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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 2025 calendar year, the department reviewed **45,860** non-compliance events (out of **718,623** applied demerits over the period or **6%** of applied demerits) and removed **385** demerits (**1%** 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 consistent 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.
- In addition, the department also undertakes assurance activity on appointments that have been incorrectly booked by providers. As part of this action the department continues to review provider appointment behaviour and where any appointments have been incorrectly booked, the department seeks explanation from provider and removes any identified demerits.
- When the department identifies specific issues with provider application of the TCF, the department will directly contact those providers to educate 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
 - detail training on the TCF that they will provide to their staff to prevent future occurrences of incorrect application of the TCF.
- The department has undertaken a series of site visits to providers to discuss servicing and engagement strategies with frontline employment consultants. These visits focus on ensuring requirements, including PBAS targets, are appropriate for the participants needs and that the TCF is being applied correctly. Through these discussions, 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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[Provider Portal](#) > Displaynews

Date: 10/10/2025



Updates to information on the Targeted Compliance Framework

Providers are advised Targeted Compliance Framework supporting information has been updated to reflect the 3 October 2025 Statement from the Secretary on progress under the Targeted Compliance Framework Integrity Assurance program. This Statement announced the pause of Work Refusal Failure decisions. You can read the Statement here: [Statement from the Secretary on progress under the Targeted Compliance Framework Integrity Assurance program - Department of Employment and Workplace Relations, Australian Government](#)

In addition to the [Targeted Compliance Framework supporting document](#), the following resources have been updated and are available on the [Provider Portal](#):

- Targeted Compliance Framework Reference Guide
- Targeted Compliance Framework Trifold Brochure
- Targeted Compliance Framework Poster

Updated Workforce Australia Part B Guidelines to reflect the recent announcement to pause Work Refusal Failure decisions will be made available soon.

Contact your Provider Lead if you have any questions.

Site: Workforce Australia Services

Content Author Team: Compliance **Content Author Branch:** Access & Participation Branch

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Australian Government
**Department of Employment
and Workplace Relations**

Deputy Secretary
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Dear Chief Executive Officer

Pause of decisions under 42AG for work refusal failures

I am writing to outline a decision the department has taken to pause decisions for work refusal failures. This is in addition to earlier decisions the Secretary has taken regarding the Targeted Compliance Framework (TCF).

Decision

The department has taken the precautionary step to pause decision making under section 42AG of the Social Security (Administration) Act 1999 (Administration Act) which applies to cases where a person refuses or fails to accept an offer of suitable employment, including accepting but not commencing a job. These decisions were paused on 5 July 2025 and will remain paused while work is underway determine whether the decision-making processes aligns with the legislative framework.

What does this mean in practice?

Payment suspensions for work refusal failures as well as payment cancellations and 4-week non-payment periods for work refusal failures are paused as a precautionary step. Until we give further notice, I ask providers to stop creating or submitting work refusal failure reports and to not record information in the department's IT system to commence payment suspension for suspected work refusal failures. This will be also communicated to your staff via a Provider Portal notice. Historically, work refusal failures are low in number and their pausing should not have a noticeable impact on providers or participants.

Services Australia has also been instructed to stop investigating and applying penalties for work refusal failures to ensure participants' payments are not cancelled.

Your role

The current approach to compliance under the TCF is contained in Division 3AA of Part 3 of the Administration Act and has applied since July 2018.

Responsibility for administering the framework sits with the Employment Secretary. Various decisions and functions have been delegated to officers of the Employment department, Services Australia, and people engaged by you, as a contracted employment services provider.

It is critical that any decisions made about the framework are implemented by your staff. Staff of your organisation should continue to:

- service participants based on their individual circumstances
- appropriately apply the TCF, which continues to apply where participants do not engage with their mutual obligation requirements, and
- undertake Capability Interviews and act on the outcomes of Capability Assessments.

Pausing decisions under 42AG ensures people are not impacted while the department reviews the framework and decision-making processes.

I acknowledge these changes may impact some participant engagement. It will be important that you continue to provide services that actively engage people, build on their aspirations, and support them into work.

Further updates

Parts of the system that have been paused previously remain paused while we review. The effect of decisions taken by the Department is that all payment reductions and payment cancellations made as a result of mutual obligations failures under the Social Security framework are paused.

There will be no 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.

If further decisions about the TCF are taken, I will provide you with updates.

Any decisions to reinstate payment reductions or cancellations will be communicated clearly and well ahead of those penalties being re-activated.

For further information, please see the Secretary's statement on our website:
www.dewr.gov.au/assuring-integrity-targeted-compliance-framework.

If you have further questions, please contact TCF-Questions@dewr.gov.au.

Yours sincerely,

s 22(1)

Deputy Secretary

7 October 2025



Australian Government
**Department of Employment
and Workplace Relations**

Secretary
s 22(1)

Dear Chief Executive Officer

Assuring the integrity of the Targeted Compliance Framework

I am writing to outline recent decisions I have taken to pause some parts of the targeted compliance system, while legal and IT assurance reviews are underway. We discussed these decisions and their effect at the CEO Forum held on 21 March 2025.

Additional information outlining these decisions and the reasons for them are available on our website at: [Secretary's statement - 21 March 2025 - Department of Employment and Workplace Relations, Australian Government](#).

We will shortly be providing you with updated guidance by way of the Workforce Australia Guidelines and through the Provider Portal.

The consequences for failure to meet mutual obligations requirements are contained in Division 3AA of Part 3 of the *Social Security (Administration) Act 1999* (Administration Act). This framework has applied since July 2018. It is supplemented by an instrument made under section 42AR of the Administration Act, the *Social Security (Administration) (Non-Compliance) Determination 2018 (No. 1)* (the Non-Compliance Determination).

Formal responsibility for administering the framework sits with me, as the Employment Secretary. Various decisions and functions have been delegated to officers of my Department, Services Australia, and people engaged by you, as a contracted employment service provider. As such, we are jointly responsible for administering this framework in accordance with the systems and guidelines developed by the Department.

In all cases in taking the decisions to date, I have considered my current level of confidence in how the system, and decision-making processes within the system, are operating and the impact of these decisions on people.

I have acted on advice I have received promptly, noting in particular that people subject to the decisions are often our most vulnerable, including those who are homeless, First Nations people and people with disability. I have sought to ensure these necessary changes to the framework are communicated and implemented quickly to minimise impact on participants.

As with any decisions of this nature, I want to ensure the Department assists you to understand, communicate, and implement these changes quickly and effectively.

It is critical that any decisions I make about the framework are implemented by your organisation. Staff of your organisation should continue to:

- service participants based on their individual circumstances
- appropriately apply mutual obligation requirements, and
- undertake Capability Interviews and act on the outcomes of Capability Assessments.

Importantly, people are still required to meet their mutual obligations.

Payment suspensions for mutual obligation failures can still be applied by your staff in appropriate circumstances.

Pausing payment reductions and cancellations ensures people are not impacted while the department reviews the framework and decision-making processes.

These changes may impact some participant engagement and it will be important that you continue to provide services that actively engage people, build on their aspirations, and get them into work.

Further updates

I am continuing to take advice from those conducting the reviews. If I am not confident decisions are lawful and robust, I will take action to stop those decisions immediately. If I take further decisions about the Targeted Compliance Framework, I will provide you with further updates.

Any decisions to reinstate payment reductions or cancellations will be communicated clearly and well ahead of those penalties being re-activated.

For further information on the specifics of my recent decisions, please see our website: [Assuring the integrity of the Targeted Compliance Framework](#). Answers to the key questions raised at the CEO forum are attached to this letter. If you have further questions, please contact TCF-Questions@dewr.gov.au.

Yours sincerely,

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Secretary

2 April 2025

Information for Providers - practical implications of the decisions

What does this mean in practice?

The Secretary's decisions of 5 and 6 March 2025 mean payment reductions and cancellations will be paused and the 'Red Zone' of the Targeted Compliance Framework is not in operation during the pause.

The application of one- and two-week financial penalties (that is, the first and second penalties in the Penalty Zone) has been paused.

With this pause, Services Australia has been instructed to stop investigating the application of penalties for unemployment failures. Staff of your organisation will be instructed through the Provider Portal to stop reporting to Services Australia instances where a person has voluntarily left a suitable job or has been dismissed for misconduct during this pause.

Questions and answers from the CEO webinar on 21 March 2025

Where can our staff find further information?

On Friday 21 March 2025, '*Update on the Targeted Compliance Framework – Secretary Statement*', was published on the Provider Portal.

Further information will be provided on the Provider Portal soon.

A range of information is also available on the department's website: [Assuring the integrity of the Targeted Compliance Framework](#)

With the pause of reductions and cancellations of social security payments due to persistent mutual obligation failures, will people keep accruing demerit points? What happens after the fifth demerit?

Demerits will continue to be applied.

After the fifth demerit, people will still undergo a Capability Assessment with Services Australia. This is an important check to ensure a person is able to meet the requirements of their Job Plan and is given an opportunity to provide any other information relevant to their participation.

If a person is found to be capable of meeting their mutual obligation requirements at the Capability Assessment, as the Penalty Zone no longer applies, they will be returned to the Green Zone by the department, and their Jobs Plan will continue to apply.

Payment suspensions and demerits for non-compliance with mutual obligation requirements continue to apply in the Green and Warning Zones of the Targeted Compliance Framework.

Will people continue to accrue demerits if there is no longer a Penalty Zone?

Yes, demerits will continue to apply in the Green and Warning Zones if a person does not have a valid reason for the non-compliance.

Do people still need to achieve 91 days with zero mutual obligation requirement failures to return to the Green Zone from either the Penalty Zone or after a Capability Assessment, if deemed capable of meeting requirements?

No. A person found capable of meeting their mutual obligation requirements at the Capability Assessment will be returned to the Green Zone and their Jobs Plan will continue to apply. This is because the Penalty Zone no longer applies. Demerits can begin to accumulate once a person is in the Green Zone.

Will a person be managed by Services Australia after the fifth demerit?

Services Australia will complete a Capability Assessment after the fifth demerit. Subject to any adjustments or new information at this point, the person will continue to be managed by their employment service provider.

Employment service providers continue to be responsible for assisting participants with a strengths-based approach to increase their skills and look for and accept suitable work.

What timeframe can the Department provide in relation to resolving these issues and re-activating the Targeted Compliance Framework system?

Reviews are underway to ensure that decisions taken are made in a lawful and robust manner.

- An independent assurance review is examining the IT system operating the Targeted Compliance Framework against policy and business rules to ensure the system is operating as intended.
- A legal review is also examining whether decisions are being properly made and whether decision making processes are aligned with the law.

The work underway by the Department has identified examples where the system is not operating in alignment with the law and policies, or is not operating with the rigour expected.

As this work progresses, further updates will be provided by the Employment Secretary.

Any decisions to resume reductions or cancellations will be communicated clearly and well ahead of them being re-activated.

Penalties for failing to accept or commence suitable employment (Work Refusal Failures) continue to apply where Services Australia determines there is no 'reasonable excuse' for the failure.

Are there any current circumstances where people will have their social security payment reduced, suspended or cancelled due to breach of mutual obligations?

Payment suspensions for non-compliance with mutual obligation requirements continue to apply.

Penalties for failing to accept or commence suitable employment (Work Refusal Failures) continue to apply where Services Australia determines there is no reasonable excuse for the failure.

In light of the recent decisions, would you consider removing the administration of Capability Interviews?

People should not have the Targeted Compliance Framework applied for requirements they are not capable of meeting.

Although some penalty and cancellation decisions are paused, people can still incur payment suspensions for missed requirements.

As such, Capability Interviews remain an important safeguard in ensuring requirements are appropriate to a person's individual circumstances. This will ensure a person does not incur a payment suspension for requirements they are not capable of meeting.

With payments no longer being cancelled after 28 days of payment suspension, will the person's payments just remain suspended indefinitely until they meet their reconnection requirements?

No. The law does not allow a person's social security payment to remain indefinitely suspended.

To ensure payments are not cancelled where the person does not meet a reconnection requirement within 4 weeks of being notified, the Department will end the person's payment suspension on day 20.

For people who had payment cancellations and payment reductions prior to 4 July 2024, how do people get this reviewed?

Payment cancellations due to persistent mutual obligation failures were paused on 4 July 2024.

The Department will review each decision that cancelled a participant's payment due to persistent mutual obligation failures between 8 April 2022 and 4 July 2024.

The Department will contact impacted people over the coming weeks.

We are currently considering appropriate next steps regarding other past decisions.

Will the Workforce Australia guidelines be updated to reflect these decisions?

Yes. Updated Guidelines will be available shortly.

These updates will remove references to decisions which are now paused under the Targeted Compliance Framework.

These include:

- a payment cancellation decision due to unemployment failures;
- a payment cancellation decision for not meeting a reconnection requirement within 4 weeks of being notified; or
- a payment reduction decision due to persistent mutual obligation failures.