

From: s 22(1)
To: s 22(1)
Subject: FW: Options for MO consideration - payslips and provider pressure |s 22(1)
Date: Friday, 5 July 2024 9:35:20 AM
Attachments: [Option - Reducing Payslip Verified Outcomes.docx](#)
[image001.jpg](#)

s 22(1)

s 22(1)

From: s 22(1)
Sent: Monday, April 29, 2024 2:08 PM
To: s 22(1)
Cc: s 22(1)
s 22(1)

Subject: RE: Options for MO consideration - payslips and provider pressure

s 22(1)

Please see some background information on payslips and some options we have identified. Happy to progress further advice post MO review.

Thank you s 22(1)

s22(1)
First Assistant Secretary
Workforce Australia for Individuals Division
Employment and Workforce Group
Australian Government Department of Employment and Workplace Relations
s 22(1)
dewr.gov.au

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

From: s 22(1)
Sent: Monday, April 29, 2024 9:56 AM
To: s 22(1)

Cc: s 22(1)
Subject: Options for MO consideration - payslips and provider pressure

s 22(1)

Good morning all,

In light of [media reporting](#) over the weekend, the office has requested the department prepare initial options (in addition to the already agreed Budget measure) to mitigate providers inappropriately pressuring clients to provide payslips.

Grateful if options (including for action under provider contracts) could be provided to the office by **2:30pm today** (hard deadline). Appreciate that anything that could be provided within that timeframe will be very rough and heavily caveated.

I understand this request has come following the Minister raising this with his team this morning.

s 22(1) or I are happy to chat.

Cheers,
s 22(1)

Departmental Liaison Officer – Employment and Workforce
Office of the Hon Tony Burke MP
s 22(1)

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OPTIONS: REDUCING PAY SLIP VERIFIED OUTCOMES

Context

- Workforce Australia Services providers may claim Outcome Payments when clients achieve 4, 12 and 26 weeks in employment, regardless of whether the client or provider found the job. Outcome Payments recognise the work that providers do in ensuring clients are equipped with the skills to find work and remain employed.
- The vast majority of Outcome Payments (75 per cent) are verified by the department's IT system using hours and/or earnings declared by clients to Services Australia. Based on the data received from Services Australia, the IT system will automatically determine whether the provider is eligible for a partial or full outcome payment. Pay slips are not required for outcomes verified through information provided to Services Australia.
- Only 25 per cent of Outcome Payments are verified using pay slips or employer payroll summary information.
- The provider may ask the participant for this evidence or contact the employer if they have the participant's permission to do so. Participants are under no obligation to supply pay slip evidence to providers.
- It is inappropriate for any Workforce Australia Services provider to be harassing, bullying or threatening clients into handing over information about their employment. Providers must not utilise the Targeted Compliance Framework to obtain pay slips by creating Provider Appointments or other compellable requirements for the sole purpose to ask for evidence of employment.
- The Department on 8 April 2024 issued guidance to providers reminding them of their obligations and not to harass, bully or threaten clients into handing over information about their employment. A copy of the Provider Portal Notice is at [Attachment A](#).
- Individuals who are experiencing any pressure or harassment from their Workforce Australia Services provider can report this by contacting the National Customer Service Line on 1800 805 250 and the Department will thoroughly investigate these claims and take action as appropriate.
- The Department will review existing complaint data to identify any trends with specific Workforce Australia Services Providers and reinforce the requirements and expectations under the Workforce Australia Services Deed.
- Outcome Payments are a significant revenue stream and financial viability driver for Workforce Australia Service providers. Any changes to Outcome Payment settings will have significant financial viability implications for providers. Given the need for future Outcome Payment settings to be considered alongside any changes to the broader Performance Framework, any re-weighting of the payment model could be considered as part of developing and designing the new employment services system.
- Workforce Australia Service providers are also required to provide pay slips as evidence to demonstrate that an individual was employed by the employer to support a placement involving a wage subsidy.

Options

| Option | Description | Comments |
|--|---|---|
| <p>Utilise current breach management framework</p> <p>Recommended</p> | <p>Where a Workforce Australia Service provider is found to have compelled a participant to provide payslips, the department could take action under the Deed.</p> | <p>If the department can establish that a breach of the Deed has occurred by a Provider, the department may be able to recover the associated Outcome payments (and potentially other provider payments) from the Provider (this would need to be explored further because it would depend on what breach occurred). If the claims are established to be invalid, there may also be the ability for the department to claim liquidated damages.</p> <p>There is also the option to take other remedial action under the Deed, such as reducing business share, suspending payments etc that can be used if the Provider is unable to demonstrate that they can rectify an identified breach. Any potential action under the Deed would need to be explored further and considered with the departmental Legal team. Would likely need to test exact instances of it happening to be able to establish what breach has occurred and then what subsequent action is available to the department.</p> <p>This option could be accompanied by guideline changes to more explicitly state that a provider may ask the participant for this evidence or contact the employer if they have the participant's permission to do so. Participants are under no obligation to supply pay slip evidence to providers.</p> |
| <p>Only allow Workforce Australia Service Providers to claim system</p> | <p>Under this option Workforce Australia Service providers would only be able to claim Outcome Payments based on earnings and hours information reported by individuals to Services Australia. Departmental IT systems automatically uses information provided by Services Australia to generate allowable Outcome Payments for</p> | <p>Outcome Payments would no longer be payable for any individual who is not required to report hours and earnings to Services Australia. This would remove any financial incentive for providers to support at-risk individuals including, redundant workers, individuals who are fully meeting Mutual</p> |

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|---|---|--|
| <p>verified Outcome Payments</p> <p>Not recommended</p> | <p>the providers to claim through the Workforce for Australia online system.</p> | <p>Obligation Requirements and any individual who is not required to report to Services Australia.</p> <p>This change would result in Workforce Australia Service providers will not being able to claim around 25 per cent of Outcome Payments for which they are currently eligible (around \$100-120 million per year). A reduction of this magnitude would significantly impact their viability and risk further consolidation of the market.</p> <p>The IT system often fails after an individual has changed their income support payment type. In these circumstances, providers can currently provide the dept with documentary evidence to support the outcome claim. There are also other instances where IT system issues prevent Outcome Payments being claimed by providers, even where the participant has declared to Services Australia. Providers would no longer be able to claim these valid Outcome Payments.</p> <p>This change would also have implications for Disability Employment Services and the Community Development Program who both use pay slips and employer summaries in the verification for some outcome payments. Any changes to those programs would need to be agreed with the Minister for Social Services and Minister for Indigenous Australians.</p> |
| <p>Utilise Single Touch Payroll to verify Outcome Payments</p> <p>Underway</p> | <p>Utilising Single Touch Payroll (STP) information collected by the Australian Taxation Office (ATO) to verify Outcome Payments.</p> | <p>As part of the 2024–25 Budget a measure has been agreed to test the capacity of STP data to verify Outcome Payments. This measure is due to commence from July 2024 and help determine whether STP information can be used in the verification of Outcome Payments.</p> |

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| | | <p>Under existing STP data collection arrangements. Services Australia verification would still be required, as STP can only provide earnings information but not hours worked. STP is not suitable for those Outcome Payments which are payable based on hours work (for example – hours-based outcomes for participants with a partial work capacity, principal carer parents, Parenting Payment and individuals not on income support).</p> <p>However, STP can provide a safety net in instances where the Services Australia system fails to provide earnings information.</p> <p>To derive the fully benefit from STP data the department would need to work with the ATO to expand STP data to include information on hours worked.</p> |
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Attachment A**Provider Portal Notice - Outcome Payments - Requesting Payslips from Clients**

When claiming Pay Slip Verified Outcomes (PSVOs), providers are reminded that while they may ask clients for pay slips, clients are under no obligation to provide them. In addition, providers must seek the client's permission to contact their employer directly for pay slips.

It is inappropriate for any Workforce Australia Services provider to harass, bully or threaten clients into handing over information about their employment. This includes threatening or applying payment suspensions or demerits under the Targeted Compliance Framework, compelling clients to supply payslips or evidence of employment.

Should the Department become aware of specific instances where providers harass, bully or threaten clients to hand over information about their employment (through channels such as the National Customer Services Line), these will be thoroughly investigated and raised directly with providers. Providers are reminded that it is a contractual requirement to act in good faith towards clients at all times and provide services in a manner that does not bring the program, provider or department into disrepute.