

Background: Targeted Compliance Framework investigations

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v1.1 of this document published in August 2025 can be accessed here:

https://1drv.ms/w/c/5406945b74ee978d/EZ33uHM89ntEsEtzLXCYLpkB_5k6ybanPd2eEh53UeQIPA?e=o8OUAH

The Antipoverty Centre has obtained information that is yet to be made public via freedom of information requests, participant reports and whistleblower tip-offs. We are able to connect journalists with people on Centrelink payments who contributed information to the Commonwealth Ombudsman’s report into administration of the Targeted Compliance Framework. For enquiries contact media@antipovertycentre.org or 0413 261 362.

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Overview

People who receive JobSeeker, Youth Allowance, Parenting Payment and the Disability Support Pension may be subject to compulsory activity requirements, known as “mutual” obligations, which penalise people by delaying and reducing their Centrelink payment. There is a long and well-documented history of penalties being used to force and coerce welfare recipients into doing things that are not compulsory, and as a tool of bullying and

abuse.¹ Government data shows that these requirements led to people having their payment suspended 2.7 million times in the 12 months to June 2025.²

Penalties are imposed on welfare recipients by private employment services providers without meaningful government oversight under the Targeted Compliance Framework, which applies to people in the Workforce Australia program (Department of Employment and Workplace Relations) and Disability Employment Services (Department of Social Services). Under the TCF, Services Australia also has responsibilities related to the application of penalties. People in remote areas are subject to a different system, called the Job Seeker Compliance Framework.

The employment services system and programs through which compulsory activities are administered is currently the second largest government procurement after defence, costing around \$5.9 billion in FY23, and the value of payment reductions and cancellations – or “savings” to government – was \$7.6 million in FY22 (latest available figures).³ Some of these “savings” have subsequently been repaid to welfare recipients, plus compensation payments, with at least \$5 million having been spent on remediation after unlawful decisions were revealed.⁴

Since late 2024, information has come to light through [media reporting](#) and freedom of information requests regarding problems with the Targeted Compliance Framework dating back to 2018, including the unlawful administration of compulsory activities,⁵ triggering two investigations⁶ and demonstrating the urgent need to pause all penalties. Economic Justice Australia later confirmed that more than 300,000 people have had their Centrelink payments unlawfully cancelled under just one of the issues identified;⁷ yet DEWR has failed to be transparent about the total number of people affected by unlawful decisions under other sections of relevant social security law. While the employment department has sought to narrow the scope of investigations to issues affecting a small proportion of the employment services caseload, the Antipoverty Centre has received information from a whistleblower suggesting that scrutiny of payment suspensions applied by employment services providers would reveal millions of unlawful penalties dating back to 2018.

Despite some tweaks introduced under Coalition and Labor governments since December 2020, payment suspensions and threats continue to cause significant psychological and material harm by preventing people from accessing essential items like food and transport, incurring costs through late fees and overdrawn bank accounts, and wasting significant time and resources navigating confusing systems in the attempt to get employment services providers to lift wrongful suspensions and remove associated demerits. No changes have been made to fundamentally shift the power imbalance between people subjected to compulsory activities and those who profit from policing them.

Commonwealth Ombudsman investigation

In February 2025, the Commonwealth Ombudsman announced an investigation that was originally narrow in scope, but has since been expanded to look at the overall administration of the TCF and departmental oversight of private employment services providers.⁸

The first report was published on 6 August 2025, revealing that DEWR had contacted the Ombudsman on 27 November 2024⁹ – the day after the department received a media inquiry about its discovery of unlawful cancellations, which only came to light because of an FOI request.¹⁰ The Ombudsman found that by not acting immediately in September 2023 when the Australian Government Solicitor first raised issues related to unlawfulness, DEWR “chose to pass the risk of the consequences for cancellation decisions to job seekers rather than assuming the risk for itself”.

The report makes clear that DEWR and Services Australia must make decisions that are not only lawful, but are also fair and reasonable, and use their discretion wherever possible to protect people from being thrown into destitution. The report and related media comments indicated the Ombudsman has concerns about the potential for a much larger scale of unlawful, unfair, and unreasonable decisions being made not just by government departments but also by private job agencies who have the power to stop people’s Centrelink payments.¹¹

On 9 December 2025 the Ombudsman published his second report, which notes that stigmatisation of welfare recipients contributes to the systemic abdication of responsibility documented through his investigation.¹² Key findings include:

- DEWR’s approach to remediating unlawful cancellations is not fair or reasonable and relies on “vague and incoherent” information provided to people affected by unlawful decisions. The process is burdensome, and compensation should reflect non-financial loss such as stress and trauma, not just the value of lost income support.
- DEWR provides misleading communication and failed to update information about penalties promptly, giving people on Centrelink payments the wrong impression about what they are required to do and what penalties they may face.
- The high rate of provider decisions being reversed shows issues with the “quality, consistency and appropriateness” of decisions and indicates a large percentage of job seekers have their payments inappropriately suspended. Provider records are insufficient and hold “minimal and generic” information, failing to meaningfully communicate a person’s experiences. This means that decisions can be made using incomplete or inadequate information, and the greatest factor in decisions is whether or not a person is capable and confident in advocating for themselves.
- There appear to be minimal consequences for providers who make bad decisions. In stark contrast to the high percentages of incorrect decisions being overturned, providers are not held accountable for “potentially catastrophic penalties”.

An extended list of key excerpts from the Ombudsman’s report is included in [Appendix II](#).

External review by Deloitte

In December 2024, Deloitte was awarded a \$440,000 contract through a closed tender process to conduct a limited-scope review whether IT systems used to administer the TCF are consistent with the law.¹³ The government received the final report from Deloitte in mid-2025. This material was published on 14 August,¹⁴ a week after the release of the first Commonwealth Ombudsman's report into related issues and following earlier attempts by Senator Fatima Payman and Senator Penny Allman-Payne to bring it to light via Orders for the Production of Documents.¹⁵ It raised concerns about DEWR's ability to defend individual decisions as lawful under the current system before a court, tribunal or the Ombudsman.

The Deloitte report found the legal and factual basis for compliance action (suspension, cancellation or reduction of people's payments) is not readily documented and it is difficult to find necessary evidence or explanation that justifies these actions under the legislation. Though Deloitte noted concerns related to inconsistency in the way providers apply payment suspensions, the report says these were not adequately scrutinised because they were excluded from the scope and DEWR did not provide sufficient evidence to review. One Director in DEWR who was interviewed by Deloitte said, "The TCF is a process that wasn't designed with fairness in mind... If the function of the TCF is to penalise people, then it's fulfilling its role, but that's not the intention of a fair system."

Centrelink payment suspension problems and rejection of stakeholder concerns

DEWR also failed to provide data requested by Senator Allman-Payne in its response to a separate OPD – information that would reveal whether or not payment suspensions are being unlawfully applied due to minimum notice periods being breached.¹⁶

DEWR secretary Natalie James has paused decisions related to the reduction and cancellation of payments,¹⁷ however many welfare recipients are reporting to the Antipoverty Centre and Australian Unemployed Workers' Union that they are still experiencing unfair and unlawful payment suspensions.¹⁸

James decided that employment services providers would retain the ability to apply these penalties while the Ombudsman investigation continues. In an October 2025 senate estimates hearing, the Secretary conceded that the TCF is not currently operating in line with the legislation.¹⁹ Neither James nor Senator Jess Walsh (representing employment minister Amanda Rishworth) would say they have confidence in the legality of payment suspensions. DEWR's Deputy Secretary, Tania Rishniw, also said in the same hearing that the department doesn't hold enough information in their IT system to determine whether individual payment suspensions are lawful.²⁰

The Antipoverty Centre, Australian Council of Social Services and Economic Justice Australia received intermittent briefings from DEWR between late 2024 and July 2025 regarding these issues, however the department has not taken recommendations provided through this stakeholder consultation on the need to stop all compliance activity under the TCF, or requests for full transparency. Documents obtained by the Antipoverty Centre via an FOI request show that, in its briefings to Minister Rishworth, DEWR relied heavily on the independent assurance process to justify ignoring stakeholder concerns – despite these

concerns being outside the report's scope. Ultimately, Deloitte found that the TCF is not operating in line with legislative intent and provided no information to address concerns about widespread misuse of payment suspensions.

Previously, the Antipoverty Centre had been advised on multiple occasions by the department and relevant minister's offices that payment suspensions must remain in place because stopping them would undermine the "financial viability" of private providers – who we know wrongly prevent welfare recipients from receiving their Centrelink payment. This issue was also flagged in DEWR advice to Minister Tony Burke in 2023, which said "removal of compliance consequences dramatically reduces engagement with requirements... Such a reduction in engagement is highly likely to reduce employment outcomes for individuals and have significant implications on providers (both in terms of payments – viability...)"²¹

Unreliable complaints and accountability processes

The DEWR National Customer Service Line is the official avenue welfare recipients have to report, and provide evidence of, unlawful TCF penalties. Based on the Antipoverty Centre's support to people in the system, even in the most severe cases – including instances of physical injury, sexual harassment and assault – people are hesitant to seek help from the official complaints line or police due to fear of reprisal and a lack of confidence that there will be a just outcome.

In September, DEWR published its first ever report on calls to the NCSL, however, no detailed data has been published to allow for proper scrutiny or analysis. 6,200 complaints were received between November 2024 and April 2025, with the majority of these requiring action from the NCSL. The report did not provide any information about total call volumes or wait times, or penalties for providers who fail to follow the law or treat people unfairly. Under questioning from Senator Penny Allman-Payne at a December 2025 budget estimates hearing, DEWR revealed that call wait times for the complaints line had ballooned to over an hour in July and August 2025. From November 2024 to September 2025, nearly 142,000 calls to the NCSL were not picked up – in the midst of a legal crisis, DEWR is failing to gather information from people treated unlawfully and unfairly by providers.²²

Key statistics

Payment suspension notices are issued at an extraordinary rate, with 2.7 million issued in the 12 months to June 2025 across Workforce Australia Online, Workforce Australia Services, Disability Employment Services and the Community Development Program. This is around 5 payment suspension notices a minute.²³ Key statistics include:²⁴

- There are more than 900,000 people on the caseload across the largest programs, Workforce Australia Online (administered by the employment department), Workforce Australia Services and Disability Employment Services (both of which are privately administered).
- 1 in 3 people subjected to the Targeted Compliance Framework had their payment suspended in the most recent quarter for which data is available (Jul–Sep 2025).

- Payment suspension notices issued by a Workforce Australia Services private provider increased by 23% to 618,000 in the September 2025 quarter, up from 504,000 in the June quarter.
- Around 60 per cent of the 618,270 payment suspensions issued in the September quarter to people in Workforce Australia Services were the result of a provider recording a participant as failing to attend an appointment – this does not mean they failed to attend, or even that an appointment was scheduled in compliance with legal requirements. Provider malpractice, abuse and incompetence is widespread.
- In the September 2025 quarter, 29.7% of payment suspensions in Workforce Australia Services were issued to First Nations people, 26.2% to people with disability and 12.8% to primary carer parents.

Of the 964 people DEWR initially admitted to having unlawfully had their payment cancelled, 46 per cent are Aboriginal or Torres Strait Islander.²⁵

The Antipoverty Centre has long argued the idea that so many people in poverty are “non-compliant” to this extent – which would indicate large numbers of welfare recipients are indifferent to whether or not they receive their payment on time, or the time and energy they have to waste to have their payment taken off hold – is inconceivable.

While DEWR has claimed that many payment suspensions and cancellations cause “no detriment” because the person affected is in paid work, the number of people who fully exit the Workforce Australia is a tiny fraction of the number affected by suspensions. According to information DEWR provided in response to questioning from Senator Maria Kovacic in the December 2025 estimates hearing, less than half of the people who exit Workforce Australia have sufficient ongoing paid work.²⁶

During the time the Ombudsman’s investigation was underway, data released by DEWR showed a 23% increase in the number of payment suspension notices issued by Workforce Australia Services providers, from 504,000 in the quarter ending June 2025, to 618,000 in the quarter ending in September.²⁷ Call wait times and the number of unanswered calls to the DEWR complaints line drastically increased over the same period, from an average of less than half an hour from when the new complaints process was established in November 2024 to February 2025, to over an hour in July and August 2025. More than 140,000 calls to the complaints line were not answered between November 2024 and September 2025.²⁸

Public comment from DEWR TCF reference group members and advocates

- 21 March 2025, Antipoverty Centre, [Employment secretary admits to questionable legality of Centrelink payment penalties, refuses to pause suspensions.](#)
- 21 March 2025, Australian Council of Social Services, [ACOSS demands removal of whole Targeted Compliance Framework after damning Government revelations.](#)

- 21 March 2025, Economic Justice Australia, ["The burden should not be on individuals": government announces pause to payment cancellations after revelations of potentially defective social security administration.](#)
- 10 July 2025, Economic Justice Australia, [Concerns regarding the Integrity of the Targeted Compliance Framework.](#)
- 6 August 2025, Antipoverty Centre, [Damning Ombudsman report shows government must stop Centrelink payment suspensions.](#)
- 6 August 2025, Australian Council of Social Services, [Damaging Compliance System must stop immediately after damning Ombudsman report.](#)
- 6 August 2025, Economic Justice Australia, ["Enough is enough": EJA response to Ombudsman's report into failures of government it system.](#)
- 7 August 2025, Disability Advocacy Network Australia and Inclusion Australia, [Joint statement – Centrelink payment suspensions must stop immediately.](#)
- 15 August 2025, Antipoverty Centre, [Second damning report in two weeks exposes government's wilful negligence on Centrelink payment suspensions.](#)
- 15 August 2025, Australian Council of Social Services, [Remove payment suspensions now after damning Deloitte report.](#)
- 9 December 2025, Antipoverty Centre, ["Vague and incoherent": Ombudsman on the government's plan for people affected by unlawful Centrelink payment cancellations.](#)
- 9 December 2025, Australian Council of Social Services, [Employment services are failing and need radical overhaul.](#)
- 9 December 2025, Anglicare Australia, [Report exposes harmful Centrelink suspension system: Anglicare Australia urges urgent overhaul.](#)
- 9 December 2025, Economic Justice Australia, ["Not fair or reasonable": EJA response to second Ombudsman report into employment services failures.](#)
- 9 December 2025, Inclusion Australia, [New report shows all Centrelink payment suspensions must stop now.](#)
- 11 December 2025, Disability Advocacy Network Australia, [Call to end Centrelink penalties and Targeted Compliance Framework.](#)
- 17 December 2025: Antipoverty Centre, [New funding to enable Centrelink payment cancellations ignores rot at the heart of welfare compliance.](#)

The Antipoverty Centre, Australian Council of Social Services and Economic Justice Australia have demanded the government immediately stop all Centrelink payment penalties, including suspensions, reductions and cancellations related to compulsory activities, and commit to permanently removing the Targeted Compliance Framework.

Following the release of the Ombudsman's report, these organisations joined the call for payment suspensions to stop immediately and an end the TCF:

Anglicare Australia	Disability Advocacy Network Australia
Antipoverty Centre	Economic Justice Australia
Anti-Poverty Network South Australia	Inclusion Australia
Australian Council of Social Services	People with Disability Australia
Australian Unemployed Workers' Union	Single Mother Families Australia
Basic Income Australia	Sweltering Cities
Council of Single Mothers and Their Children	West Australian Council of Social Services
	Women with Disabilities Australia

Appendix I: Media reporting

- 30 November 2024: Rick Morton, The Saturday Paper, [Exclusive: Welfare payments cancelled unlawfully](#).
- 3 December 2024: Kat Wong, Australian Associated Press, [Calls for overhaul as welfare payments incorrectly axed](#).
- 7 December 2024: Rick Morton, The Saturday Paper, [Exclusive: JobSeeker payment system error prompts review](#).
- 10 December 2024: Dan Holmes, The Mandarin, [Government accused of illegal welfare payment cancellations](#).
- 23 January 2025: Cait Kelly, Guardian Australia, [Centrelink mutual obligations scheme paused amid scrutiny on 'failing systems'](#).
- 4 February 2025: Dan Holmes, The Mandarin, [Ombud launches investigation into Services Australia and DEWR](#).
- 5 February 2025: Joseph Brookes, InnovationAus.com, [Ombudsman investigates jobseeker system after tech stresses](#).
- 15 February 2025: Rick Morton, The Saturday Paper, [Exclusive: Ten dead after welfare glitch ignored by government](#).
- 26 February 2025: Joseph Brookes, InnovationAus.com, [Govt's employment tech raises legal doubts](#).
- 27 February 2025: Jessica Wang, news.com.au, [Employment Minister urged to stop Centrelink compliance framework after potentially illegal payment cancellations](#).
- 27 February 2025: Dan Holmes, The Mandarin, [DEWR secretary apologises for support-payment cancellations](#).
- 28 February 2025: Hayley Taylor, 7News, [IT glitches cancel more than 1300 Centrelink payments: 'Incredibly sorry'](#).
- 5 March 2025: Cait Kelly, Guardian Australia, [Australia's mutual obligation system is broken. Can apologies and reviews save it from suspension?](#)

- 21 March 2025: Cait Kelly, Guardian Australia, [More than 10,000 jobseeker payments may have been wrongfully reduced or cancelled, government says.](#)
- 4 June 2025: Miriam Webber, Canberra Times, [Ombudsman expands scope of investigation into JobSeeker cancellations.](#)
- 12 June 2025: Ben Eltham, Crikey, [Could this be the death of Australia's nightmarish welfare system?](#)
- 8 July 2025: Damien Carrick, Radio National, [AI and automated decision making in government.](#)
- 23 July 2025: Jessica Chew, The Mandarin, [Prevention or patch-up? Universal Basic Income the foundation of a wellbeing budget.](#)
- 26 July 2025: Rick Morton, The Saturday Paper, [Exclusive: Welfare cancellations paused after tribunal complaint.](#)
- 31 July 2025: Joseph Brookes, InnovationAus.com, [Senate demands release of welfare tech probe.](#)
- 6 August 2025: Radio National Breakfast, ['Pretty staggering': Welfare payments unlawfully cut off.](#)
- 6 August 2025: Cait Kelly, Guardian Australia, [Hundreds of jobseeker payments cancelled illegally by government IT system, watchdog finds.](#)
- 6 August 2025: Jessica Wang, news.com.au, [Jobseeker payments, advocates liken scandal to Robodebt 2.0.](#)
- 6 August 2025: Dan Holmes, The Mandarin, [Ombud gives DEWR, Services Australia a booting.](#)
- 6 August 2025: Joseph Brookes, InnovationAus.com, [Compliance tech automated unlawful payment cancellations.](#)
- 6 August 2025: Maani Truu, ABC News, [Automatic systems unlawfully cancelled 964 jobseekers' payments in two years, watchdog finds.](#)
- 6 August 2025: Ry Crozier, iTnews, [Job seekers had payments cancelled unlawfully by gov IT system.](#)
- 6 August 2025: Emily McPherson, Nine News, [Government unlawfully cancelled the payments of some JobSeekers, watchdog finds.](#)
- 6 August 2025: Miriam Webber, Canberra Times, [Two government agencies unlawfully cancelled income support payments, Ombudsman finds.](#)
- 6 August 2025: Kat Wong and Alex Mitchell, Australian Associated Press, [Shadows of robodebt as welfare unlawfully cancelled.](#)
- 6 August 2025: ABC Canberra, [Drive with Georgia Stynes](#) (interview at 2:02).
- 6 August 2025: ABC Victorian Statewide, [Drive with Prue Bentley](#) (interview at 2:02).
- 6 August 2025: Triple J Hack, [Cut off welfare, DEI in Australia + travel insurance miscalculations.](#)
- 6 August 2025: Jessica Wang, news.com.au, [Employment Minister Amanda Rishworth urged to release 'secret report' following unlawful JobSeeker cancellations.](#)

- 7 August 2025: Radio National Breakfast, [Greens say Labor didn't learn from Robodebt.](#)
- 7 August 2025: 3CR, Thursday Breakfast, [Ombudsman investigates unlawful Centrelink cancellations](#) (interview at 27 mins).
- 7 August 2025: The Briefing with Natarsha Belling, [The \\$4b system punishing the vulnerable + New Prince Andrew allegations.](#)
- 10 August 2025: 3CR, Out of the Pan, [Avery Howard Unemployed Workers Union damning Ombudsman report.](#)
- 11 August 2025: 3CR, Monday Breakfast, [Unlawful cancellations of income support payments](#) (interview at 1:06).
- 14 August 2025: Olivia Ireland, Sydney Morning Herald, [Echoes of robo-debt: Lawyer warns Labor after hundreds illegally denied payments.](#)
- 14 August 2025: Jessica Wang, news.com.au, [Secret Deloitte review into automated JobSeeker system warns of “instability,” “unintended impacts”.](#)
- 15 August 2025: Verona Burgess, The Mandarin, [First robodebt, now robodole. Both failed Australia's most vulnerable.](#)
- 16 August 2025: Rick Morton, The Saturday Paper, [Exclusive: Government warned over 'legal basis' of welfare system.](#)
- 17 August 2025: Joseph Brookes, InnovationAus.com, ['Failure on top of failure': Welfare systems on the brink.](#)
- 18 August 2025: Simone Casey, Power to Persuade, [Profit over people: administrative evil and the TCF.](#)
- 20 August 2025: Zoë Wundenberg, Canberra Times, [Australians pride themselves on fairness, but our welfare system is anything but just.](#)
- 25 August 2025: Joseph Brookes, InnovationAus.com, [Australia's automated compliance tech a global outlier.](#)
- 27 August 2025: Paul Karp, Australian Financial Review, [Deloitte report suspected of containing AI invented quote.](#)
- 29 August 2025: Verona Burgess, The Mandarin, [Robodole, another gift that keeps on giving.](#)
- 26 September 2025: Cait Kelly, Guardian Australia, [More than 300,000 Australians had Centrelink payments cancelled illegally, new analysis shows.](#)
- 27 September 2025: Ghiles Slamani, MSN, [Over 300,000 Australians Had Their Centrelink Payments Wrongfully Canceled, New Report Reveals.](#)
- 1 October 2025: Daanyal Saeed, Crikey, [IT error saw tens of thousands of Australians wrongly denied welfare payments.](#)
- 11 October 2025: Amy Remeikis, The New Daily, [Shame and harm at every JobSeeker turn – and now with added AI slop.](#)
- 18 October 2025: Cait Kelly, Guardian Australia, [Centrelink illegally cancelled Daniel's jobseeker payment. He fought back against the system – and won.](#)
- 24 October 2025: Verona Burgess, The Mandarin, [Robodole rapidly morphs from narrative to saga.](#)

- 24 October 2025: Kristen Amiet, The Australian, [Welfare suspensions roll on despite legal concerns about system.](#)
- 25 October 2025: Cait Kelly, Guardian Australia, [Sometimes defective, maybe unlawful: what can be done about Australia's crisis-ridden welfare system?](#)
- 27 October 2025: Nour Haydar with Cait Kelly, Full Story Podcast, [How Centrelink illegally cancelled jobseeker payments.](#)
- 2 November 2025: Cait Kelly, Guardian Australia, [Centrelink threatening payment suspensions at rate of five a minute, new analysis suggests.](#)
- 21 November 2025: Editorial team, South Burnett Advocate, [The invisible casualties: how Australia's debt machine targets its most vulnerable.](#)
- 9 December 2025: Dan Holmes, The Mandarin, [Ombud strikes another blow in unlawful welfare cancellation saga.](#)
- 9 December 2025: Joseph Brookes, InnovationAus.com, ['Not fair': Ombudsman adds pressure on automated welfare compliance.](#)
- 10 December 2025: Zoë Wundenberg, Canberra Times, [This is bureaucracy at its worst. Luckily, we have a real chance to do better.](#)
- 10 December 2025: Amy Remeikis, The New Daily, [The welfare system isn't just on fire, it's burning out of control.](#)
- 11 December 2025: Dan Holmes, The Mandarin, ['Is this Labor's robodebt?': Welfare advocates slam escalating failures.](#)
- 11 December 2025: 3CR, Thursday Breakfast, [Ombudsman Criticises Mutual Obligations Remediation](#) (interview at 1:10).
- 13 December 2025: Rick Morton, The Saturday Paper, ['Particularly strange': Ombudsman damns welfare compliance.](#)
- 15 December 2025: Cait Kelly, Guardian Australia, [Almost half of people using employment providers threatened with payment suspensions, new data shows.](#)
- 16 December 2025: Melissa Coade, The Mandarin, [Department of Employment and Workplace Relations boss out.](#)
- 16 December 2025: Joseph Brookes, InnovationAus.com, [Employment department secretary leaves 18 months early.](#)
- 16 December 2025: Lucinda Garbutt-Young, Canberra Times, [Department secretary to end term 18 months early.](#)

Appendix II: Ombudsman report highlights

Analysis

It is significant that the Ombudsman torpedoed a few of DEWR's bullshit excuses. Saying "oh that's a matter for government" does not actually excuse them from running the system unlawfully. There is an important rebuke of DEWR's comment that they don't have to worry about payment suspensions because they don't cause harm/detriment: "a large percentage

of job seekers have their payments inappropriately suspended” and even suspensions that are later overturned are “significantly stressful”. The inference is that DEWR could establish a process to review a suspension applied to someone in the penalty zone so their payment is not stopped automatically if a provider marks them non-compliant. They can no longer continue justifying making these millions of unfair suspensions decisions on the basis that they don’t result in a permanent financial penalty.

The recommendations are about how to fix an unfixable system, but the findings point to the fact that the whole system is *designed* to be like this. The reason that the system is so patchy and unfair is because the architects never intended for it to operate fairly and figured that people would be too poor to push back.

The emphasis on tweaking communication and language for correspondence will achieve nothing – DEWR/Services Australia have revised this time and time again but they are not good faith actors. The ambiguous, confusing and misleading information is intentional.

Likewise, changing the number of days for a person to “reconnect” does not ameliorate the harm done by threats and unfair/unlawful use of payment suspensions. Providing more information for providers will change nothing when the entire system is built on perverse incentives, which drive them to actively flout existing rules and guidelines.

When you look at all the DEWR quibbles with the Ombudsman's draft, it accentuates the complexity of the system – the rules are so confusing that even after ~10 months of investigating, exactly how it works and how the requirements and responsibilities intersect is still unclear to the Ombudsman.

It’s so damning how badly DEWR were handling the limited cohort affected by the 42AF cancellations that are being remediated. The Ombudsman found awful treatment of that small ~900 person cohort, which DEWR has had years to work through. This highlights how at-risk hundreds of thousands are when it comes time to remediate people affected by the other unlawful payment cancellations and reductions.

Services Australia advised the Ombudsman that they do not review demerit decisions, and that a person is referred to their provider or DEWR. This is significant because many people do not know there’s a separate number to call for issues related to compulsory activities. People seeking to resolve a problem with their provider often call Centrelink, and wait on hold for hours, only to be told they should talk to the provider who caused the problem. We have been advised by Services Australia call centre staff that they receive a significant number of enquiries related to compulsory activities where they are unable to do anything for the person seeking help. Those who try the DEWR phone line then face extraordinary wait times, with some reporting that they waited 3 or more hours to have the phone answered.

The Services Australia “correction” in their letter to the Ombudsman is misleading and implies people will only lose 4 weeks of payment if they are subject to cancellation. There is a 4 week preclusion period after the cancellation takes effect. There is also a payment reduction period prior to cancellation, and an additional waiting period of at least 1 week

(can be longer, depending on circumstances) after the new application is approved. While called a “waiting” period, it does not denote backpay – the entitlement commences from the date that the waiting period concludes.

It is important to note that while DES / Inclusive Employment Australia are omitted from this report, approximately one quarter of all people subjected to the Targeted Compliance Framework are in DES, not the mainstream Workforce Australia program. TCF oversight should apply to both programs in the same way as there is no difference in legislative requirements between the two.

Significant quotes

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“We found DEWR’s remediation approach to compensate the 964 job seekers not to be fair and reasonable, that generally the decision-making processes that resulted in the section 42AF(2) cancellation decisions were not fair and reasonable, and that DEWR’s oversight of providers in monitoring and responding to inconsistent or inappropriate decision-making by providers is poor and lacks transparency.”

“Stigmatisation of unsuccessful job seekers ... may contribute to the limited oversight of providers ... despite the evidence telling us that the majority of the 652,300 current job seekers are in fact unlikely to find ongoing employment no matter how hard they try, given that current unemployment in Australia is close to the natural level of unemployment with respect to the inflation rate.”

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“We found the information for job seekers [about compensation for unlawful payment cancellation] to be vague and incoherent, while the information for agency decision-makers was unduly complex.”

“We could not be assured that DEWR maintains effective oversight of decisions made by providers, including through monitoring and responding to inconsistent or inappropriate decision-making by providers. When we considered this against the unlawful cancellations, it calls into question the fairness and reasonableness of decision-making that resulted in job seekers losing vital financial support.”

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46% of people who had an unlawful payment cancellation were First Nations, 24% of people who had their payment unlawfully cancelled were:

- psychiatric problem or mental illness
- illness or injury requiring frequent treatment
- significant lack of literacy and language skills
- drug or alcohol dependency which impedes compliance
- recent traumatic relationship breakdown

- homelessness (beyond the control of the job seeker)
- cognitive or neurological impairment and
- significant caring responsibilities.

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“The possibility that some job seekers may have had their payment cancelled had the original discretion been lawfully exercised does not change the fact that their payment was unlawfully cancelled, with immediate and potentially significant consequences for their ability to afford the basic necessities to survive.”

“It would have been more appropriate for agencies to give affected job seekers an opportunity to outline all their losses (including non-economic loss such as stress and trauma) they believed had resulted from their unlawfully cancelled income support payment, and for DEWR to take that into account when deciding the amount of compensation payable.”

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The Ombudsman says the government is providing false and misleading information to people about their payments facing cancellation, despite cancellations having ended. It states that while DEWR is busy with remediation that they would still expect them to provide people with correct and accessible information about the state of the TCF. It also found that DEWR is not updating official documents and guidelines to reflect decision made by the Secretary to stop payment cancellations.

“We reviewed an example of redacted correspondence from Services Australia dated 7 February 2025 that we understand was sent to job seekers who allegedly committed a 2nd persistent mutual obligation failure. This redacted correspondence advised that the next time the job seeker did not meet their mutual obligation requirement without a reasonable excuse their payment may be cancelled. Sending misleading correspondence to a job seeker about an outcome that will not occur is unreasonable... Receiving such information may have caused undue stress to the job seeker as they were effectively being notified of having their income support cancelled for a minimum 4 weeks if they did not meet their next mutual obligation requirement.”

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The Ombudsman found that providers are not giving Services Australia good information about job seekers or mutual obligations failures for Services Aus to conduct capability assessments properly.

“The quality of administrative justice experienced by the public depends largely on primary decision makers “getting it right”.” – quoting the Administrative Review Council Best Practice Guide.

“In our observations of Services Australia interviews, we noticed that while Services Australia officers prompted job seekers for information when undertaking these assessments, the historical and background data of the job seeker, as recorded by the

provider, appeared minimal and generic and, in some cases, did not provide enough context. The information that was recorded did little to communicate any meaningful depth of the job seeker's actual experiences, which runs the risk of officers making decisions without consideration of a job seeker's underlying circumstances."

Page 24

"The greatest impact on the outcome of an assessment was a job seeker's ability to advocate for themselves and ability and willingness to share the details of their personal circumstances with an officer who they had never dealt with before."

Page 28

The report notes that vague information about complaints may confuse people or discourage them from lodging a complaint.

"The sense we had from the content of its public complaint information was an emphasis on seeking feedback so DEWR could improve the service it provides rather than on actioning a complaint."

Page 33

"60% of these job seekers were found to be not capable of meeting the requirements in their job plan because they disclosed new information. Through no fault of their own, not every job seeker can speak up for themselves."

Page 34

"Over a 3-month period from 1 July 2024 – 30 September 2024, Services Australia determined that 51% of job seekers they assessed were not capable of meeting the requirements in their job plan that had been settled by providers."

"Further, of the 18,170 purported 'persistent mutual obligation failures' that Services Australia investigated between 1 April 2022 and 4 July 2024, Services Australia overturned 27% of these provider decisions following a discussion with the jobseeker. 'Persistent mutual obligation failures' are mutual obligation failures made by job seekers who are in the Penalty Zone."

The Ombudsman highlights that a Capability Assessment (a review by Services Australia) is not reviewable, unlike other decisions made by Services Australia.

Page 35

There is a high overturn rate by DEWR or provider decisions.

"A DEWR review in early 2024 found that 54% of the capability interviews conducted by providers that DEWR reviewed did not follow the correct procedure to update the job seekers' requirements after job seekers were found not capable of meeting their current requirements. That is, just over one in two capability interviews did not follow the correct procedure in this regard. DEWR's desktop analysis of provider activities between 1 July 2022 to 4 July 2024 also demonstrated that it removed almost 1 in 5 of non-compliance events recorded by providers against job seekers."

“The high overturn rates illustrate that providers may not be adequately considering the circumstances of job seekers and are not being sufficiently monitored by DEWR. It was not however clear during the investigation how DEWR uses the information from the provider decision overturn rate.”

Page 36

“By its nature, the financial pressure of suspension puts the job seeker in a vulnerable position. Even if a suspension ends up being lifted without a financial consequence, this is likely to be significantly stressful for job seekers, given their very precarious financial position. We consider this financial pressure lessens the fairness of the TCF process the job seeker is required to navigate.

“As mentioned above, from 1 April 2022 to 4 July 2024, Services Australia rejected 27% of the persistent mutual obligation failure provider decisions it investigated, following a discussion with the job seeker. This suggests a large percentage of job seekers have their payments inappropriately suspended, given they had reasonable excuses for not complying with their mutual obligation failures. We discuss this issue further in respect to the role of providers in the TCF, however, this percentage lends weight to the argument that job seekers in the Penalty Zone should not be immediately suspended from income support.”

Page 39

The Ombudsman finds that provider ratings are unusable by people on payments and stakeholders and the decisions that lead to its findings are unclear and could lead to providers intentionally withholding information to prevent it being used against them.

“Awarding moderate ratings where there is insufficient data could incentivise providers to limit the evidence they provide for DEWR’s assessment, if the available evidence would show them as not meeting the measure, or having only a low rating.

Page 41

There is unclear internal guidance for DEWR staff in handling complaints.

“We found DEWR’s internal documents to staff lacked clarity and consistency and did not support clear internal or external communication and engagement in resolving complaints.

“An example of this is the Complaints Management Policy, which notes that, where appropriate, cases will be referred to other areas of the department for further investigation and action. However, to whom, when and how these referrals are to be made are not described. Instead, other assurance documents, not related to the complaints procedures, outline relevant roles.”

Page 43

“DEWR were unable to provide us with the following data from 1 July 2022 – 4 July 2024 because its Customer Relationships Management System did not hold or store the data in a way that could be reliably isolated and reported on:

- number and percentage of provider decisions that were challenged by job seekers

- cohort data on job seekers making complaints about providers
- the outcome of complaints about providers...”

“DEWR was not able to explain how complaints about providers were being managed and resolved, including whether the following outcomes which it told us were possible are in fact occurring:

- a provider apologising to a job seeker
- agreeing to approve the job seeker’s funding under the Employment Fund
- changing the job seeker’s employment consultant
- providing provider staff with feedback or coaching
- cancelling payment holds or demerits
- informing a job seeker about appropriate provider behaviour in line with Deed and Guideline provisions.”

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- 21 The Saturday Paper, [Exclusive: Ten dead after welfare glitch ignored by government](#).
- 22 [Budget estimates hearing Hansard transcript](#) (p51), Senate Education and Employment Committee, 3 December 2025.
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