management
- weak governance structures with limited oversight of system changes and no end-to-end accountability
- complaints, feedback and incidents not systematically analysed to detect and address systemic issues
- lack of regular auditing and reviews.

4. Punitive and Rigid Compliance Model

- assumes non-compliance and escalates penalties automatically, often without discretion
- vulnerable participants not supported by tailored pathways or safeguards
- lacks features of modern, responsive regulation such as proportionality, fairness, and adaptability.

5. Compounding Risks and Cumulative Failures

- design flaws, governance gaps, and a rigid compliance model interact to amplify participant harm
- the system is not resilient or adaptable, and further failures are considered inevitable without reform.

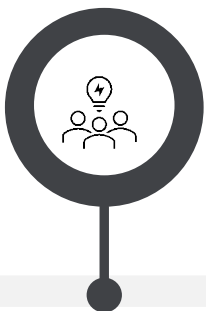
6. Lack of Documentation and Traceability

- lack of planning and project documentation including Strategic Roadmap
- no comprehensive documentation or mapping linking business rules to legislation or policy.

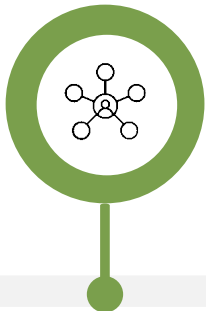
Final Report – Non-Technical Recommendation.

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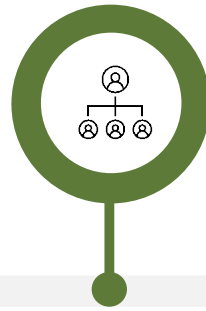
Traceability



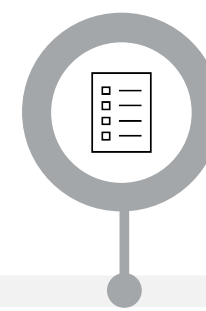
Automation and Individualisation



Governance and Assurance



Policy and legislation



Non-Technical Recommendations

- Establish a **legislation and policy traceability register** to validate implementation integrity.
- Embed **enforceable controls and safeguards over the IT system** to provide certainty in relation to policy and legal decisions.
- **Mature and further formalise definitive program documentation and operational guidance**
- Introduce **participant pathway and workflow mapping across the IT system**
- Develop a **centralised, cross-functional TCF knowledge repository** to ensure shared understanding
- Improve the **maintenance and accessibility of historic legislative and policy positions** on a point-in-time basis over the life of the program.
- Improve **participant and public transparency** through publication of end-to-end compliance pathways
- **Evaluate and rectify weaknesses in system controls** that allow payment to persist despite

- Introduce **integrated IT system fail-safes and** consider the introduction of **automated escalation pathways for discretionary or complex cases**
- Formalise **alternative case pathways for participants with complex needs or vulnerabilities**
- Consider the development and introduction of a **case-based benchmarking and decision validation mechanism**
- Strengthen **staff and provider capability to reduce reliance on automation in complex cases**

- Monitor **systemic outcomes** across at-risk cohorts **to identify and address inequity.**
- Introduce **independent verification of high-risk or adverse compliance outcomes**
- **Implement scheduled reviews** to ensure ongoing alignment of the TCF with legislative and policy intent.
- **Establish** a unified governance and assurance framework underpinned by the **'Three Lines of Defence' model**
- Enhance **participant-facing compliant and issue resolution pathways**
- Consider improved **mechanisms for incident reporting** of system and decision irregularities
- Develop and implement an **off-system operational continuity framework**
- Equip departmental officers with **system-based case review tools**
- Develop and implement a **TCF assurance planning and prioritisation model** based on risk and data-driven logic
- **Integrate complaints and feedback data** into risk management and assurance planning and prioritisation
- Consider the use of **risk-based case prioritisation** for assurance review

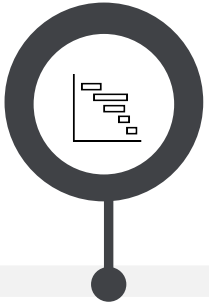
- Develop and maintain **design guidelines that clarify system capabilities and limitations**
- Collaboratively **design policy and legislative change proposals with cross-departmental input and direct IT system alignment**
- Ensure that all finalised **change proposals** are subject to the formal **internal validation mechanism**
- Implement comprehensive **IT system version control with legal traceability**
- Embed **participant accessibility, usability, and administrative burden considerations** in future TCF and system design
- **Record all changes** in the Framework's legislative and policy traceability register

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Final Report – Technical Recommendation.

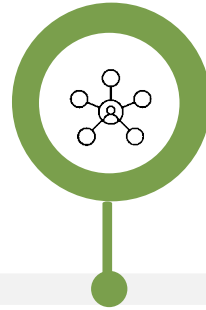
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IT system architecture



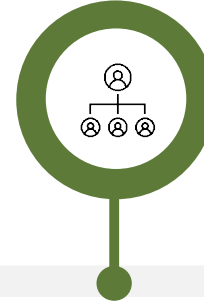
- Strengthen the Department's use and maintenance of a **formal system design register with traceable mapping**
- **Implement continuous technical auditing** and monitoring of IT system health and integrity.
- **Rationalise business rules, system logic, and base code** to restore legislative and policy alignment and re-enable modular design
- **Rebuild core program logic within IT system** to ensure legal traceability, transparency, and discretion
- **Modularise compliance functions using a rules-based engine** architecture, microservices or containerised architectures to enable lawful discretion and targeted control

Design and implementation



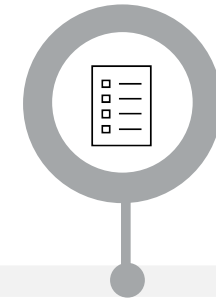
- **Mature the existing compliance model**, or commission the development of a new model, to incorporate contemporary compliance principles and theories
- **Improve the use of behavioural nudges**, transparency and educational tools to promote voluntary compliance
- Increase the **use of graduated compliance triggers** aligned to participant behaviour
- Enhance system capability to **differentiate types of non-compliance**
- **Enable system-assisted self-regulation** through guided support tools
- **Improve participant transparency** and engagement with compliance decisions

Strategic Roadmap



- Develop an overarching **system development and management strategy**
- Review departmental funding arrangements to **support long-term system stewardship**
- Establish an **integrated feedback and continuous improvement loop** with system users

Release controls and testing



- Enforce **consistent application of existing testing and release frameworks**
- Strengthen **governance enforcement of change control processes**
- Permit temporary **emergency fixes and hard-coded interventions** to the IT system only with mandatory remediation.

Minister Talking Points – Strengthening the Integrity of the Targeted Compliance Framework

HEADLINE

- The Department has received both the Deloitte Statement of Assurance and the final report concerning the Targeted Compliance Framework.
- I have requested my department to release these reports as soon as possible.

TALKING POINTS

- We are committed to the principles of mutual obligations, in line with longstanding community expectations that people receiving income support, who are assessed as capable to work, do their best to find work in return. There is a role for well-designed mutual obligations that support people into work.
- Any decisions that potentially impact payments need to be made appropriately and lawfully, and the current reviews the department is undertaking will help to ensure that is the case.
- The findings of the statement of assurance have confirmed there are examples where the Targeted Compliance Framework is not operating in alignment with the law and policies, nor with the rigour we would expect.
- These issues will be addressed openly and transparently.
- The Secretary has now paused all payment reductions and payment cancellations made as a result of mutual obligation failures under the Social Security framework.
- The pause will stay in place until we can be sure that the system is operating lawfully and as intended.
- We are committed to ensuring a fair compliance system that operates correctly and does not penalise people unfairly.

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Commonwealth Ombudsman’s report

- The Commonwealth Ombudsman raised concerns in his August 2025 report (see attached in **SB25-000278**) that the Digital Protections Framework has not been implemented and believes that the prolonged implementation delay does not satisfy the legislated requirement (see ‘Recent reports/media’).
- The Ombudsman’s report acknowledges that DEWR drafted and consulted on a Digital Protections Framework instrument throughout **2022 and 2023** and that, following the findings of the Robodebt Royal Commission, the DEWR Secretary deferred making the Digital Protections Framework to ensure consistency with the Attorney-General’s Department’s work on a whole of government approach to automated decision-making.
- In response to Recommendation **2** of the Ombudsman’s report, DEWR advised it would initiate new consultation with appropriate stakeholders on the development of an effective Digital Protections Framework. This will form a key part of DEWR’s work to improve the transparency of the Targeted Compliance Framework and an important safeguard for digital services.
 - o DEWR will use insights from the department’s legal review, assurance review and Ombudsman reviews, and user feedback from the new complaints service to improve transparency, fairness and accessibility for all participants. In the meantime, the decision to pause cancellations remains in place.
- DEWR’s response to the Ombudsman’s report included a correction (**page 61; Attachment B** of the DEWR response) about the Digital Protections Framework self-repealing on **31 December 2025**.
 - o The legislation does not include provisions for the self-repeal of a Digital Protections Framework. There is no requirement for a self-repeal mechanism.

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Recent reports/ media

Name of Article	Date	Name of publication	Short Summary
First robodebt, now robodole. Both failed Australia’s most vulnerable	15 August 2025	The Mandarin	<i>Comparisons of the current TCF cancellation and reduction issues to robodebt. The article also highlights DEWR’s failure to implement the DPF and the Ombudsman’s findings.</i>
Secret Deloitte review into automated JobSeeker system warns of “instability,” “unintended impacts”	14 August 2025	The Daily Telegraph	<i>The article summarises some of the key findings from the Deloitte review into the Workforce Australia IT system. Also highlighted are the Ombudsman’s findings concerning the DPF.</i>
Ombud gives DEWR, Services Australia a booting	6 August 2025	The Mandarin	<i>A more detailed article summarising the Ombudsman’s review. Specifically highlights the findings surrounding the DPF and quotes the Ombudsman.</i>

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appointments had been booked or resulted incorrectly. Since the commencement of this activity, there has been a **70%** reduction (from approx. **1,248** per month across all providers in **August 2023** to around **456** per month in **July 2025**) in the number of incorrectly booked or resulted provider appointments since the assurance activity began.

- Incorrectly booked or resulted provider appointments are those that are booked in the department’s IT system after the scheduled appointment time and resulted as did not attend (invalid) (e.g. booked at 3:00pm on Monday to occur 5 hours earlier at 10am that same day) or had a result entered in the IT system prior to the appointment booking time as did not attend (invalid) (e.g. an appointment scheduled for 3:30pm having a did not attend (invalid) result entered at 2:00pm that day).
- An assurance activity undertaken in **May 2025** reviewed the high number of pending Capability Interviews with an outcome set. Since starting the review activity and following targeted education, the total pending Capability Interviews reduced by **45%**, with the provider’s cases reducing by **50%** as of July 2025.
- When the department identifies specific issues with provider application of the TCF, the department will directly contact those providers to work with them on the correct application of the TCF as well as requiring them to rectify the identified issues. This may include:
 - requiring the provider to explain why the TCF was incorrectly applied
 - removing any incorrectly applied Demerits, and/ or
 - explain what training they will provide to their staff to prevent future occurrences of incorrect application of the TCF.
- The department has undertaken a series of provider site visits to discuss servicing and engagement strategies with frontline employment consultants. These visits focus on ensuring requirements, including PBAS targets, are appropriate for participants’ needs and that the TCF is being applied correctly. Through these discussions, the department aims to share and learn from examples of best practice in participant servicing and helping providers build meaningful engagement strategies with their participants that address individual barriers and needs.

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TCF Program Assurance Activities and Provider Engagement

- The department undertakes a range of program assurance activities to monitor key aspects of the TCF. For the 2025calendar year, the department reviewed **12,792** non-compliance events (out of **710,336** applied demerits over the period or **2%** of applied demerits) and removed **361** demerits (**3%** of reviewed demerits). When a person’s income support payment was suspended, reduced or cancelled, the full amount that was withheld was repaid and any incorrect demerits were removed.
 - Program assurance activities focus on areas where the department has identified incorrect application of the TCF by providers. This includes voluntary activities booked as compellable requirements, incorrectly set job referral and job interview tasks and retrospectively booked and resulted provider appointments
- Since August 2023, the department has reviewed provider appointments booked after they were due to take place. Where identified, the department requires the provider to remove identified demerits and explain why these

Summary of Media articles

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Target Compliance Framework (TCF)

- The department is working to assure the integrity of the TCF and the Secretary has made decisions to pause parts of the system (see **SB25-000278**).
- The department has accepted all seven recommendations in the Commonwealth Ombudsman’s report and will work with Services Australia to implement them.
- The independent assurance review into the Targeted Compliance Framework makes a number of important findings and recommendations, including some urgent actions and longer-term improvements.
- The department is taking immediate steps to address the urgent actions identified in the review.

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Reviews

- The Ombudsman’s report and the Independent assurance review make a number of important findings and recommendations, including some urgent actions and longer-term improvements.
- The department is taking immediate steps to address the urgent actions identified, including:
 - Strengthening assurance processes between DEWR and Services Australia to ensure the decisions to pause all payment reductions and cancellations are being upheld.
 - All processes that might impact a person’s payment are being tested, mapped end to end, clearly documented and assured.
 - Any IT changes are limited to only essential changes, thoroughly tested before implementation, and focused on improvements that are beneficial to participants.
 - Governance and assurance mechanisms have been strengthened to confirm that any changes are aligned with law, policy and operations.

Independent Assurance Review

- In December 2024 the department commissioned an independent assurance review (the Review) to examine the IT system operating the TCF against policy and business rules to ensure it operates as intended and aligns with legislation.
- The Review includes a:
 - Statement of Assurance—an assessment of the current state of the TCF and supporting operations
 - Final report—is a culmination of further analysis and contains 46 of recommendations and options to assure the integrity of the integrity of the TCF.
- These were published on the department’s website on 14 August 2025, along with the Secretary’s response (Attachment F).
- The Final Report includes 46 recommendations across 8 common themes, which are presented in non–technical and technical streams, with proposed timeframes to deliver ranging from immediate actions to over 2 years. Key recommendations are to:
 - improve legislative alignment and traceability
 - modernise system architecture and automation
 - strengthen participant safeguards and accessibility
 - reinforce governance and assurance
 - build operational capability and risk–based assurance.
- For more information see SB25-000331 – TCF Independent Assurance Report

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- The report findings share common themes with the recommendations from the ICF Assurance Review undertaken by Deloitte, including lack of alignment with governing legislation, traceability, decision making (including exercising discretions), assurance and training.
- The department has accepted all of the Ombudsman’s recommendations and is actively working to implement the Ombudsman’s recommendations as part of the department’s TCF Integrity Assurance Program. This includes working with Services Australia and other partner agencies to address joint recommendations (recommendations 2 to 7 within the report) and broader system alignment.
- On 31 January 2025, the Ombudsman wrote to the Secretary informing her that the Ombudsman was initiating an own-motion investigation into the actions of the department and Services Australia in administering the cancellation of participation payments under section 42AF(2) of the Admin Act. The investigation was announced on 4 February 2025.
- On 3 June 2025, the Ombudsman wrote to the Secretary to advise of the decision to expand the scope of the investigation to assess how the department and Services Australia maintain oversight of decision making delegated to Employment Service Providers. This expanded scope was announced by the Ombudsman on 6 June 2025.
- The department continues to work actively with the Ombudsman and expects a further report to be provided to the department shortly. Refer to Attachment I to view a full timeline relating to Ombudsman Report.

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Commonwealth Ombudsman

- The Ombudsman’s report Automation in the Targeted Compliance Framework: when the law is changed but the system isn’t (Attachment H), was published on 6 August 2025, along with the department’s response.

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- Department of Employment and Workplace Relations
Documents released under FOI - LEX 1774



Statement from the Secretary in response to the independent assurance review

| 14 August 2025

Today my department released the final independent assurance review which examined the IT system operating the Targeted Compliance Framework against policy and business rules.

The review includes a:

- [Statement of Assurance](#); and
- [Final Report outlining key findings and recommendations](#).

The review focused on the department's IT system, and whether rules coded into the system could be clearly traced back to the law and policies governing it. It did not consider systems in partner agencies, such as Services Australia, nor did it examine human decision-making under the framework.

The review includes detailed assessments of business rules underpinning the operating system (with over 200 pages of detail).

The review makes a number of important findings and recommendations, including some urgent actions and longer-term improvements. The system needs to be strengthened to ensure it operates as intended.

Response

The review and its recommendations, together with the findings of the Commonwealth Ombudsman, are being acted on as a priority. The urgent actions identified in the review are underway.

My department is prioritising improvements to our assurance activities. All decision-making processes that might impact a person's payment across the system are being tested, mapped end to end, clearly documented and assured.

Payment reductions and payment cancellations for failing to meet mutual obligation requirements, continue to be paused.

Our focus is ensuring decisions which suspend a person's social security payment where a jobseeker fails to meet their mutual obligation requirements, are occurring in alignment with the legislative framework.

Of critical importance is that people subject to these frameworks are often our most vulnerable, including those who are homeless, First Nations people and people with disability.

At all times, the department's highest priority is to ensure people's social security payments are not affected except in accordance with the law.

If people have a concern around a decision which has been taken under the mutual obligations and Targeted Compliance Frameworks, they can contact the National Customer Service Line on [1800 805 260](tel:1800805260) or email NationalCustomerServiceLine@dewr.gov.au.

Background

The Government commissioned an independent assurance review examining the IT system operating the Targeted Compliance Framework against operational policy, business rules and IT to ensure the system is operating as intended.

This follows a number of examples where the department identified that the system was not operating in line with the legislative framework and policies, including in ways that impacted on peoples' social security payments.

Each incident has been responded to as it arose – see [Assuring the integrity of the Targeted Compliance Framework](#).

Last modified on Thursday 14 August 2025 [17115]88358]



Acknowledgement of Country

The Department of Employment and Workplace Relations acknowledges the traditional owners and custodians of country throughout Australia and acknowledge their continuing connection to land, water and community. We pay our respects to the people, the cultures and the elders past, present and emerging.

ABN 96 584 957 427



Secretary's statement in response to the Ombudsman's report

| 6 August 2025

Today, the Commonwealth Ombudsman released his report on the Targeted Compliance Framework and the cancellation of social security participation payments under 42AF(2)(d) of the *Social Security (Administration) Act 1999*.

I thank the Ombudsman for his insights. The department has accepted all recommendations in the report.

The department's response to the Ombudsman's recommendations is available to read on the Ombudsman's website.

[Read the Ombudsman's report on the Targeted Compliance Framework](https://www.ombudsman.gov.au/_data/assets/pdf_file/0017/320750/automation-in-the-targeted-compliance-framework.pdf)
(https://www.ombudsman.gov.au/_data/assets/pdf_file/0017/320750/automation-in-the-targeted-compliance-framework.pdf).

Update

In accordance with our formal response to the report, DEWR will work with Services Australia to implement the Ombudsman's recommendations as part of the department's TCF Integrity Assurance Program.

This program includes advice provided in the reviews we initiated into the Targeted Compliance Framework:

- a legal review examining whether decisions are being taken in accordance with the legislative framework
- an independent assurance review which has examined the IT system operating the framework against policy and business rules.

Background

Over the past year, in response to concerns that the TCF system was not operating in alignment with the law and as intended, I have taken several actions to pause decisions around reducing or cancelling a person's social security payment.

The effect of these decisions is that all payment reductions and payment cancellations made as a result of mutual obligations failures under the Social Security framework are paused.

I will not take any decision to resume social security payment reductions or cancellations unless and until it can be clearly demonstrated that the process to support the decision making complies with the law.

Last modified on Friday 15 August 2025 [17100|88374]



Acknowledgement of Country

The Department of Employment and Workplace Relations acknowledges the traditional owners and custodians of country throughout Australia and acknowledge their continuing connection to land, water and community. We pay our respects to the people, the cultures and the elders past, present and emerging.

ABN 96 584 957 427

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TCF independent assurance report

Key points

- In December 2024 the department commissioned an independent assurance review (the Review) to examine the IT system operating the Targeted Compliance Framework against policy and business rules to ensure it operates as intended and aligns with legislation.
- The Review was undertaken by Deloitte with an initial value of **\$439,142 (GST incl.)**. The Review consisted of research and analysis, and industry benchmarking including 25 stakeholder interviews, reviewing over 150 documents, assessing 370 business rules and reviewing over 10,000 lines of code.
- The Review informed 2 key outputs which were published on the department’s website on 14 August 2025:
 - Statement of Assurance—an assessment of the current state of the TCF and supporting operations (**Attachment A**).
 - Final report—in depth analysis and a set of 46 recommendations to strengthen the integrity and mature the framework (**Attachment B**).
- The time between the department receiving the report (4 July) and publishing the report (14 August) was to allow the department to carefully consider the recommendations and the analysis of underpinning the operating system (with over 200 pages of detail). In the interim, work had commenced addressing urgent interventions identified in the Statement of Assurance.
- In August 2025, the department received a media request relating to the veracity of academic citations and references used in the report, which led to Parliamentary interest.
- The department requested Deloitte to urgently undertake a full review and check of all references, citations and other statements that go to updating and correcting the Final Report and provide corrected versions.
- Deloitte has committed to undertake a full review and quality assurance of the Statement of Assurance and Final Report. The department will publish the updated documents as soon as it is satisfied the references and content has been corrected.
- The department has requested repayment of the final payment (**\$97,587.11 (GST incl.)**) under the contract as the Final Report did not meet expected quality standards. Deloitte also acknowledgement that it did not follow internal policy regarding disclosure of AI use to the client. This brings the total expenditure amount to **\$341,554.89 (GST incl.)**.

The Review findings

Statement of Assurance – delivered on 18 June 2025

- At the time of assessment and based on available evidence, Deloitte was unable to provide assurance that, in its current form, the TCF operates reliably or delivers outcomes fully consistent with legislation and policy objectives. Despite this, the Review also determined that a full suspension of the framework, which the department is legally obliged to deliver, is not justified given the relatively low number of errors currently being produced by the system.
- The Review highlighted a series of complex challenges relating to alignment and transparency between legislation, policy, business processes and final decision making.
- The Statement identified three high risks requiring urgent remediation:
 - initiate measures to prevent the IT system from communicating participant payment cancellations to the Services Australia IT environment.
 - limit or suspend any further modification to the base system code without reference to an overarching architecture or system plan

- continue and strengthen the TCF’s current internal assurance program including directing the systematic review of all negative case determinations and outcomes processed by the IT system.

Final Report – delivered on 4 July 2025

- The Final Report is a culmination of further analysis and a set of recommendations to strengthen and mature the TCF. The report includes 46 recommendations across 8 common themes, presented in non-technical and technical streams, with proposed timeframes to deliver ranging from immediate actions to over 2 years. Key recommendations are to:
 - improve legislative alignment and traceability
 - modernise system architecture and automation
 - strengthen participant safeguards and accessibility
 - reinforce governance and assurance
 - build operational capability and risk-based assurance.
- To restore assurance in the TCF System, the department’s Integrity of the TCF Taskforce has undertaken an analysis prioritisation of recommendations based on their impact on assurance and readiness for implementation.
- Priority recommendations sit predominantly within the DEWR TCF System, are readily implementable and are focussed on establishing foundational governance and assurance processes that provide a framework for continuous improvement and long-term reform.

Stakeholder consultation

- Deloitte met twice with the TCF Stakeholder Reference Group (11 and 17 June 2025): Antipoverty Centre; Australian Council of Social Service; Economic Justice Australia; and with the ARC Centre of Excellence for Automated Decision-Making and Society.
- Services Australia was consulted as part of the Review to understand system dependencies. However, the role of Services Australia and it’s supporting IT system was out of scope.

Activity underway

- The department is progressing actions to respond to the urgent risks identified in the Statement of Assurance and the recommendations set out in the Final Report, including:
 - Working with Services Australia to strengthen assurance processes to reinforce the income support reduction and cancellation decisions currently paused under the TCF.
 - Identifying and mapping all processes that might impact a person’s payment (including suspensions) against legislation, policy and process in the current employment services system, including where a human decision maker is incorporated.
 - Limiting any IT changes to essential changes, increasing testing before implementation, and focusing on improvements that are beneficial to participants.
 - Strengthening internal governance and assurance mechanisms to confirm that any changes are aligned with law, policy and operations.

Contract Management

- Deloitte was selected as the successful supplier following an approach to market using the Department of Finance Management Advisory Services panel. Deloitte was one of several suppliers approached through this process. The outcomes were published on Austender on 20 December 2024.
- The initial contract was executed on 20 December 2024 for the period 23 December 2024 to 23 May 2025. Key deliverables were spread across 4 milestones and payments:

Milestone	Deliverable	Due Date
1	Initial scoping and planning completed	31 January 2025
2	Complete Fieldwork Deliver draft Statement of Assurance	28 February 2025
3	Deliver the final Statement of Assurance Presentation on the draft report including prioritisation schedule	30 April 2025 (initial)
4	Deliver Final report of Opportunities	23 May 2025 (initial)

- There were **3 contract variations** to include additional personnel and allow more time for stakeholder engagement, research and analysis. Variations extended the delivery dates for milestone 3 and 4 and the contract end date however there was no change of scope or value of the contract. The new contract end date was 4 July 2025.

Variation	Amendments	Date of execution
1	Additional personnel	17 February 2025
2	Amend milestone 3 from 30 April to 6 June 2025 Amend milestone 4 from 23 May to 20 June 2025	10 June 2025
3	Amend milestone 4 from 20 June to 30 June 2025 Amend the contract end date from 30 June to 4 July 2025.	27 June 2025

Media

- There has been increased scrutiny and public interest about the Review since the Secretary’s Statement in February 2025. This has resulted in an increase in media queries, Freedom of Information requests and orders for the production of documents in the Senate.
- Recent media has called for the release of the ‘secret report’ and findings from the Review and the Commonwealth Ombudsman’s report: Automation in the Targeted Compliance Framework: when the law is changed but the system isn’t. Media has a negative undertone, highlighting the impacts on jobseekers, including those who are vulnerable and experiencing financial hardship, domestic violence and/or homelessness. Stakeholders have continued to call for the removal of the TCF and mutual obligations.
- The Minister for Employment and Workplace Relations, Amanda Rishworth, has spoken publicly about the outcomes of the Assurance Review *“The department has assured me they have already begun work to address the urgent recommendations identified in the report...The government understands the importance of ensuring that systems and processes operate effectively, particularly when they interact with vulnerable people.”¹*

¹ Joseph Brookes, InnovationAus, Failure on top of failure, 17 August 2025

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