PARLIAMENT OF AUSTRALIA

Rebuilding Employment Services

Final report on Workforce Australia Employment Services

House of Representatives

Select Committee on Workforce Australia Employment Services

November 2023

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Foreword

> I am not a shirker, a scrounger, a beggar, nor a thief. I'm not a … blip on a screen. I paid my dues, never a penny short, and proud to do so. I don't tug the forelock but look my neighbour in the eye and help him if I can. I don't accept or seek charity. My name is Daniel Blake. I am a man, not a dog. As such, I demand my rights. I demand you treat me with respect. I, Daniel Blake, am a citizen, nothing more and nothing less.

This is a quote from the movie *I, Daniel Blake*; an account of one income support recipient's engagement with the welfare system in the United Kingdom. If you haven't seen it, you should.

While the events of *I, Daniel Blake* are fictional, the film's sobering critique of an employment services system with rigid rules that treats people as mere pieces of data rather than human beings would be all too familiar to so many people who have engaged with Australia's employment services system since privatisation 25 years ago. Workforce Australia is just the latest iteration of the system, promising respectful, connected, simple and supported services. Yet the overwhelming weight of evidence is that this promise has not been fulfilled and that fundamental change is needed which cannot wait; both to better support the most disadvantaged in society and reduce long-term unemployment and to get better value for money. Over $9.5 billion will be spent over the next four years. Employment services are the Commonwealth's largest single procurement outside Defence.

This inquiry has been the only 'first-principles' review of the employment services system in several decades—it is far more than just a review of the latest iteration Workforce Australia (which was itself designed for a very different labour market). It's not a fairy floss review. There were no 'sacred cows' and all aspects of the system have been interrogated in an open minded and non-partisan manner led by the evidence, not ideology, outside interests or direction. This report makes 75 recommendations, informed by over 300 submissions, more than 60 hours of witness testimony, over 50 meetings and site visits including with jobseekers, employers, employment service providers, academics, social enterprises, local and state governments, social welfare groups, training providers and other human services in every state and territory, plus direct engagement with OECD experts and over 10 other nations.

It's harsh but true to say that Australia no longer has an effective coherent national employment services system; we have an inefficient outsourced fragmented social security compliance management system that sometimes gets someone a job against all odds. The system does not effectively serve jobseekers or engage service partners, and it is overly focussed on supply (jobseekers) rather than demand (employers). Government must be far more actively involved with a public sector core to a rebuilt system. Mutual obligations need to move away from a one-size-fits all approach that ties the system up in red tape, drives employers away, and makes people less employable, and must be broadened and tailored to the individual.

Critique and analysis – why change is needed

Australia's system has long been designed in a deficit paradigm, underpinned by two flawed theories. Firstly, that unemployment is always an individual failing (ignoring structural and major barriers like ageism, racism, a lack of suitable work and thin labour markets, health, and disability). This drives the belief that if you only beat disadvantaged people hard enough to do the same things over and over they'll somehow magically get a job, and if they don't they're lazy—the pernicious myth of the 'dole-bludger'. Secondly, that more choice and competition in human services in every place, as well as harsh performance management, will inevitably result in better services and employment outcomes—especially for vulnerable and long-term unemployed people. Both theories have been proven to be rubbish, yet we have persisted in designing the entire system around them. The system designed for the few who cheat–around the worst people in society and the worst providers.

Consistent with the findings of previous reviews, it is clear that the overwhelming majority of unemployed people want to work. But the current rigid approach to mutual obligations is killing unemployed people's intrinsic motivations and efforts to seek work, by drowning them and those paid to help them in a mountain of red tape, compliance requirements and pointless mandatory activities. People are made to do silly things that don't help them get a job—such as pointless training courses or applying for jobs they won't get—and are then harshly and repeatedly sanctioned for trivial or inadvertent breaches of prescriptive rules. It is ridiculous that over 70 per cent of people with providers have been subject to payment suspensions despite zero evidence that 70 per cent of people are cheating the system. The Robodebt Royal Commission's finding that fraud in the welfare system is minuscule is apt. The nature and extent of mutual obligations is like using a nuclear bomb to kill a mosquito.

Employers have fled the system, dodging floods of inappropriate job applications. Providers are forced by the payment and performance frameworks to repeatedly try to place jobseekers into unsuitable vacancies to chase outcomes payments so they can pay their staff and make a profit, yet there are inadequate incentives or support for business to take on disadvantaged jobseekers. The system is unbalanced, focussed on supply rather than matching demand, and employers' disengagement from the system also means that people are missing out on more effective in-workplace training.

So many job agency staff are compassionate, caring people who deliver great outcomes and small miracles in difficult circumstances. Generally, providers want to help people. Yet overall, the employment services system is not delivering optimal outcomes or value for money. Almost without exception staff told us that they were consistently having to fight against the system to help their clients. There is little time or ability to tailor services, and the workforce is in crisis with over 40 per cent turnover of frontline staff. Low paid, de-professionalised and de-unionised, many staff do not possess the skills or qualifications to support an increasingly vulnerable and heterogenous client caseload. Only around 12,000 of the 20,000 provider staff deliver frontline services (the rest are in management, administration, or service support). Moreover, the system is so choked with red tape, compliance and inefficient IT systems that staff now spend 50 per cent or more of their time on administration rather than working with clients and employers.

It should not be controversial to conclude that that full marketisation has failed. The failures of the current outsourced quasi-market system, driven by neoliberal New Public Management

theories that have exhausted their utility, have been identified repeatedly by experts and analysts. The costs of the system are not properly acknowledged. Indeed, even the previous government, which lived and loved to privatise and outsource whatever bits of the public service they could, implicitly admitted that privatisation had failed by bringing a large share of the caseload back to the public sector in Workforce Australia. Yet the problems are more fundamental.

The level and nature of competition is excessive and counterproductive, resulting in high levels of service saturation, fragmentation, and duplication yet without specialisation or localisation. In numerous regional towns and disadvantaged suburban centres, it seems there is a service provider operating on every street block, providing largely the same service with little innovation or variation in offerings or performance. Coupled with the myriad of Disability Employment Services (DES) providers it is a ridiculous situation. Five ice cream shops all selling the same vanilla ice-cream, lined up side by side, while the Department of Employment and Workplace Relations (DEWR) studiously manages market share so everyone gets a lick.

The same problems arising from excessive competition have plagued every iteration of the quasi-market system for decades, yet governments have only ever made tweaks to the system and experimented with band-aid and sticky-tape workarounds. The promised benefits of choice and contestability have never been realised, despite this issue being raised in multiple previous reviews. Every country that has experimented with extensive outsourcing has eventually realised that it does not work without a public sector core as some companies will profiteer—hence governments respond by heavily regulating a quasi-market.

Australia's system does not adequately assess people upfront or support them to make informed choices about the supports that would best suit them. The fact that so many clients in online services self-assess as not digitally competent is a sign of a flawed intake process. People are forced to choose a provider with little information while under extreme stress. The Committee was unable to find the secret Harry Potter style 'Sorting Hat' which allocates other people to services, but we are sure it exists and would do away with it.

Employment services should act as a gateway to the broader human services system, especially for more than 150,000 people who have been in the system for over five years. Australia has a red-hot labour market, yet too many people have not been skilled and prepared for this moment and the available jobs, as the Employment White Paper made clear.

Effective services need to leverage local social capital, relationships with employers, and other human services. Yet the system places little value on connections in local communities and labour markets. A Hunger Games style contracting model and regulatory culture drives very high turnover in providers during contract and licensing rounds—bafflingly 22 per cent of regions saw all providers removed in the last round—leading to service disruption and devastating impacts on relationships of trust which have been built up between jobseekers and providers, and with employers. There is no other human services system where this level of provider (or staff) turnover would be considered desirable or acceptable.

A key part of the problem is that the Australian Government today has no view as to what is a good service model or what or why something works. Individual public servants are good, intelligent people yet the department is largely detached from regional labour markets and local communities, and from the day-to-day reality of supporting unemployed people back into

work. They're like puppet masters sitting way up in the rafters, jerkily pulling the strings, trying to control things way below on the stage. They need to be closer to the action. Responding to this concern doesn't mean (re)creating a giant new bureaucracy that does everything, as our recommendations make clear. But government cannot remain so passive, commissioning and contract managing from afar, if better outcomes and value for money are to be achieved.

The significant and numerous issues identified in this inquiry simply cannot be addressed by mere tweaks to policies and programs. They demand wholesale, large-scale reform in the coming months and years to fundamentally rebuild the Australian system.

A rebuilt Commonwealth Employment Services System

The Committee proposes that a rebuilt system aspire for more than just kicking people off welfare at every moment. Of course, moving people from income support into work must remain a primary goal. However, new, modern objectives should also explicitly value economic security, sustainable employment, productivity, skills, and workforce participation and respond to industry transitions and the workforce needs of employers, while preventing and addressing long-term unemployment and intergenerational disadvantage. A guiding vision should be to enable all people in Australia to enjoy decent employment and to participate in economic and social life regardless of who they are or where they live. This means broader service eligibility.

Government must have a much stronger role, both as an active steward of the system providing enabling services in each region and a direct provider of services. Consistent with the world's best employment systems and other human services (think TAFE, education, health, or aged care), a public sector core to the employment services system must be rebuilt. Australia must change our culture and mindset from the current paradigm where politicians obsessively contract employment services out and deny responsibility, to a system where service partners are contracted in to work with government and employers in local communities. Specific recommendations include:

- **Establishing a new entity—Employment Services Australia (ESA)**—within DEWR as a large digital-hybrid provider for jobseekers with fewer barriers to work, to actively managing the caseload; to provide core enabling functions in every region; and to provide case management services in some places and for people who are furthest from the labour market or persistently non-compliant with their obligations.
    - Enabling services provided by ESA's network of regional hubs would include local system coordination and mapping (available to clients and service partners); client assessment and referrals; industry and employer engagement; administration of support for social enterprises and local projects; and delivery of industry transition and place-based projects for Commonwealth and State and Territory Governments. Direct case management would occur in thin markets and a few other places to rebuild public sector capability and understanding of the efficient cost of a quality service.
    - All driven by Jobs and Skills Australia's regional labour market data and guided by Regional Advisory Boards of local governments, employers, and service leaders.

    - This will necessitate a redesign of existing functions and funding splits between DEWR, Services Australia, DSS and providers.
- **Establishing a regulator—Employment Services Quality Commission**—responsible for workforce standards and professional development; research, continuous learning and improvement activities; quality frameworks, advising on pricing and funding mechanisms for quality services; data collection, analysis, and release; and complaints management.
- **Significantly enhancing social procurement**, including via the creation of a national social procurement framework to leverage federal spending on major projects and services to assist more disadvantaged people back into employment.
- **Entry level job opportunities**. Reinvigorating entry-level jobs and paid internships and traineeships in Commonwealth, State, Territory, and local government agencies for long-term unemployed people. This should not be overdone but can make a greater contribution.
- **Formalised governance arrangements**, with ongoing engagement with academic and policy experts, service partners and other stakeholders as part of a culture of collaboration, learning and improvement, including establishing Client Council(s) of service users.

A rebuilt Commonwealth Employment Services System requires an enhanced and—at least in some respects—radically different service model, with support differentiated according to a client's distance from the labour market. Core elements proposed include.

- **Revamped comprehensive assessment and referral**, including video or face-to-face appointments at ESA's regional hubs following the initial digital assessment. This aims to put the human back in human service, to fully understand clients' aspirations, goals, and personal circumstances, and to maximise choice and control over referrals to appropriate services and supports—in the same way as a GP helps people navigate the health system.
- **A 'digital-hybrid' service mixing self-management online with extra supports**. For Australians who need less help to get a job, an enhanced digital-based service would be complemented by support to improve digital literacy. The hybrid service would be delivered by ESA, absorbing the Digital Services Contract Centre's functions, properly resourced to build an effective and efficient public service for this cohort.
- **Case management—'Job Coach'—services, differentiated by clients' needs for people who need more and face-to-face assistance,** with:
    - 'Low intensity' support focused on preparing for and finding work and addressing minor vocational barriers to employment, delivered by service partners.
    - 'Medium intensity' support focused on setting goals and overcoming vocational and non-vocational barriers, delivered by service partners.
    - 'High intensity' support for clients who are furthest from the labour market, including in-depth and wrap-around support, case managed by a public sector-led program.

Contracted local service partners would continue to support most people but with a very different approach to commissioning and delivery.

- **A specialist youth employment service in each place**, open to all people under the age of 25 years, with varying intensity depending on a person's circumstances. The existing and highly regarded Transition to Work (TtW) program would be rolled into this.
- **Cohort-specific specialist case management services**, for priority cohorts, including Aboriginal Community Controlled Organisations (ACCOs) For First Nations jobseekers and specialists for jobseekers who are culturally and linguistically diverse or with disability.
- **A completely revamped service for people in or exiting the criminal justice system**, commissioned with all State and Territory Employment and Corrections Ministers aligning pre-release, on-release, and post-release support.
- **Referral and access to other human services and support**, addressing substantial non-vocational barriers (such as family violence, mental health, homelessness, and substance abuse disorders) prior to connecting to an employment services partner; reinstating Sickness Allowance for people unable to work for medical reasons; and reviewing access to the DSP for extremely (more than 5 years) long-term unemployed people.
- **Social and community participation options** for people who are unlikely to benefit from employment assistance as employment is not a realistic short to medium term goal.

Employers should also be encouraged to become the lead partner in on-the-job training and real work experience which is proven to be more effective for long-term unemployed people.

Broadening and tailoring mutual obligations

Participation requirements should continue to be a part of Australia's system. People will be expected to show commitment and make reasonable efforts to secure work or to increase their social or economic participation while receiving income support. But as outlined above the current approach is self-defeating, tying people up in red tape, driving employers away and actually making many people less employable. Recommended changes—which are not about going soft but about being more tailored, sensible, and effective—include:

- **An individual Participation and Jobs Plan** that is a realistic and tailored pathway to employment based on a person's needs, capabilities, strengths, and goals, and includes a commitment by the relevant service partner to providing support.
- **Broadened and tailored mutual obligation requirements, not one-size-fits-all**:
    - Clients in digital-hybrid services or intensive case management for non-compliance would continue to engage via a recalibrated Points Based Activation System.
    - Clients in case management services delivered by ESA or by service partners would be required to 'meaningfully participate', including attending scheduled appointments and doing what is in their Participation and Jobs Plan.

- **Activation requirements would be retained**—serving as an 'availability test'—and would include a greater variety and removal of default activities, and more flexibility in timing.
- **Replacing the Targeted Compliance Framework with a new Shared Accountability Framework**, including discretion for frontline staff to counsel clients a few times a year before moving into compliance, an adjusted sanctions regime and—critically—the return of key compliance functions to human decision-makers within government, removing 'RoboCancel' automation in payment suspensions and cancellations.
- **Urgent interim changes** to reduce red tape and the volume of inappropriate suspensions.

To be effective, reforms to rebuild the Commonwealth Employment Services System will need to be supported by fundamentally different and fit-for-purpose commissioning, funding, and performance management arrangements. The most fundamental change is the development of a new regulatory culture and a more relational contracting model, focussed on partnerships and building quality services. This will challenge the 'black box', hyper-competitive paradigms which have driven marketized employment services.

Complementing a more relational contracting model, other changes should include:

- **A substantial increase to the number of employment regions** to reflect natural labour markets and communities of interest, rather than ease of Commonwealth procurement.
- **A reduction in competition in place and service fragmentation** by:
    - Engaging only one 'generalist' case management service partner and one youth specialist partner per location (in line with the TtW model). This will usually mean more than one partner per region.
    - Complementing generalist case managers with specialists as outlined above, including some who work across multiple regions with flexible service models.
- **A simplified commissioning process**, with greater weighting given to service partners who demonstrate strong community connections.
- **Utilisation of business transition mechanisms in contracts** to reduce service disruption and cost to the taxpayer when a service partner in a place finishes a contract.
- **A new funding model** allowing experimentation with different approaches. For example:
    - Blended funding for a bundle of services for service partners, with a reduced focus on payments for narrow employment outcomes as these drive extreme 'work first' behaviours which the previous government said were being removed but which are alive and kicking due to funding and performance management settings.

    - Bespoke and other flexible funding arrangements—including the reverse auction grants model used in Victoria—for social enterprise and community programs.
- **A revised performance management framework** within a year of tabling this report.

Other key reforms proposed include:

- **Re-professionalising the secto**r, including a framework of minimum standards for staff skills, qualifications, and competencies (while continuing to value lived experience) and ensuring that pay and conditions are competitive with similar sectors.
- **Streamlining and simplifying assurance and accreditation and reducing red tape**, including by pursuing opportunities to integrate Single Touch Payroll data into the system.
- **Making data publicly available for research and evaluation**, supported by the establishment of a dedicated, co-operative research unit in the new Quality Commission.
- **Streamlining and simplifying the use of the Employment Fund,** including establishing a default principle prohibiting providers from referring clients to services or training delivered in-house or by a related entity—subject to limited exceptions approved by DEWR.
- **Overhauling active labour market and complementary programs** including:
    - Centralising administration of wage subsidies, internships, and paid work experience.
    - Trialling the establishment of a 'Work in the Community' program in a selection of regional areas and metropolitan regions with entrenched disadvantage.
    - Retaining Career Transition Assistance and foundation skills programs; and adding a stronger focus on digital skills.
    - In the medium-term, abolishing Employment Skills Training and the existing disparate facilitation programs for employers and rolling these funds into the new initiatives.

A Roadmap for transition to a rebuilt system

The Committee is not naïve and understands the complexity and ambition of what is proposed. This is not a science experiment, and rebuilding any human service system is a fiendishly difficult thing to do.

Reform will require sustained political leadership, a major change in culture led by the bureaucracy and ongoing engagement by all levels of government. Numerous experts have told us that the biggest obstacle to system reform is likely to be resistance by the public service given a decades long belief in full outsourcing, a lack of experience in delivery and the sheer convenience of being able to blame and punish contractors for systemic failures.

Successful reform will require genuine partnerships between government, employers, service partners and communities, informed by the lived experience of unemployed people and service users. That does not necessarily mean consensus and not everything can or should be co-designed. Government needs to lead and take bold decisions and set parameters and culture for reform within which co-design, experiments and trials can occur. To be clear, the Committee's firm view is that rebuilding a public sector core to the system is a question of *how*, not *if*. Not everything should be subject to trials—major decisions need to be made with government leadership.

Significant funding can be repurposed, and efficiencies gained, achieving better value for money from current investment. However, government should not be scared to make targeted investments to get long-term unemployed people back into work. Australia spends more than the OECD average on the operating core of the system, but only half the OECD average overall as we underinvest in things like paid work experience, effective wage subsidies, active labour market programs and social enterprises.

Chapter 16 outlines an approach to transition including urgent and short-term actions, as well the preparation of a roadmap transition plan by the end of 2024. Demonstration partnerships should integrate the successful Jobs Victoria program and Tasmanian Job Hubs Network.

The Committee thanks the numerous organisations and individuals who contributed to this inquiry. Sharing personal experiences can be confronting, and the Committee especially thanks current and former employment services participants for sharing their stories in public and private.

The Committee also thanks the hardworking and dedicated staff who support jobseekers. Frontline staff are central to the delivery of employment services, and critique of the system must not be seen as a reflection on individuals working to support people into work.

The Committee thanks all of the impressive and dedicated public servants with whom we have engaged.

This is one of the most complex public policy reviews I've ever been engaged in. Grateful thanks to all Committee members for their engagement and collegiate approach and to the wonderful Committee Secretariat. You should be proud of your work, as we are.

Mr Julian Hill MP
Committee Chair

Note of condolence at the passing of Associate Professor Siobhan O'Sullivan

The Committee wishes to record its condolences on the passing of Associate Professor Siobhan O'Sullivan—a key contributor to this inquiry.

Professor O'Sullivan was one of Australia's leading experts on employment and labour market policy, and a tireless advocate for people experiencing disadvantage. Her insights into the welfare state and compassion for disadvantaged people will be truly missed.

Membership of the Committee

Chair

Mr Julian Hill MP	Bruce, VIC

Deputy Chair

Mr Russell Broadbent MP	Monash, VIC

Members

Dr Andrew Charlton MP	Parramatta, NSW
Ms Louise Miller-Frost MP	Boothby, SA
Dr Daniel Mulino MP	Fraser, VIC
Ms Rebekha Sharkie MP	Mayo, SA
Mr Aaron Violi MP	Casey, VIC

The committee was supported by a Secretariat comprising staff of the Department of the House of Representatives

Terms of reference

The House of Representatives resolved that a Select Committee on Workforce Australia Employment Services be appointed to inquiry into and report on:

(a) the implementation, performance and appropriateness of Workforce Australia Employment Services;

(b) the extent to which Workforce Australia Employment Services delivers services in a way that is fair, leaves no one behind, respects individuals' diverse needs, and supports job seekers into secure work, in particular, its support for long term unemployed and young people; and

(c) other matters in relation to Workforce Australia Employment Services.

List of recommendations

Recommendation 1

4.134 The Committee recommends that a new Commonwealth Employment Services System be developed and implemented in line with the recommendations of this report and informed by close and ongoing consultation with experts, stakeholders, and service users. This should be underpinned by formal intergovernmental agreement(s) setting out roles and responsibilities for coordination with skills, training and related human services, service delivery, and arrangements for implementation and funding including co-investments to tackle long-term unemployment, place-based disadvantage, and industry transitions.

Recommendation 2

4.151 The Committee recommends that the Australian Government work with key stakeholders to develop a refreshed vision, objectives and service eligibility for a rebuilt Commonwealth Employment Services System as follows:

- **The proposed guiding vision is that all Australians can enjoy decent, secure employment and economic and social participation, regardless of who they are or where they live.**
- **The proposed objectives are:**
  - **support the wellbeing and economic security of individuals and their families through engagement in sustainable employment and preventing and addressing long-term unemployment and intergenerational disadvantage;**
  - **grow the skills and capabilities of the Australian workforce and advance the productivity of the Australian economy;**
  - **respond to the workforce needs of business and industry and provide adaptive and flexible responses to energy and industry transitions; and**
  - **build human capability and social capital to connect people with the full range of social and economic opportunities available in communities.**

Subject to service design and fiscal constraints, desirable adjustments to service eligibility which should be trialled are to extend support to all people who are citizens or permanent residents and who are: unemployed, not in the labour force, or underemployed; stuck in casual and insecure work or trying to survive in the gig economy; wanting to up-skill or improve their economic

security; facing job loss; or working in industries and regions facing economic transition.

Recommendation 3

4.155 The Committee recommends that the Australian Government work with State and Territory Governments and key stakeholders to establish permanent mechanisms for client, stakeholder, and expert input into a rebuilt Commonwealth Employment Services System with the following elements:

- **One or more Client Councils tasked with inputting client experiences.**
- **An Employment Services Coordinating Council, responsible for providing stakeholder and expert advice to support continuous improvement to policy and program design and delivery.**

Recommendation 4

4.169 The Committee recommends that the Australian Government implement the following measures to enhance its role in stewarding the employment service system and increase the direct delivery of services by government:

- **Establish Employment Services Australia (ESA) as a new entity within the Department of Employment and Workplace Relations to undertake specified activities including core enabling functions in regions, be a large hybrid provider for those closest to the labour market, and some case management activities as outlined in this report.**
- **Establish a network of regional hubs and service gateways delivered by ESA. The regional hubs should be co-located where possible with existing services and include the following core-enabling functions:**
  - **local service system coordination and mapping;**
  - **jobseeker assessment and referrals to services;**
  - **industry and employer engagement and support;**
  - **administration of government support for social enterprise and local projects; and**
  - **delivery of industry transition and place-based projects for Commonwealth and State Governments.**

Recommendation 5

4.179 The Committee recommends that the Australian Government develop and implement a Commonwealth Social Procurement Framework to leverage Commonwealth spending on major projects and large service contracts to create more employment and training opportunities for long-term unemployed and disadvantaged jobseekers. The Framework should align with and

complement existing approaches in the Commonwealth at the State and Territory level and be developed with input from key sector enablers such as Social Traders, National Disability Services, Fair Work, and Supply Nation.

All States and Territories should be encouraged to adopt a similar approach. This should include greater commitment to employing local people when Commonwealth, State, and local government services are delivered in local and regional areas and to improving gender outcomes in certain sectors such as construction.

Recommendation 6

4.180 The Committee recommends that the Australian Government work with State, Territory, and local governments to develop and implement strategies to provide long-term unemployed people with job opportunities, including targets for the creation of entry-level jobs, paid internships and traineeships in Commonwealth, State, and Territory agencies and consideration of the role that State owned utilities and corporations could play. This should include greater commitment to employing local people when Commonwealth, State, and local government services are delivered in local and regional areas.

Recommendation 7

4.181 The Committee recommends that the Government create a permanent administrative traineeship position for disadvantaged jobseekers in the electorate office of each Member of Parliament. Each placement would last between nine and 18 months, and include paid work integrated with a vocational education and training qualification and allow for a subsequent period of work while undertaking supported job search.

Recommendation 8

5.193 The Committee recommends that the core service model for the new Commonwealth Employment Services System provide far more tailored and flexible support, with tailored Participation and Jobs Plans that recognise more diverse pathways to employment. The model should include the following key elements:

- **A digital-hybrid employment service delivered by Employment Service Australia for those jobseekers identified as being able to effectively self-manage online.**
- **Case management services informed by more tailored assessment and Participation and Jobs Plans, differentiated by an individual's needs and proximity to the labour market, with:**

- **A 'low intensity' advisory and support service focused on preparing for and finding work and addressing minor vocational barriers to employment, generally provided by contracted service partners.**
- **A 'medium intensity' case management service focused on setting goals and overcoming vocational and non-vocational barriers, generally provided by contracted service partners.**
- **A 'high intensity' service for people who are furthest from the labour market, including in-depth and wrap-around support, likely case managed through a public sector-led program.**

- **Referral and access to other human services that address substantial non-vocational barriers to employment as required.**
- **Cohort-specific specialist support delivered by organisations with relevant expertise and competency, with priority cohorts including First Nations peoples, people from culturally and linguistically diverse backgrounds and people with significant disabilities.**
- **Social and community participation goals for people who are unlikely to benefit from other assistance for whom employment is simply not a realistic outcome at least in the short term.**

Recommendation 9

5.194 The Committee recommends that the Australian Government develop, trial, and implement measures to embed pre-employment and vocational supports within a person's primary human service, such as mental health, homelessness, or family violence services. This should be informed by the approach being taken in Headspace.

Recommendation 10

5.195 The Committee recommends that in designing a high intensity case management service for people furthest from the labour market, most likely delivered by the public sector or community based not-for-profit service partners, the Australian Government consider the lessons of the former Personal Support Programme and the French 'remobilisation' package for long-term and very-long-term unemployed people.

Recommendation 11

5.202 The Committee recommends that the Commonwealth Employment Services System include a youth-specific service, open to all people under the age of 25 years. The Youth Employment Service should retain the existing Transition to Work program as a more intensive option while also providing less intensive support options that vary according to individual circumstances and Participation and Jobs Plans. Commissioning and procurement should

preference youth specialist providers with proven track records in delivering services to young people, as well as providers which are co-located with other youth services in youth hubs where possible.

Recommendation 12

5.203 The Committee recommends that the Australian Government:

- **promote and encourage employers to deliver training to improve attitudes towards older people in the workforce; and**
- **strongly encourage providers—and service partners, under the rebuilt Commonwealth Employment Services System—to work with employers to change attitudes towards older people in the workforce and to develop more inclusive recruitment and work practices.**

Recommendation 13

5.211 The Committee recommends that in relation to employment service support for ex-offenders:

- **Commonwealth and State and Territory Employment and Corrections Ministers commission a serious piece of reform work—potentially via National Cabinet—to develop a refreshed intergovernmental commitment and agreement to reform, design, delivery and funding of employment services for ex-offenders pre-release, on-release and post-release. States and Territories should be encouraged to co-invest in employment services and programs for ex-offenders given the significant fiscal savings that accrue from reduced recidivism.**
- **There be at least one specialist provider available in each jurisdiction and no more than one in each place, supported by cohort based and place-based programs which integrate with the corrections system and provide holistic support and access to other human services.**

Recommendation 14

6.78 The Committee recommends that the Australian Government take account of the findings of this report in relation to pay and conditions, support appropriate short-term actions to help stabilise the workforce, and link medium-and longer-term arrangements for pay and conditions in a rebuilt system focused on quality to a coherent plan to re-professionalise the sector's workforce. Such a plan should also include measures to ensure that the ratio of clients to staff is sufficiently low that staff are able to deliver effective, person-centred services to clients.

Recommendation 15

6.88 The Committee recommends that the Australian Government work with the sector and key stakeholders to co-design a professional framework of skills, capabilities, and qualifications for frontline staff consistent with this report. Development of the framework should be led by the new Employment Services Quality Commission. The framework should include:

- **a typology of skills, qualifications, and competencies that frontline staff must hold;**
- **measures to ensure that frontline staff possess the necessary competencies to support a diverse cohort of clients, including First Nations peoples, older people, and people with disability;**
- **measures to ensure that required competencies can be adjusted to account for regional variations and labour market contexts; and**
- **measures to enable service partners to recruit and retain staff who do not possess formal qualifications where appropriate, including measures to enable service partners to:**
  - **recruit staff with lived experience in or experience delivering pre-employment or employment services; and**
  - **support staff to gain formal qualifications post-commencement.**

Recommendation 16

6.89 The Committee recommends that the Australian Government work with the sector and key stakeholders to co-design a new approach to support ongoing capability development of frontline staff in the employment services system. This should include establishing an Employment Services Capability Fund.

Recommendation 17

7.100 The Committee recommends that the Australian Government address issues impacting the functionality of employment services IT systems as a matter of urgency. A continuous improvement fund and program should be implemented for IT systems, with priorities determined collaboratively with providers having regard to evidence provided to this inquiry. The fund and program should include implementing measures to:

- **streamline reporting and other information requirements, with a view to significantly reducing the number of times a provider is required to report the same information;**
- **improve accuracy, reliability, and consistency in the information available to providers, and to other key stakeholders as appropriate;**

- **ensure that providers have access to up-to-date information on participants on their caseloads, including information on resumes and job searches;**
- **allow providers to make changes to the information in the system regarding participants on their caseloads;**
- **ensure significant changes to IT systems are rigorously tested with providers and other key stakeholders before they are rolled out; and**
- **provide ongoing funding to DEWR to enable it to undertake minor and periodic changes to IT systems to avoid the current situation arising again.**

Recommendation 18

7.101 The Committee recommends that the Australian Government adopt a clear 'tell government once' principle for employment service clients, whereby critical information relevant to a client's employment potential and service history is available to relevant public sector agencies and service partners contracted to support an individual.

Recommendation 19

7.102 The Committee recommends that the Australian Government expedite work between the Department of Employment and Workplace Relations and the Australian Taxation Office to fully integrate Single Touch Payroll data into the management and administration of employment services and introduce legislative changes to make it available for broader research and evaluation purposes.

Recommendation 20

7.103 The Committee recommends that:

- **dedicated channels (email and telephone) into Services Australia be re-established for service delivery partners including service partners and the Department of Employment and Workplace Relations; and**
- **the rebuilt Commonwealth Employment Services System include more collaborative arrangements between Services Australia, Department of Employment and Workplace Relations and providers to address servicing and participant issues and experiences.**

Recommendation 21

7.104 The Committee recommends that the Australian Government, working with key stakeholders in the employment and human services ecosystem, simplify and streamline the approach to assurance and accreditation for employment services. This should include:

- **identification and removal of duplicative and redundant requirements in the accreditation process;**
- **development of a framework for mutual recognition of accreditation across the employment services and broader human services ecosystem;**
- **implementation of a risk-based approach to assurance, incorporating clear recognition of provider accreditation and a focus on demonstrated risk indicators;**
- **providing timely feedback to providers after an audit or assurance process, including implementation of standard timeframes;**
- **identification of future opportunities to leverage data to support payment and process compliance; and**
- **the Australian Government or a suitable intermediary becoming a supplier of Right Fit For Risk compliant IT security services for smaller organisations.**

Recommendation 22

7.118 The Committee recommends that the Australian Government establish an Employment Services Quality Commission as an independent regulator for the sector. The Employment Services Quality Commission should have functions in accordance with the findings of this report including:

- **establishing a quality framework and licensing standards;**
- **workforce standards and sector professional development;**
- **provider licensing and accreditation;**
- **advising on pricing for high quality services, commissioning and payment models;**
- **complaints management, including the development of a complaints procedure that is user-friendly and readily accessible to participants;**
- **data collection, analysis, release, and championing transparency; and**
- **research, evaluation, continuous learning, and quality improvement.**

Recommendation 23

8.61 The Committee recommends that the Australian Government:

- **adopt a clear default principle of transparency whereby all data is published as matter of course unless there is a compelling reason not to do so; and**
- **implement a comprehensive and structured program of data release to support research capability and enable evidence-based improvements to the sector, with the program to include:**

- **identification of data assets—including administrative and survey data;**
- **a clear schedule for the release of data assets to the public;**
- **a comprehensive data protection framework;**
- **training and ongoing support in the use of the data for all officers;**
- **a service level requirement that administrative and survey data will be released no less than 12 months after it is collected unless the data is specifically collected for the purposes of an evaluation; and**
- **a policy framework and IT system changes to support the integration of data from other sources including Australian Government, State and Territory Governments, and research institutions.**

This program should be finalised and published within 12–18 months of the tabling of this report.

Recommendation 24

8.62 The Committee recommends that the Australian Government implement a new evaluation framework for employment services, including the following key elements:

- **A maximum 18-month period release date for evaluation reports following the end of the period analysed.**
- **Release of data used for the purposes of the evaluation for external scrutiny and analysis at the time the evaluation report is published.**
- **Inclusion of a broader range of metrics of effectiveness, including measures which assess the success of the system in building a jobseeker's capacity for social and economic participation and meeting the needs of employers.**
- **Consideration of the satisfaction of service users including unemployed people and employers.**

Recommendation 25

8.75 The Committee recommends that the Australian Government establish a unit within the new Employment Services Quality Commission responsible for continuous research and learning regarding service delivery and quality improvement and sharing of good practice. The unit should undertake its work with the Department of Employment and Workplace Relations, service partners, clients and external research partners including Universities and the Australian Centre for Evaluation, with its functions to include:

- **leading work to identify and share best practice in the design and delivery of employment services;**

- **identifying and mapping pathways to employment, including services that would best support jobseekers along those pathways and the costs associated with service delivery; and**
- **developing an ongoing collaborative research agenda for the sector, including measures to enable greater access to data to support research efforts.**

Recommendation 26

8.78 The Committee recommends that the Australian Government ensure all service partners can access information they enter into the department's IT systems unless there are clear, defendable reasons for not making that data available.

Recommendation 27

8.83 The Committee recommends that the Australian Government ensure a rebuilt Commonwealth Employment Services System permanently design in the capacity to experiment with innovative service delivery approaches. Trials should be subject to rigorous co-design with stakeholders including participants, providers, peak bodies, and academic and policy experts, and should be subject to robust monitoring and evaluation. 'Innovation zones' should be considered along with exclusion of approved trials of new initiatives from performance metrics so as not to discourage or punish providers and services which try new approaches.

Recommendation 28

9.98 The Committee recommends that the Australian Government reframe its initial contact with and messaging to jobseekers as quickly as possible. A better framework for contacting jobseekers should include the following key elements:

- **Clear, consistent information is available on relevant government websites about the roles, functions, operation, and benefits of employment services.**
- **Jobseekers are able to contact responsible agencies directly for advice on employment services and income support within a reasonable timeframe.**
- **Avoiding conduct or language that reinforces shame associated with accessing income or employment support.**
- **Ensuring communications use plain, sensitive language.**
- **Communications notifying jobseekers of their Participation Interview are unambiguous as to reasons for the contact and clearly explain the purpose of the interview.**

- **If possible, outbound calls show a dedicated phone number, so recipients know who the contact is from. This should acknowledge potential concerns as to spoofing, spam and fraud.**

Recommendation 29

9.114 The Committee recommends that the Australian Government co-design a new jobseeker assessment service, including the following key elements:

- **The Job Seeker Snapshot (JSS) is retained, subject to amendments to ensure it accurately identifies jobseekers who are best suited to online-hybrid services. The amendments should be trialled ahead of national rollout and should be subject to robust monitoring and evaluation.**
- **All jobseekers, except those determined via the JSS to be suited to online services, are rapidly referred to Employment Services Australia for comprehensive assessment of the jobseekers' aspirations and barriers.**
- **Following assessment, Employment Services Australia (via Regional Hubs):**
  - **provides details of the services and providers in the area;**
  - **recommends service(s) that would be most beneficial for the jobseeker;**
  - **identifies people who have little to no short-term prospects of securing employment, who have other barriers that should be addressed before referral to a provider or who would be better supported by a non-provider service, and prepares a Participation and Jobs Plan for those clients that underpins their mutual obligations; and**
  - **identifies people who should be referred to a provider for case management and support with job search, providing the jobseeker up to a week to select their provider and supports a handover.**
- **A client who shows commitment and meaningfully engages with Employment Services Australia during the assessment process fully meets their mutual accountability requirements for that period.**
- **Performance measures for Employment Services Australia focus on the appropriateness of services to which jobseekers are allocated.**

Recommendation 30

9.118 The Committee recommends that the Australian Government develop and implement measures to:

- **enable providers to refer jobseekers back to Employment Services Australia for re-assessment;**
- **enable jobseekers to self-initiate transfers between providers and services with minimal administrative burden, subject to the provider or service having been identified as appropriate during their assessment;**

- **allow jobseekers to seek re-assessment by Employment Services Australia; and**
- **require re-assessment by Employment Services Australia of jobseekers being supported by a provider who have not secured work within a defined period.**

Recommendation 31

9.122 The Committee recommends that the Australian Government:

- **review the boundaries of Community Development Program (CDP) regions with a view to incorporating clearly urban areas (such as the southern area of Darwin) into mainstream employment services while allowing a 'buffer' or 'overlap' zone where people can choose to be allocated to CDP or mainstream services; and**
- **simplify the process for jobseekers who move regularly between remote and non-remote regions and give consideration to allowing a person to nominate one program through which they will be primarily serviced and stay attached to that service.**

Recommendation 32

9.133 The Committee recommends that the Australian Government consider reinstating the Sickness Allowance and extending eligibility for the Allowance to people with sustained, medium, or longer-term medical conditions that preclude them from seeking employment in the foreseeable future and allow medical certificates for longer than three months where appropriate.

Recommendation 33

9.134 The Committee recommends that the Australian Government consider possible minor adjustments, as proposed in this report, to better identify jobseekers who are extremely-long-term unemployed and are eligible for and should be granted a Disability Support Pension. This should be done without revising the impairment tables or creating a perverse incentive to become extremely long-term unemployed.

Recommendation 34

9.135 The Committee recommends that the Australian Government develop and implement measures to reduce the cost of obtaining medical evidence for purposes relating to employment services, up to and including offering subsidised medical appointments for this purpose.

Recommendation 35

10.99 The Committee recommends that the Australian Government ensure that all participants in employment services have access to training and supports to improve their digital literacy, noting that lack of digital literacy is frequently a barrier both to efficiently accessing services and to employment.

Recommendation 36

10.100 The Committee recommends that the Australian Government:

- **ensure that the digital tools for employment services and the primary government websites for employment services are available in, at a minimum, the languages in which reporting is available via the Centrelink Express Plus app, as well as in those languages most commonly used by jobseekers on the employment services caseload;**
- **develop and implement a strategy for increasing the number of languages in which online information and reporting tools are available, including in response to changes to the makeup of the employment services caseload;**
- **ensure major updates to digital tools and user interfaces for employment services are fully tested with target cohorts before being implemented. This should include testing with older people, people from culturally and linguistically diverse backgrounds, First Nations peoples, and people with disability; and**
- **develop a Digital Protections Framework to provide robust safeguards for clients and other stakeholders against the adverse impacts of increasing digitalisation and automation of services.**

Recommendation 37

10.110 The Committee recommends that the Australian Government should properly resource the Department of Employment and Workplace Relations (DEWR) to support its transformation into a hybrid provider with a spectrum of online services and more intensive supports, with a robust evidence base established via use of data analytics and randomised control trials including proactive outreach, for example:

- **general periodic welfare checks;**
- **coaching discussion of the client's progress in terms of building capacity and moving towards employment;**
- **proactive provision of information about skills development and training opportunities and other support services in a client's local community and region (supported by Employment Services Australia's mapping of the human services eco-system in each region);**

- **trialling an occasional video or face-to-face engagement, given the success this has had in overseas hybrid public providers; and**
- **information about transferring to provider-led services to people identified through engagement or data analytics as not faring well in online services or identified as being at higher risk of long-term unemployment.**

Recommendation 38

10.111 The Committee recommends that with respect to the optimal default time(s) that a client remains in online services:

- **The Australian Government review and establish a firmer evidence based through Service Improvement Trials using randomised control trial methodology, with a view to determining an optimal default time for participation in an enhanced online or hybrid service. This may include trialling six-, 9-, 12- and 15-months (accompanied by consistent proactive interventions) and assessing the outcomes for various cohorts of people, expecting that the optimal time may vary depending on a person's characteristics, geographic location, and variations in the labour market.**
- **The Department of Employment and Workplace Relations be provided with the ability to require re-assessment of a person in online services, and to mandate referral to face-to-face provider services where there is clear evidence that a person is not faring well and is unlikely to succeed without more intensive support.**

Recommendation 39

10.119 The Committee recommends that the Australian Government seriously consider the implementation of a policy framework to integrate commercial digital jobs marketplaces into the employment services system taking account of the conclusions of this report, including the following key elements:

- **Competitive neutrality and open access to all providers subject to meeting robust cybersecurity, privacy, and service standards.**
- **Safeguards and transparency relating to the use of artificial intelligence, including to prevent algorithmic discrimination against disadvantaged jobseekers.**
- **Jobseekers being able to automatically report activities through commercial marketplace partners to the employment services system.**
- **Regular sharing of data on jobseeker activity with the employment services system, to enable program-level accountability and inform future policy direction.**
- **Relevant content is promoted on behalf of businesses and industries using in-flow and adjacent marketing channels.**

- **Clients have regular access to a wide range of job opportunities and recommendations based on their candidate profile and/or job preferences.**
- **Eventual retirement of the online jobs board in Workforce Australia once commercial partnerships are established and working well.**

Recommendation 40

11.53 The Committee recommends that the Australian Government design and implement a new policy framework to give effect to the legislative requirement for an Employment Pathway Plan, which should include the following key elements:

- **An acknowledgement of the requirement to show commitment and engage meaningfully with the employment services system and a broad explanation of the genuinely mutual obligations which apply. This includes the preparation of a Participation and Jobs Plan within a default timeline and that a payment is provisional until the plan is approved.**
- **A new Participation and Jobs Plan is developed: by the participant— online if in hybrid services; with Employment Services Australia if being case managed there; or with a contracted partner Job Coach provider if referred for outsourced case management. This would be a goal-based plan which should include, at a minimum:**
  - **an overview of the participant's aspirations, needs, and circumstances;**
  - **the support the provider will deliver to help the jobseeker address their needs and achieve their aspirations;**
  - **activities in which the participant commits to engage, including how these will contribute to building capacity and moving toward employment;**
  - **timeframes for completing expected activities; and**
  - **agreed requirements for regular appointments (the timeframe for which may vary depending on individual circumstances).**
- **The Participation and Jobs Plan is a result of genuine negotiation between jobseeker and provider.**
- **The Participation and Jobs Plan is regularly reviewed and updated to ensure that it aligns with the current needs and circumstances of the jobseeker.**

Recommendation 41

11.58 The Committee recommends that the Australian Government, consistent with the adoption of broader objectives for a rebuilt employment services system such as economic security and productivity uplift, develop and articulate:

- **guiding principles for job quality informed by international experience and approaches, including a typology of 'lower' and 'higher' quality jobs, to set out an Australian view as to what constitutes decent work which the system should aspire to help people secure; and**
- **develop metrics to evaluate the success of the employment services system in supporting jobseekers to obtain 'quality' employment.**

Recommendation 42

11.63 The Committee recommends that the Australian Government develop—through a process of co-design—trial and evaluate the cost-effectiveness of a career progression assistance program targeted to employees in lower-paid, entry-level, and insecure jobs. This should be funded on a fee-for-service basis.

Recommendation 43

11.73 The Committee recommends that the Australian Government review governance arrangements for the Employment Fund, including administrative requirements for reimbursements and approved categories of expenditure. This should include:

- **clarifying the items that should be automatically allowable and directly accessible for jobseekers such as meeting transport costs to interviews, services and mandatory activities; data; and Drivers Licence training and acquisition;**
- **simplifying the process to claim reimbursements using a less punitive 'Trust but Verify' approach to contracted partners to reduce the number of staff devoted to administration and compliance and free up these resources for more productive activities;**
- **increasing flexibility in how the Employment Fund may be used (for payments that are not to a provider or a related entity); and**
- **giving consideration to crediting the Employment Fund annually for very-long-term unemployed clients.**

Recommendation 44

11.82 The Committee recommends that the Australian Government establish a clear default principle that:

- **Providers are not permitted to refer participants on their caseload to training programs which they deliver or which are delivered by a related entity except with express approval by the department which would only be expected in limited circumstances. Guidelines should be developed to clarify the circumstances in which approvals may be given. These should require DEWR to have regard to whether refusing to approve referrals would**

unduly restrict access to training or support in thin market areas, and to whether the training is of high quality and represents value for money.

- **Providers are not permitted to use the Employment Fund to pay for activities, services, or programs that they deliver or which are delivered by a related entity except with express approval from the department. Guidelines should be developed to clarify the circumstances in which these approvals may be given.**
- **There should also be a safeguard that requires a client to be told in every instance when an own or related entity payment is sought from the Employment Fund, that activities funded must never be imposed by a provider on a client, and that they be advised of potential alternatives given the conflict-of-interest risk.**

These default principles should be reviewed as part of the reforms leading to a rebuilt Commonwealth Employment Services System to determine whether they remain necessary.

Recommendation 45

12.100 The Committee recommends that the rebuilt Commonwealth Employment Services System include a dedicated employer-focused service, as a one-stop-shop to 'hide the wiring' for businesses. This service should be delivered by Employment Services Australia's Regional Hubs, and should have the following key functions:

- **A greater focus on matching jobseekers to vacancies, including brokering placements for jobseekers with specific needs.**
- **Working with employers to deliver recruitment and workforce development support, including job design and job carving, new human resources practices and adapting work environments to welcome new and diverse employees and support them to stay.**
- **Working with employers to encourage and support them to deliver training, and to encourage employers to see themselves as not just a destination but as a key contributor to skills development.**
- **Delivering or providing referrals to industry-specific training.**
- **Partnering with providers, employers, and other key stakeholders to deliver targeted demand-driven employment projects focused on meeting the workforce needs of an individual employer or local community or region.**
- **Providing in-employment support, including career development.**
- **Collecting and sharing local labour market data to inform insights about vacancies and local skills needs.**

Recommendation 46

12.101 The Committee recommends that the rebuilt Commonwealth Employment Services System make greater and more targeted use of intermediaries and bridging services such as not-for-profit labour hire firms, social enterprises, and sector and industry bodies, particularly as a means of reducing actual and perceived risks for employers associated with engaging disadvantaged jobseekers and in supporting social procurement initiatives. This should include:

- **making facilitating and coordinating engagement between contracted partners, intermediaries, and employers a key function of Employment Services Australia's regional hubs; and**
- **ensuring that intermediaries and bridging services are captured by the Commonwealth Social Procurement Framework contemplated by Recommendation 5.**

Recommendation 47

13.132 The Committee recommends that the Australian Government consolidate and reduce the number of complementary programs and implement measures to enhance the programs which are retained. Over time, this should include the following changes:

- **Ceasing Employability Skills Training, with the support provided via Block 1 courses incorporated into quality case management services and the support provided via Block 2 courses incorporated into the services delivered by Employment Services Australia's regional hubs.**
- **Retaining Career Transition Assistance and trialling remote participation in the program to improve accessibility especially in thin markets.**
- **Retaining Self-Employment Assistance while reviewing the program with consideration to the enhancements recommended in evidence to this inquiry. This should include broadening eligibility criteria for the program.**
- **Ceasing facilitation programs for employers and rolling these services into a consolidated employer-focused service delivered via Employment Services Australia's Regional Hubs. This consolidation would include the Local Jobs Program, Workforce Specialists, and Employer Liaison Officers.**
- **Continuing foundation skills programs with an enhanced focus on digital literacy and digital skills.**

Recommendation 48

13.144 The Committee recommends that Work for the Dole (WfD) be retained primarily as a last resort activity for people who fail to meaningfully engage or comply with their Participation and Jobs Plan over the long term. People who choose

to participate in or are referred to WfD should receive a supplement that at least realistically covers their costs of transport and participation.

Recommendation 49

13.145 The Committee recommends that the Australian Government co-design and trial a 'Work in the Community' community employment program in a limited number of regional areas and places with entrenched disadvantage, including the following key elements:

- **Voluntary participation and choice of placement.**
- **Projects that contribute to community development, identified based on mapping of community need.**
- **Jobs of varying duration and intensity with appropriate payment.**
- **Work-like experiences with skills development and in-work training.**
- **Success be defined around improvements in capability, health, mental health, connectedness, self-esteem, skills, and confidence rather than expecting entry into open employment in the first instance though open labour market pathways should be actively encouraged and facilitated.**

The Australian Government should also consider providing a right of return to the program to give clients confidence and security to pursue open employment.

Recommendation 50

13.157 The Committee recommends that the Australian Government work with State and Territory Governments and key stakeholders such as Social Traders to develop and implement a Commonwealth social enterprise strategy, including the following measures:

- **Funding for social enterprises. Subject to the outcomes of the trials contemplated by Recommendation 51, a reverse auction grant model as developed by Jobs Victoria should be preferred.**
- **Articulation of the role of social enterprises within the employment services system—both as employers and as training and support providers.**
- **Direct links to the Commonwealth Social Procurement Strategy outlined in Recommendation 5.**
- **Reducing if not eliminating barriers to entry into the employment services system for social enterprises.**
- **Ensuring that data on training and employment outcomes is shared between social enterprise and government systems.**
- **Endorsement of the certification framework administered by Social Traders, including additional financial support to enable national scaling.**

Recommendation 51

13.158 The Committee recommends that direct funding be made available to social enterprises which directly support employment outcomes. A reverse auction grant model as developed by Jobs Victoria should be used to establish an efficient price per outcome for various cohorts. This should include trialling the following complementary funding measures:

- **Each employment region be allocated a flexible grants fund which can be used to fund local organisations including social enterprises. Organisations could apply for funding using the reverse auction grant model making transparent the impact and cost, with grants assessed at the regional level. Funding should be reallocated from the existing Local Jobs Program, and designed to allow State and Territory Governments to co-invest in particular regions or places of interest; and**
- **A complementary National Employment Grants Fund be established to allow social enterprises and complementary community-based programs to bid for funding for employment projects that cross more than one region.**

Recommendation 52

13.172 The Committee recommends that as a fundamental system design principle, wage subsidy programs (and other Active Labour Market Programs including paid work experience) should be centrally and transparently administered by the Department of Employment and Workplace Relations with funding de-linked from the Employment Fund.

Recommendation 53

13.173 The Committee recommends that in redesigning wage subsidies as part of reforms to the employment services system key design principles to be considered include:

- **Maximum subsidy amounts available to employers, including scalable subsidies which reflect the capacity of a person being hired or trialled, their disadvantage and how long they have been out of the labour market and the number of hours a worked.**
- **The types of work for which a wage subsidy may be claimed, including:**
  - **a preference for secure work (more than six to 12 months) rather than temporary, casual and 'gig' work;**
  - **the availability of subsidies for industries or roles which are currently excluded from the scheme;**
  - **the extent to which subsidies should be available to labour hire organisations— if at all then likely only in sectors where labour hire is the major industry norm; and**

- coherence and integration of disparate incentive programs including within DES, CDP and any other such Commonwealth programs.

- The adequacy of safeguards and integrity oversight, including restrictions on the circumstances in which an employer can claim a subsidy and on the number of subsidies that may be claimed.

Recommendation 54

13.174 The Committee recommends that the Australian Government work with State and Territory Governments to simplify access to and administration of wage subsidies across jurisdictions. This should include:

- **expanding the range of ways in which a person or organisation may enter into a wage subsidy agreement;**
- **extending the time available to enter into a subsidy agreement, and aligning timeframes for agreements across programs as far as possible; and**
- **enabling access to wage subsidies across Commonwealth, States and Territories programs via a single user interface.**

Recommendation 55

13.178 The Committee recommends that the Australian Government consider properly designed paid work experience, including the following key elements:

- **Engagement of a jobseeker from the employment services caseload for set periods (which may vary by placement).**
- **Wages at or above the minimum wage with costs met by government or split between government and the employer, subject to negotiation.**
- **Structured training and skills development opportunities.**
- **Incentives for businesses to take on a number of work experience placements per year based on their total number of employees with employment pathways for a reasonable percentage.**
- **A gradual increase in hours worked to build jobseekers' resilience and fitness for work based on individual capacity.**
- **Proper integrity safeguards and monitoring to avoid unethical churn and misuse by employers.**

Recommendation 56

14.140 The Committee recommends that in a rebuilt Commonwealth Employment Services System, the range of mutual obligation requirements be broadened and be much better tailored to individuals. Reforms should focus on cutting red tape, addressing employers' concerns, and ensuring that mutual

obligations are effective in supporting people into work, and should be founded on the following key principles:

- **For clients who are assessed as close to the labour market and largely self-managing in online-hybrid services: the Points Based Activity System (PBAS) be retained to underpin reporting against a person's Participation and Jobs Plan. Changes to the PBAS should be made to provide more flexibility in activities; better tailor the points to the individual; and monitor progress and intervene earlier where a person is experiencing challenges in navigating the system.**
- **For clients who are managed directly by Employment Services Australia or referred to service partners for case management, the core requirement be to meaningfully participate by attending appointments and undertaking activities as agreed via the Participation and Jobs Plan.**
- **For clients who persistently fail to meaningfully engage or to comply with their Participation and Jobs Plan, the PBAS be used as the default reporting and compliance tool.**

Over time, the Australian Government should also broadly harmonise mutual obligation requirements across the 'mainstream' employment service program and the Community Development Program.

Recommendation 57

14.147 The Committee recommends that the Australian Government urgently implement changes to the compliance framework for employment services, proposed to include:

- **Providing case managers with frontline discretion to counsel clients regarding their obligations for the first two or three times that a person misses an appointment or commits another minor compliance breach within one year—rather than being forced to trigger demerit points and compliance action.**
- **Adjusting the period within which a person must reconnect with the system after committing a breach from 48 hours to no more than four or five business days.**
- **Amending the Points-Based Activation System (PBAS) such that:**
  - **100 points is seen as the maximum and not the default points target across all services;**
  - **the Digital Services Contact Centre (DSCC) review and consider adjustments to the points targets for clients in Workforce Australia Online who have experienced repeated suspensions or other penalties; and**
  - **for clients in Workforce Australia Services, the default points target be set at 50 points, with discretion afforded case managers to vary the**

points target up or down based on their professional judgement exercised in consultation with clients and that all points targets be reviewed as soon as possible after this report is tabled;

- **Case managers and the DSSC are given additional discretionary points (e.g., up to 40 points) that can be allocated each month to people who fail to meet their points target but who are showing commitment and are deemed to be meaningfully participating.**

Recommendation 58

14.151 The Committee recommends that as part the reforms contemplated by the Employment White Paper, the Australian Government:

- **monitor the impact of the proposed extension to the income support nil rate period; and**
- **review income support eligibility criteria to ensure that they adequately take account of the circumstances of people impacted by seasonal work arrangements, especially in Northern Australia and other regions required due to the dry/wet season.**

Recommendation 59

14.159 The Committee recommends that the Australian Government implement the following clear default principles:

- **People suffering from substance dependency who are not genuinely seeking and engaged in medical treatment are not eligible for exemptions from mutual obligations.**
- **Where a person is actively participating in medically supervised treatment for substance dependency including rehabilitation programs and early phase recovery, this can form all or part of a person's Participation and Jobs Plan.**
- **Exemptions are no longer automatically applied to people exiting the criminal justice system and are considered only on a case-by-case basis.**

Recommendation 60

14.166 The Committee recommends that the Australian Government replace current default mandatory activation requirements with a framework of 'availability test' activities that help jobseekers progress to employment, including the following key elements:

- **Activities in which the jobseeker must participate to meet their activation requirements are mutually agreed between the jobseeker and their provider (or Employment Services Australia) for online participants).**

- **'Default' activation activities are removed, with jobseekers enabled to select from activities including community-based programs and paid work.**
- **Specific timing for activation points be removed, and replaced with a more flexible range so they work in with a person's other efforts and activities and take account of life events that may occur.**
- **Activation requirements are recorded in the jobseeker's Participation and Jobs Plan.**
- **If a client refuses to choose or do an activity then, their case manager or Employment Services Australia (for online participants) is empowered to determine the mandatory activation activity that would best support them.**
- **Employment Services Australia can exempt jobseekers from activation requirements in limited circumstances.**

Recommendation 61

14.178 The Committee recommends that, consistent with the Interim Report's recommendations, the Australian Government introduce legislation to provide an additional compliance tool of a Partial Payment Withholding (a 'holdback') as a less onerous alternative to full payment suspensions providing strong incentive to re-engage with services but without leaving people (and their children and families) with insufficient funds to meet basic needs. 'Holdbacks' should be repaid to the participant on re-engagement.

Recommendation 62

14.179 The Committee recommends that the Australian Government implement a new Shared Accountability Framework. This should replace the current Targeted Compliance Framework and should include the following key elements:

- **Frontline discretion is restored so that case managers can educate and counsel people regarding their obligations for a limited number of minor or initial compliance breaches each year.**
- **After counselling options are exhausted, a number of warnings be recorded which could result in a partial payment withholding (holdback) until the non-compliance is remedied.**
- **People who accrue the maximum number of warnings by persistently failing to meet mutual obligation requirements are be referred to Employment Services Australia for a capability assessment.**
- **Should there be barriers to participation or engagement, the client is referred back to their provider or offered the option to transfer to a different provider or service.**
- **If there are no barriers to participation, the client may elect to be referred back to their provider and made aware of the risk of more serious compliance measures including payment suspensions, penalties, or**

cancellations. Alternatively, the client would be transferred to intensive case management by Employment Services Australia.

- **All decisions that affect income support payments must be made by a public servant in Services Australia, and not automatically by the IT system.**

Guidelines and training for staff should be developed in consultation with stakeholders and subject to periodic review by the new Client Councils and the Employment Services Coordinating Council.

Recommendation 63

14.183 The Committee recommends that the Australian Government consider trialling incentives to enhance engagement with employment services, with a view to national scaling if an incentive proves effective in increasing engagement and successful outcomes.

Recommendation 64

14.189 The Committee recommends that the Australian Government consider options to simplify income reporting for employment services clients, especially those who are not working and do not intend to work and those who are participating in self-employment programs, including by enabling less frequent reporting for a defined period of time.

Recommendation 65

15.108 The Committee recommends that the Australian Government develop over the next nine to 12 months a new model for regulatory culture and relational contracting for a rebuilt Commonwealth Employment Services System and articulate this before new approaches to commissioning are trialled or determined. This should occur as a collaboration between departments, central agencies and expert academics supported by insights from the Australian National Audit Office and practices in other jurisdictions and the private sector.

Recommendation 66

15.127 The Committee recommends that the commissioning model for a rebuilt Commonwealth Employment Services System includes the following elements:

- **A review of employment regional boundaries leading to a substantial increase the number of regions to better reflect natural labour markets and communities of interest, aligned as much as possible with Disability Employment Services and the Community Development Program. This should include mechanisms for periodic review.**
- **Service partners engaged as follows:**

    - **for the generalist case management service, one partner per location, acknowledging that this may mean more than one partner per region;**
    - **for the youth specialist service, one partner per location, acknowledging that this may mean more than one partner per region; and**
    - **specialists commissioned to support target cohorts with priority on people from culturally and linguistically diverse backgrounds, people with disability, ex-offenders, and First Nations peoples, some of which may operate across more than one region utilising flexible servicing models.**
- **Procurement for generalist and youth case management services and specialist service partners continue to be undertaken centrally but adjusted to include:**
    - **a simplified tender process, to reduce barriers to entry for smaller and community-based organisations;**
    - **a requirement for providers to demonstrate capacity to deliver targeted services to participants in their employment region; and**
    - **priority for service partners which are able to demonstrate strong local and community connections and a proven track record in place.**
- **Consider longer license terms for all providers, using Belgium's approach which involves nine-year contracts with three-year renewals, with staggered re-tendering so that only one third of the provider market is subject to review at any one time.**

Recommendation 67

15.128 The Committee recommends that the Australian Government include efficient business transmission mechanisms into contracts for employment services. These should provide for:

- **increased use of government assets in the delivery of assistance; and**
- **the transfer of facilities, assets, and equipment (and potentially staff options) when a provider is replaced in a location.**

Recommendation 68

15.129 The Committee recommends that as a priority, even before a new commissioning model is fully developed and implemented, the Australian Government prioritise the recommissioning of First Nations specialist services in areas with high populations of First Nations jobseekers and jobseekers from culturally and linguistically diverse backgrounds. Priority should be given to commissioning Aboriginal Community Controlled Organisations.

Recommendation 69

15.140 The Committee recommends that the Australian Government implement trial arrangements to rebuild public sector understanding of and capacity to deliver high-quality services while broader reforms to the employment services system are progressed. These should include:

- **consideration of the Commonwealth taking over the direct delivery of employment services in a small number of places, suggested to include the Australian Capital Territory; and**
- **implementing arrangements whereby the Commonwealth partners with a service provider in target regions and for target cohorts, including to provide coordination and mapping supports and some direct delivery of services.**

Recommendation 70

15.162 The Committee recommends that funding arrangements for a rebuilt Commonwealth Employment Services System be the subject of co-design based on a more relational contracting model and include the following key elements:

- **Additional upfront funding based on a block- or activity-based funding model.**
- **Payments for employment outcomes, with the proportion of payments claimable against outcomes substantially reduced relative to the current system.**
- **Payments for other appropriate outcomes that help a person progress towards employment.**
- **Bespoke grant and other flexible funding arrangements for specialised services such as work experience and engagement with social enterprises.**
- **Additional loading to enable higher intensity supports for jobseekers in target cohorts, including migrant and refugee jobseekers and jobseekers with disability.**
- **The Employment Services Quality Commission be responsible for:**
  - **advising government on funding models and recommended pricing for quality services;**
  - **preferred approaches to funding service partners; and**
  - **monitoring and reporting periodically on the system's overall operating costs (including transactional and other costs relating to a quasi-market) so there is greater transparency for government and the public.**

- **The system should allow for experimentation with different potential funding models to evaluate and learn what works most effectively and efficiently.**

Recommendation 71

15.163 The Committee recommends that while alternative funding arrangements are developed a second service fee be considered if a person has not secured employment for 12 months balanced by a corresponding reduction in the outcome fees so as not to increase the overall cost to the Budget.

Recommendation 72

15.173 The Committee recommends that the Australian Government review existing performance management arrangements for providers, and co-design and implement a new framework as a high priority. This should include:

- **simplifying performance management and assessment arrangements;**
- **reducing the focus on blunt, time-based employment outcomes;**
- **consideration of additional measures such as job quality, human capacity-building, and employer support;**
- **an approach to performance management that focuses on working with providers to improve performance rather than imposing sanctions; and**
- **removing measures relating to contract compliance.**

While the review is conducted and the new framework designed, the Australian Government may elect to pause formally assessing providers against the existing performance framework.

Recommendation 73

16.27 The Committee recommends that the Australian Government urgently explore (in advance of the next Victorian and Commonwealth Budgets) the striking of an agreement with Victoria for a demonstration partnership for the delivery of the Jobs Victoria program and the integration of that program into the Commonwealth system on a fixed-term basis in regions of high disadvantage. This should include governance arrangements, measures to enable sharing of information and labour market insights, a robust monitoring and evaluation framework, and arrangements for co-investment.

Recommendation 74

16.28 The Committee recommends that the Australian Government seek to negotiate an agreement with Tasmania for a demonstration partnership in relation to the Jobs Hubs program. This should include funding arrangements, measures to

enable sharing of information and labour market insights, a robust monitoring and evaluation framework, and arrangements for co-investment.

Recommendation 75

16.29 The Committee recommends that the Australian Government develop and publish a transition plan for the rebuilt Commonwealth Employment Services System by the end of 2024. The plan should be reviewed and updated on a regular basis to reflect the progress of implementation of recommendations in this report.

1. Genesis and context for this inquiry

Overview of the employment services system

1.1 Australia has an international commitment to maintain a free employment service and has policies designed to promote full, productive, and freely chosen employment.[1]

1.2 Workforce Australia is the Australian Government's headline employment service. It commenced on 4 July 2022—replacing jobactive—and is administered by the Department of Employment and Workplace Relations (DEWR) and is one of three key programs within the broader national employment services system. The other programs are:

- Disability Employment Services (DES), which includes Employment Support Services (DES-ESS) and Disability Management Services (DES-DMS), administered by the Department of Social Services (DSS); and
- Community Development Program (CDP), administered by the National Indigenous Australians Agency (NIAA).

1.3 Workforce Australia represents the fifth generation of contracted out employment services in Australia. It was introduced by the previous Government following a review of jobactive by the Employment Services Expert Advisory Panel and the release of the *I Want to Work* report. The stated intent of Workforce Australia is to provide a simple, supported, connected and respectful service that helps eligible participants into jobs, and supports businesses to recruit candidates with the skills they need.[2]

1.4 The core services delivered under Workforce Australia are:

- **Workforce Australia Online**: for participants assessed as job-ready, digitally literate, and capable of self-managing and finding work online;
- **Workforce Australia Services**: case management assistance from a contracted provider for participants assessed at higher risk of long-term unemployment or who opted to receive face-to-face assistance; and
- **Transition to Work (TtW)**—a time-limited employment specialist service (of up to 24 months) that helps disadvantaged youth into work or education and training.[3]

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1 Australia has ratified the International Labour Organization's (ILO) *Employment Service Convention, 1948 (No. 88)* and *Employment Policy Convention, 1964 (No. 122)*.

2 Department of Employment and Workplace Relations (DEWR), *Submission 254*, p. 7.

3 DEWR, *Submission 254*, p. 7.

1.5 Additional support is also available through complementary programs. This ranges from foundation and employability skills development, work experience, and support for individuals seeking to start or grow a business. Other complementary programs are designed to support employers, including to enable changes to recruitment and work practices and to match candidates to jobs.[4]

1.6 As of 30 September 2023, there were 624,655 individuals in Workforce Australia (Workforce Australia Online and Workforce Australia Services). Of those individuals:

- 90,525 (14.5 per cent) were First Nations peoples;
- 172,380 (27.7 per cent) were people with disability;
- 115,185 (18.4 per cent) were from culturally and linguistically diverse (CALD) backgrounds;
- 28,745 (4.6 per cent) were from refugee backgrounds; and
- 154,290 (24.7 per cent) had been in employment services for at least five years.[5]

1.7 A common theme in evidence was that there are high numbers of jobseekers on the caseload who are facing disadvantage or present with complex and often multiple barriers to work.[6]

1.8 Over four years from 2022–23 to 2025–26, over $7 billion is forecast to be spent on Workforce Australia, complementary programs, and other labour market programs. This includes:

- $517 million for Workforce Australia Online;
- $4.3 billion for Workforce Australia Services;
- $1.3 billion for TtW; and
- $996 million for Self-Employment Assistance (S-EA), Local Jobs Program, Harvest Trail Services, Launch into Work and a range of targeted bespoke programs.[7]

1.9 Over that same period, $494 million is expected to be spent on ParentsNext and its replacement, with $50.8 million expected to be spent on the Pacific Australia Labour Mobility program. Other departmental expenses within Outcome 1 (labour market policies and programs) are anticipated to be over $1.9 billion.[8]

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4 DEWR, *Submission 254*, pages 8–10.

5 DEWR (2023), *Workforce Australia and ParentsNext Caseload by Selected Cohorts, September 2023,* www.dewr.gov.au/employment-services-data/workforce-australia-caseload-data, viewed 20 November 2023.

6 See, for example, CoAct, *Submission 151*, p. 3; SYC Ltd (SYC), *Submission 189*, p. 3; National Employment Services Association (NESA), *Submission 260*, p. 29.

7 DEWR, *Submission 254,* p. 5. It is noted that there may be slight discrepancies between the DEWR submission and the DEWR *Portfolio Budget Statements* for the 2023–24 financial year. This may be explained by the fact that the DEWR submission was prepared in March 2023, ahead of the Budget.

8 DEWR (2023), *Portfolio Budget Statements 2023–24: Budget Related Paper No. 1.6*, pages 32–33. Departmental expenses include new appropriations and expenses for which an appropriation is not required.

Core elements of Workforce Australia

Jobseeker eligibility

1.10 Eligibility for Workforce Australia is linked to receipt of activity-tested income support payments such as Jobseeker or Youth Allowance (Other). Whether a jobseeker is referred to provider-led or online services is based on a Job Seeker Classification Instrument (JSCI) score, which considers several factors relating to risks of long-term unemployment. Where a jobseeker receives a lower JSCI score, they are typically allocated to Workforce Australia Online, while jobseekers with higher scores are allocated to provider-led services.[9]

1.11 There are a small number of cohorts, such as retrenched workers and their partners or vulnerable youth, who may register for assistance without being on an activity-tested income support payment.[10]

1.12 TtW is restricted to young people aged between 15 and 24 years, with eligibility defined by reference to two groups of participants:

- For Group 1: a person is eligible if they are in receipt of activity-tested income support and assessed as high risk of not successfully transitioning from school to work.
- For Group 2: a person is eligible if they are not in receipt of activity-tested income support, not accessing provider-led employment services, and either disengaged from education or employment for a specified period based on their level of education. First Nations peoples and ParentsNext participants may also be eligible under Group 2 criteria.[11]

1.13 Once in employment services, a participant may self-refer, or be referred by their provider, to targeted assistance under complementary programs such as S-EA, Employability Skills Training (EST), or Career Transition Assistance (CTA).[12]

Jobseeker assessment

1.14 The first time a person lodges an income support claim for unemployment benefits they must complete the Job Seeker Snapshot (JSS) online, at their Participation Interview, or through the Digital Services Contact Centre (DSCC). The JSS is underpinned by the JSCI. The JSCI is a statistical assessment that weighs numerous factors to determine the likelihood of a person leaving income support within

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9 DEWR, *Submission 254*, pages 49, 56–57, 68.

10 See, for example, DEWR, *Submission 254*, p. 59; DEWR, *Workforce Australia Guideline – Part B: Workforce Australia Services* pages 13–17. Copies of all Workforce Australia Deeds and guidelines are available via www.dewr.gov.au/workforce-australia/workforce-australia-information-providers, viewed 20 November 2023.

11 DEWR, *Submission 254*, p. 180.

12 Some complementary programs are not limited to individuals who are on income support. See DEWR, *Submission 254*, pages 150, 170, 173; Navitas, *Submission 262*, pages 10–11.

12 months. The JSCI score is central to determining if a person is referred to Workforce Australia Online, Workforce Australia Services, or TtW.[13]

1.15 Employment Services Assessments (ESAts) are conducted by health and allied health professionals engaged by Services Australia to determine work capability. The ESAt is a comprehensive assessment used to confirm vocational and non-vocational barriers to employment, work capacity and ongoing support needs. It makes a recommendation as to the most appropriate employment service—which may be Workforce Australia Online, Workforce Australia Services, DES-ESS, or DES-DMS.[14]

1.16 Capability Interviews and Capability Assessments are intended as key safeguards within the compliance framework. Their purpose is to determine if a Job Plan is suitable and if the participant is able to meet their mutual obligation requirements. Capability Interviews are undertaken over the phone by the DSCC for participants in online services or face-to-face by the provider for participants in provider-led services. Capability Assessments are undertaken over the phone by Centrelink.[15]

1.17 Digital Services Reviews are conducted online after four and eight months in Workforce Australia Online. Based off responses to the questionnaire, participants may be encouraged to move to provider-led services. However, a jobseeker cannot be required to under the current arrangements until 12 months have elapsed.[16]

Funding arrangements

1.18 The provider payment model for Workforce Australia Services comprises four key payment types:

- **Upfront payments.** These are automatically paid to providers when a participant commences. A provider will be paid $1,200 when a new participant commences in Workforce Australia services—including participants moving from Workforce Australia Online. A payment of $600 was made when a jobactive or New Employment Services Trial (NEST) participant transitioned to Workforce Australia Services. $600 is also payable for Workforce Australia participants who transfer between providers.
- **Progress payments**. Claimable for demonstrable improvement in a participant's employment prospects. $750 is claimable each 24 months during a jobseeker's period of service.
- **Outcome payments**. Claimable when a participant remains in work for 4-, 12-, and 26-weeks. Payments vary from $240 to $5,000 depending on the duration of employment, whether a full or a partial employment outcome is achieved (whether the participant remained on income support while in work), and the jobseeker's level of disadvantage.

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13 DEWR, *Submission* 254, p. 56; DEWR, *Submission 254.1*, p. [26].
14 DEWR, *Submission 254*, pages 54-55.
15 DEWR, *Submission 254*, p. 115.
16 DEWR, *Submission 254,* p. 66.

- **Very long-term unemployment bonus.** This is automatically paid in addition to 12- and 26-week outcome payments for participants who have been unemployed for over 24 months when they commenced employment. Payments range from $1,000 to $4,000, depending on the duration of the employment and whether a full or partial employment outcome was achieved.[17]

1.19 For TtW, a service fee of $1,507 is paid for each participant, each quarter. Noting that participants may remain in TtW for up to 24 months, providers may ultimately receive up to $12,000. Providers may also receive up to $7,961 in total outcome payments if a jobseeker achieves a 26-week outcome.[18]

1.20 Separate payment arrangements apply to complementary programs. For example, some EST courses are funded directly by referring Workforce Australia, TtW and DES providers, while others are funded by DEWR.[19]

Performance management

1.21 The Provider Performance Framework (PPF) defines DEWR's expectations as to providers' delivery of services, indicates measures of success, and is used to inform decisions on the extension of provider licenses. The PPF incorporates elements of the former jobactive star rating system but was adapted for Workforce Australia, based on feedback that the previous performance management system was not sufficiently transparent, did not adequately measure quality, and was dominated by outcome weightings. The PPF—as it applies to providers in Workforce Australia Services—includes five modules:

- **Sustained employment**, which assesses provider success in achieving paid 12- and 26-week employment outcomes for jobseekers.
- **Progress to employment**, which assesses provider success in supporting participants on their caseload to improve their employability, based on progress payments, participant feedback, and analysis of administrative data.
- **Quality of Service to Participants**, which assesses the provider's success in delivering high quality services, based on participant feedback, assessments conducted by contract managers, and assessment by DEWR's assurance team.
- **Quality of Service to Employers,** which assesses provider success in delivering high quality services, based on assessment by contract managers and by DEWR's assurance team.

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17 DEWR, *Submission 254*, pages 32–36. See also *Workforce Australia Services Deed of Standing Offer 2022–2028*, pages 143–158.

18 DEWR, *Submission 254*, p. 37. See also *Workforce Australia – Transition to Work Deed 2022–2027*, pages 112–119.

19 DEWR, *Workforce Australia Guidelines – Part B Employability Skills Training*, pages 16–17, 19–20.

- **Licensing Standards**, which measures the extent to which providers comply with the contract and aims to ensure providers continue to display expected values and behaviours.[20]

1.22 These modules are supported by a total of 13 underpinning measures, which assess provider performance in greater detail. For example, 'sustained employment' considers the number of participants who achieve 12- and 26-week outcomes, while 'progress to employment' considers progress payments and servicing rates.[21]

1.23 Providers in Workforce Australia Services are subject to an Annual License Review. A review determines whether a provider's performance warrants a license extension based on overall performance according to the PPF. Providers that achieve a 'High' or 'Moderate' rating may be granted an extension. 'Low' performing licenses will not be extended and will cease at their license end date.[22]

1.24 The TtW program includes a similar performance framework, with five modules and 13 underpinning measures. There are minor differences in how the modules are structured for TtW and Workforce Australia Services.[23]

Mutual obligations and compliance

1.25 Jobseekers in Workforce Australia are required to complete specified activities to receive income support. These are referred to as mutual obligation requirements. These requirements are outlined in an Employment Pathway Plan (known as a Job Plan or Participation Plan depending on program). Individuals must report completion of obligations on a regular basis, unless exempt.

1.26 Mutual obligation requirements vary by program but generally include agreeing to a Job Plan, attending appointments with a provider, and completing activities set out in the Job Plan.[24] DEWR noted that:

> In legislation there is little restriction on how individuals can meet mutual obligation requirements, although the *Social Security (Administion) Act 1999* requires that a number of factors must be considered when a provider enters a Job Plan with a person.[25]

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20 DEWR, *Submission 254*, p. 122. See also DEWR, *Workforce Australia Guidelines – Part B Workforce Australia Services*, pages 328–334.

21 DEWR, *Submission 254*, p. 123.

22 DEWR, *Submission 254*, p. 123.

23 DEWR, *Workforce Australia Guidelines – Part B Transition to Work*, pages 154–161. The performance framework for TtW measures both the quality of services for participants and the quality of services for employers. However, both measures are evaluated using a single module ('Quality of Service').

24 Department of Social Services (DSS), *Social Security Guide: 3.11 Mutual obligation requirements*, https://guides.dss.gov.au/social-security-guide/3/11, viewed 20 November 2023. A demonstration of agreeing to the Job Plan for a Workforce Australia Online participant was presented to the Committee by Ms Nicolle Johnston, Assistant Secretary—Digital Experience and Services, DEWR on 3 November 2022.

25 DEWR, *Submission 254*, p. 218.

1.27 There are also differences in the ways in which individuals can meet their obligations if they are principal carer parents, mature age, or unable to work due to a stabilised, ongoing disability, injury, or health condition.[26]

1.28 The Points Based Activation System (PBAS) creates a monthly point target that participants must meet to fulfill their mutual obligations. Participants are required to accrue a maximum of 100 points per month to meet mutual obligation requirements. Points are accrued by participating in activities which increase a jobseeker's chances of finding, obtaining, and keeping work. The value of activities varies from 5 points (for example, making a job application), to 50 points (for example, starting a job).[27]

1.29 Points may be automatically reduced by DEWR's IT systems and may be individually adjusted by providers or the DSCC. Reductions or adjustments may be to recognise partial capacity to work, caring responsibilities, or difficult labour market conditions.[28] Moreover, where a participant exceeds their points target they may 'bank' up to 50 points towards the next reporting period.[29]

1.30 Jobseekers are also required to complete a minimum number of job applications per month (currently four), with each job search contributing to the PBAS score.[30]

1.31 Workforce Australia participants also have a periodic requirement to complete mandatory activities in addition to other mutual obligation requirements. Jobseekers in online services have an activation point at four months. Jobseekers referred to provider-led services after 12 months of online assistance have an activation point three months after the transfer. Jobseekers in provider-led services have a recurring activation point every six months.[31]

1.32 If a jobseeker does not satisfy their activation requirements by the activation point (for example by participating in training or paid work, or by accessing certain allied health services), they will be referred to a 'default' mandatory activity. For online participants, the activity is EST. For participants in provider-led services, the activity is Work for the Dole (WfD).[32]

1.33 TtW participants are not subject to PBAS or to a compliance framework. TtW participants are required to participate in activities set out in a Job Plan for 25 hours per week. Where a TtW participant fails to meet this requirement, they may be exited from TtW and transferred to a Workforce Australia Services provider.[33]

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26 DEWR, *Submission 254.2*, p. [20].
27 DEWR, *Submission 254*, pages 102, 207. Points values are in Appendix 9 of the submission.
28 DEWR, *Submission 254*, pages 102–103.
29 DEWR, *Submission 254*, p. 103.
30 DEWR, *Submission 254*, pages 102–103, 207–208.
31 DEWR, *Submission 254*, p. 104.
32 DEWR, *Submission 254*, pages 104–106, 212.
33 DEWR, *Submission 254*, p. 179.

Targeted Compliance Framework

1.34 The Targeted Compliance Framework (TCF) was introduced in 2018. It applies to all Workforce Australia Online and Workforce Australia Services participants (as well as DES participants) who have mutual obligation requirements and sets out consequences for compliance failure. Three 'zones' (Green, Warning and Penalty Zones) are used as a communication tool to show participants whether they are meeting their obligations.

1.35 Providers are responsible for monitoring and reporting on participants' compliance with mutual obligations and reporting mutual obligation failures. Suspensions (discussed below) are typically applied automatically by IT systems when a report is made (provider-led services), or when a participant has not fully recorded their activities (online services). Services Australia is responsible for conducting Capability Assessments and ultimately for reduction and cancellation of income support.[34]

1.36 Under the TCF, where a participant fails to comply with their obligations (referred to as a mutual obligation failure in the social security law) they will be notified of this and informed that they must contact their provider (or the DSCC, for the digital caseload) within two business days. If they fail to do so within that timeframe, payments will be suspended until the participant reconnects. If the participant fails to reconnect within 28 days, payments will be cancelled. Payment suspensions are unique to the Australian employment services system.[35]

1.37 Over the last 12 months of jobactive, 54.7 per cent of participants experienced a payment suspension (they committed a mutual obligation failure and did not reconnect in two business days). However, 90.1 per cent of all suspensions resulted in no delay to payments, because the jobseeker took action and had payment reinstated before the payment fell due.[36]

1.38 If a participant commits a mutual obligation failure, they also receive a demerit. Accrual of three demerits in a six-month period results in a participant being required to attend a Capability Interview with their provider or with the DSCC. If the interview determines that the participant's mutual obligation requirements are appropriate, the participant will move to the Warning Zone. Otherwise, the participant will return to the Green Zone with demerits reset.[37]

1.39 If a participant commits a mutual obligation failure while in the Penalty Zone, they will lose one week of income support. A second mutual obligation failure results in the loss of two weeks' payment, and a third results in the cancellation of payments and the requirement to wait for four weeks before re-applying.[38]

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34 DEWR, *Submission 254*, pages 114–115.
35 DEWR, *Submission 254*, p. 112. See also DEWR, *Workforce Australia Guidelines – Part B Workforce Australia Services*, pages 171–172.
36 DEWR, *Submission 254*, pages 112–113.
37 DEWR, *Submission 254*, pages 109–110.
38 DEWR, *Submission 254*, p. 110.

1.40 Where a participant refuses or fails to accept an offer of suitable employment or becomes unemployed as a result of a voluntary act or misconduct, they will be referred to Services Australia. If Services Australia then determines that the action was not reasonable, the participant's income support payments may be cancelled. This is irrespective of the number of demerits the participant has accrued.[39]

1.41 In the last 12 months of jobactive, less than one per cent of participants incurred a financial penalty (had their payments reduced or cancelled).[40] Data for Workforce Australia shows that, as at 30 September 2023:

- 24,700 Workforce Australia Online participants (equating to 27.9 per cent of online participants) were in the Warning Zone; and
- 121,275 Workforce Australia Services participants (or 43.8 per cent) were in the Warning Zone and 2,830 (or 1.0 per cent) were in the Penalty Zone.[41]

1.42 Rates of suspensions and financial penalties were also higher for certain cohorts, including First Nations peoples, ex-offenders, and people in housing insecurity.[42]

Procurement and contract management

1.43 Workforce Australia providers are engaged via an open tender process. A panel of organisations was established at the national level, with sub-panels established in regions. Licences were issued to panel members for an initial period of three years. High performing providers receive licence extensions, while poor performers will not have licences renewed. Current licensing arrangements are a new feature of the employment services system introduced under Workforce Australia and respond to recommendations of the Employment Services Expert Advisory Panel.[43]

1.44 DEWR stated that the procurement and commissioning framework for Workforce Australia aims to reduce red tape and to enable providers to enter the market with minimal administrative burden. DEWR noted that the framework intends to strengthen government's capacity to respond to rapidly changing markets and to enable greater market diversity. DEWR also suggested that procuring providers via licencing arrangements limits friction associated with providers entering or exiting the market during contract periods.[44]

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39 DEWR, *Submission 254*, p. 110.

40 DEWR, *Submission 254*, p. 113.

41 DEWR (2023), *Job seeker compliance data, 1 July 2023 to 30 September 2023*, Table 1 and 2, www.dewr.gov.au/employment-research/job-seeker-compliance-data, viewed 20 November 2023.

42 DEWR, *Submission 254*, p. 113. See also DEWR (2023), *Job seeker compliance data, 1 July 2023 to 30 September 2023*, Table 8 and 9.

43 DEWR, *Submission 254*, pages 22–24.

44 DEWR, *Submission 254*, p. 23. In contrast, DES is funded under a grant funding arrangement. See Ms Robyn Shannon, Deputy Secretary—Disability and Carers, Department of Social Services (DSS), *Committee Hansard*, 26 May 2026, p. 12.

1.45 Procurement was subject to the Australian Government's Indigenous Procurement Policy. However, no contracts were awarded to Indigenous organisations listed on Supply Nation in the most recent procurement process.[45]

1.46 The Australian National Audit Office (ANAO) conducted a performance audit into the effectiveness of the establishment of the Workforce Australia Services according to the following criteria:

- Was the design of the procurement consistent with policy objectives and achieving value for money?
- Was the procurement conducted in accordance with the published process?
- Did the results of the evaluation process appropriately inform the establishment of the panel?[46]

1.47 The audit report was tabled on 27 November 2023. Given the timing, the Committee was unable to consider the audit report during its inquiry. However, the Committee does not anticipate that the audit report would impact the Committee's findings or recommendations.

Unemployment and underemployment

1.48 As of October 2023, the Australian Bureau of Statistics (ABS) reported there were 547,800 unemployed persons in Australia. The rate of unemployment was 3.7 per cent. The unemployment rate has been consistently low in the post-COVID period—remaining under 4.0 per cent. This reflects a tighter labour market.[47] The Reserve Bank of Australia (RBA) predicts that unemployment rates will increase slightly in the coming two years, to around 4.25 per cent in December 2025.[48] The review of jobactive leading to the *I Want to Work* report and the development of Workforce Australia took place in a very different labour market. During that period, the unemployment rate was consistently above 5.0 per cent.[49]

1.49 **Figure 1.1** below shows the count of unemployed people and the unemployment rate have fluctuated since outsourcing of employment services. Jumps in unemployment in 2009 and 2020 reflect, respectively, exogenous shocks associated with the Global Financial Crisis and the COVID-19 pandemic.

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45 DEWR, *Submission 254*, pages 24–25.

46 Australian National Audit Office (ANAO), *Establishment of the Workforce Australia Services Panel*, www.anao.gov.au/work/performance-audit/establishment-the-workforce-australia-services-panel, viewed 20 November 2023.

47 Australian Bureau of Statistics (ABS) (2023), *Labour Force, Australia*, *October 2023*, seasonally adjusted data. All employment and unemployment related data available via www.abs.gov.au/statistics/labour/employment-and-unemployment, viewed 20 November 2023. See also DEWR, *Submission 254,* p. 11.

48 Reserve Bank of Australia (RBA) (2023), *Economic Outlook, November 2023*, www.rba.gov.au/publications/smp/2023/nov/ economic-outlook.html, viewed 20 November 2023.

49 ABS (2023), *Labour Force, Australia*, *October 2023*, seasonally adjusted data.

1.50 Unemployment rates are similarly low across jurisdictions, ranging from 3.4 per cent in New South Wales to 4.3 per cent in Queensland.[50]

1.51 As of October 2023, rates of labour force participation (number of people working and seeking work, as a proportion of the working age population) was 67.0 per cent. The participation rate for men was 71.3 per cent, while for women it was 62.8 per cent.[51]

1.52 In addition, approximately 18 per cent of unemployed people (around 97,000) were long-term unemployed (LTU), that is unemployed for 12 months or more. This is similar to the lead up to the COVID-19 pandemic. By contrast, the number of LTU was around 250,000 in April 2021, at the peak of the pandemic.[52]

Figure 1.1 Unemployed persons and unemployment rate, 1998–2023

Source: ABS (2023), *Labour Force, Australia*, *October 2023*, seasonally adjusted data

Underemployment and precarious employment

1.53 As of October 2023, 6.3 per cent of the labour force was recorded as underemployed. The underutilisation rate (the sum of unemployed and

50 ABS (2023), *Labour Force, Australia*, *October 2023*, seasonally adjusted data.

51 ABS (2023), *Labour Force, Australia*, *October 2023*, seasonally adjusted data. See also DEWR, *Submission 254*, p. 137.

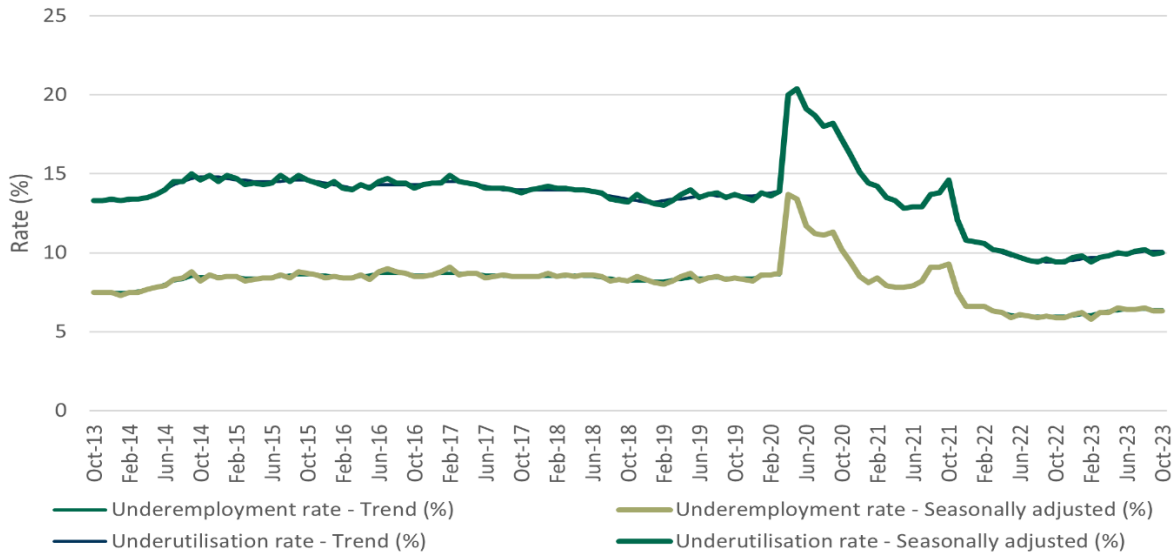
52 ABS (2023), *Labour Force, Australia, Detailed*, *October 2023*. See also RBA (2020), 'Long-term unemployment in Australia', *Bulletin December 2020*, www.rba.gov.au/publications/bulletin/2020/dec/long-term-unemployment-in-australia.html, viewed 20 November 2023.

underemployed people as a proportion of the labour force) was 10.0 per cent.[53] This is set out in **Figure 1.2** below.

1.54 A person will be classified as underemployed where they want and are available for more hours than they currently have. This includes people in part-time work, as well as people in full-time work who worked part-time hours during a reference period.[54]

1.55 In February 2023, 20 per cent of part-time workers reporting wanted to work more hours. Of that cohort, 45 per cent reported wanting to work full-time hours. More than one in three underemployed people in part-time work (37 per cent) reported spending more than one year working in a job with insufficient hours.[55]

Figure 1.2 Underemployment and underutilisation rates, 2013–2023



Source: ABS (2023), *Labour Force, Australia, October 2023*, trend and seasonally adjusted data

1.56 The Treasury identified that over the last decade, job security has changed relatively little. The Treasury noted that metrics of job security showed between 2014 and 2023:

- the proportion of workers who expect to not remain in the same job 12 months later due to involuntary reasons varied between 1.5 and 2.1 per cent;
- the proportion of workers with irregular working arrangements varied between 27 and 29 per cent; and

53 ABS (2023), *Labour Force, Australia*, *October 2023*, seasonally adjusted data. With regard to the time series, large changes during the COVID-19 pandemic resulted in multiple trend breaks.

54 ABS (2023), *Labour Force, Australia, Methodology,* www.abs.gov.au/methodologies/labour-force-australia-methodology, viewed 20 November 2023.

55 ABS (2023), *Underemployed workers*, *May 2023*, www.abs.gov.au/statistics/labour/employment-and-unemployment/underemployed-workers/latest-release, viewed 20 November 2023.

- the proportion of workers without access to paid leave entitlements varied between 22 and 26 per cent.[56]

1.57 This is broadly supported by ABS data on the share of casual employment.[57]

1.58 However, 2021 Household, Income and Labour Dynamics in Australia (HILDA) Survey data indicates that while the proportion of Australians in casual employment may have remained relatively unchanged, there are more people employed on a casual basis who previously would have been employed full-time. Moreover, casual employment may no longer reflect a temporary or transitional work arrangement. For example:

- over half of people who were employed as casuals in one HILDA survey year were still employed as casuals in the following year;
- the rate of movement of casuals into permanent employment has been lower between 2010 and 2020 than between 2000 and 2010;
- there has been a slight rise in the proportion of casual employees exiting to fixed-term employment (as opposed to permanent employment); and
- the majority of people who were casual employees in any one HILDA survey year were still not in permanent employment five years later.[58]

1.59 Trends towards casual, part-time, and short-term contracts were also reflected in evidence to this inquiry.[59] An increasing prevalence of part-time work reflects supply-side factors such people combining employment with other activities such as education and raising a family, as well as demand-side drivers such as employers using part time working arrangements to increase operational flexibility.[60] These trends can impact on the relative competitiveness of long-term unemployed people, who may increasingly be competing with those who are already in work and have accordingly demonstrated the capacity to perform in a job.[61]

1.60 The Select Committee on Job Security also noted a gradual increase in casual work arrangements as employers seek to reduce costs and overheads and to transfer risk from employers to workers. According to that Committee, employers have also used a range of other mechanisms including engaging part-time employees in a similar

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56 The Treasury (2023), *Secure Jobs*, https://treasury.gov.au/policy-topics/measuring-what-matters/dashboard/secure-jobs, viewed 20 November 2023.

57 ABS (2022), *Working arrangements, August 2022*, www.abs.gov.au/statistics/labour/earnings-and-working-conditions/working-arrangements/latest-release, viewed 20 November 2023.

58 Melbourne Institute—University of Melbourne (UniMelb) (2021), *Household, Income and Labour Dynamics in Australia Survey: Selected Findings from Waves 1 to 19*, p. 75, https://melbourneinstitute.unimelb.edu.au/hilda/publications/hilda-statistical-reports/past-reports, viewed 20 November 2023.

59 See, for example, Anglicare WA, *Submission 127*, p. [5]; National Youth Commission Australia (NYCA), *Submission 166*, p. [6]; Community Leaders Gathering (CLG) and the Future Leaders Advocacy Group (FLAG), *Submission 173*, p. 5; Social Ventures Australia (SVA), *Submission 232*, p. 10.

60 Productivity Commission (2008), *Part Time Employment: The Australian Experience,* Staff Working Paper, p. xvi, www.pc.gov.au/research/supporting/part-time-employment/part-time-employment.pdf, viewed 20 November 2023.

61 Australian Council of Social Service (ACOSS) (2020), *Faces of Unemployment 2020*, www.acoss.org.au/faces-of-unemployment-2020/, viewed 20 November 2023.

manner to casuals, outsourcing, and using labour hire services. While difficult to quantify, these mechanisms have had a range of negative impacts on job security. Evidence to that inquiry also indicated that, in 2018, the proportion of Australians in full-time paid jobs with leave entitlements fell below 50 per cent.[62]

1.61 The Employment White Paper review similarly identified an increase in casual and 'gig'-type work, with around 19 per cent of workers in casual work as of 2023. The review recognised that casual arrangements align with the preferences of some workers but noted that an increase in casual and 'gig'-type work arrangements means a significant proportion of the labour force does not have the guarantee of regular work patterns, entitlement to paid leave, or compensation if retrenched. The evidence to the Employment White Paper further indicated that women, young people, and migrants are disproportionately likely to be in casual or insecure work, asserting that the concentration of these cohorts in insecure work arrangements reinforces the importance of strong protections, as well as mechanisms to convert these arrangements into secure employment.[63]

Impacts of unemployment

1.62 There are numerous and varied negative impacts associated with unemployment. These compound and intensify the longer a person is disconnected from the workforce.[64] Anglicare WA drew attention to the *100 Families* research project, which found that unemployed people experience a profound sense of disillusionment, disempowerment and indignity—particularly when they are obliged to navigate the human services ecosystem. The project observed in this regard that unemployed people confront anti-poverty bias, including an entrenched belief that unemployment is a matter of personal choice rather than systemic disadvantage.[65]

1.63 These experiences were reflected in testimony from one submitter, who emphasised that the majority of unemployed people want to work but are prevented from doing so due to structural barriers:

> Welfare is given because people need it, not because people need to do something for it. No-one wants to be unemployed, there is so much stigma attached. When asked what do you do for a living, no one wants to say, I am unemployed, I love living in poverty, feeling bad about myself and being treated like a criminal, simply because I do not have a job.[66]

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62 Senate Select Committee on Job Security (2022), *The job insecurity report,* pages 16, 40–41.

63 Commonwealth of Australia (2023), *Working Future: The Australian Government's White Paper on Jobs and Opportunities*, pages 49–50.

64 RBA (2020), 'Long-term unemployment in Australia', *Bulletin December 2020.*

65 Anglicare WA, *Submission 127*, p. [4].

66 Name Withheld, *Submission 125*, p. [2].

1.64 Other stakeholders highlighted a range of challenges faced by unemployed people, including the costs of health services,[67] accessing suitable housing,[68] the rising cost of food and other basic necessities,[69] lower confidence and increased anxiety,[70] and difficulty meeting caring responsibilities.[71] One submitter summarised these concerns as follows:

> Unemployment is … a traumatic life event in itself. It deprives us immediately of every means of preserving our own sense of worth, our validation as human beings, [and] the material means of preserving a liveable, dignified, and autonomous standard of living and quality of life …
>
> Societies stigmatise and discriminate against their members for many reasons; one of those reasons is being unemployed. Government in Australia makes this worse by the punitive manner in which the unemployed are mistreated, by the poverty in which they are forced to live, by the complete inadequacy of supports and medical and dental and mental health care, and by the rhetoric that claims that the unemployed are potential criminals and social parasites. This situation is inhumane, it is a situation not paralleled in any social democracy.[72]

1.65 Challenges associated with unemployment and poverty are exacerbated by low rates of income support. This is a particular concern for people who are LTU.[73] The Australian Council of Social Service (ACOSS) observed:

> [Income support payments] no longer protect people from poverty. [They] are $175 a week less than the frugal pension rate, and they continue to fall further behind community living standards since they are only indexed to consumer price inflation, not wage movements.
>
> People cannot cover their basic living costs and search for employment on an income support payment of $43 a day.[74]

1.66 ACOSS recommended that rates of payment should be lifted to the same rate as the single pension ($513 per week, including pension supplement) and be indexed twice a year in line with the Consumer Price Index and wage movements. ACOSS asserted that payment supplements must also be adequate to meet additional living

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67 Success Works, *Submission 139*, p. [3].

68 See, for example, Name Withheld, *Submission 93*, p. 2; Professor Leila Green, Dr Kylie Stevenson, Dr Kelly Jaunzems, Ms Claire Hanlon and Mr Arthur Hanlon (Professor Green et al), *Submission 120*, p. [5]; Success Works, *Submission 139*, p. [3].

69 Anglicare WA, *Submission 127*, p. [8].

70 See, for example, Mr Trenton Plummer, *Submission 113*, p. [1]; Name Withheld, *Submission 223*, p. [1]; Western Australian Association for Mental Health (WAAMH), *Submission 248*, p. 18.

71 See, for example, Mrs Kerry Hynes, *Submission 138*, p. 1; Dr Katherine Curchin, *Submission 197*, pages 1–2.

72 Name Withheld, *Submission 92*, p. 48.

73 See, for example, Name Withheld, *Submission 104*, p. [3]; Ms Juliet Vrakas, *Submission 91*, p. 6; Name Withheld, *Submission 92*, p.51; Name Withheld, *Submission 137*, p. [1]; Name Withheld, *Submission 160*, p. 4; Centre for Excellence in Child and Family Welfare (CECFW), *Submission 200*, p. 2; Name Withheld, *Submission 230*, p. [2]; Antipoverty Centre, *Submission 276*, p. [5].

74 ACOSS, *Submission* 203, p. 15.

costs, stating that this should include lifting the threshold for Rent Assistance and establishing a Disability and Illness Supplement and a Single Parent Supplement.[75]

1.67 The Organisation for Economic Co-operation and Development (OECD) observed that Australia's income support payments represent on average around 50 per cent of a recipient's previous net earnings. This is the second lowest among OECD member countries. According to the OECD, this means that the payment rate is unlikely on its own to act as a disincentive to searching for work.[76]

1.68 Stakeholders also raised concern that the employment services and income support systems are not adapted to the needs of unemployed people—not least because they demand significant activity from people who are typically time poor, energy depleted, and typically fully occupied with the basic tasks needed for survival.[77]

1.69 One stakeholder indicated that a key issue with the current employment services system is that few genuine attempts are made to empathise with jobseekers, with employment consultants often desensitised to the realities of unemployment.[78] This was reflected in testimony during the Committee's visit to the Brotherhood of St Laurence's (BSL) Sustaining Economic Empowerment and Dignity (SEED) project for women. Several participants stated that frontline staff in the Commonwealth system are often impersonal in their treatment of jobseekers, and there is little recognition that the difference between the jobseeker and their caseworker is often entirely a matter of circumstance.

Barriers to employment

1.70 It is very clear from the evidence and engagement at site visits that most people want to work. However, unemployed people face a range of barriers to labour market participation. These were identified by many submitters, and included:

- vocational barriers such as lack of skills, education, or work experience;
- practical barriers such as the lack of a driver license or access to a vehicle, lack of reliable internet access, and caring responsibilities—including childcare;
- disability and mental and physical health challenges;
- social barriers such as anxiety and lack of confidence;
- employer-related barriers such as unconscious bias, discrimination, and non-inclusive recruitment and workplace practices including lack of part-time or flexible work options, and cultural barriers (especially for First Nations jobseekers); and

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75 ACOSS, *Submission* 203, p, 7, 15-16.

76 Organisation for Economic Co-operation and Development (OECD) (2023), *Income support for jobseekers: Trade-offs and current reforms*, Policy Brief, pages 2–3, www.oecd.org/employment/Income-support-for-jobseekers-Trade-offs-and-current-reforms.pdf, viewed 20 November 2023.

77 See, for example, Mr Dan Ehlers, *Submission 90*, p.1; Professor Green et al, *Submission 120*, p. [1].

78 Name Withheld, *Submission 125*, p. [2].

- structural barriers such as discrimination and lack of access to education, training, and work opportunities.[79]

1.71 The Employment White Paper found that the most common barriers for Workforce Australia participants were not having a Year 12 education (37 per cent), no paid work in the past two years (36 per cent), disability (28 per cent), and intergenerational disadvantage (16 per cent).[80]

1.72 Certain cohorts are disproportionately impacted by barriers to social and economic participation. These barriers often differ by gender. ABS data indicates that the most common reason for women being unavailable to begin a job or work more hours is caring responsibilities, while for men the most common reasons are disability and long-term sickness.[81] The data also indicated that the most important incentives for people to seek a job or more hours were the ability to work part-time hours and finding a job that matches skills and experience.[82]

1.73 Other cohorts particularly affected by barriers to employment include First Nations peoples; people with disability; people from CALD and refugee backgrounds; people experiencing mental health challenges; and people in housing insecurity.[83]

1.74 Several stakeholders emphasised that despite a high number of available jobs, many jobseekers are failing to find employment due to a mismatch between their skills and qualifications and the requirements of the position.[84] Jobseekers on the employment services caseload also compete with a range of often better-qualified applicants for most vacancies, including entry-level positions.[85]

1.75 Per Capita indicated that the current employment services system is not adapted to the demands of future work, noting that the underpinning model for the system was designed 25 years ago, and assumed full-time, ongoing employment opportunities, more entry level jobs without formal skill requirements, and a younger working age population.[86]

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79 See, for example, MAX Solutions (MAX), *Submission 146*, p. 25; Centre for Policy Futures—University of Queensland (CFP–UQ), *Submission 217*, p. 6; Antipoverty Centre, *Submission 276*, p. [9]; Dr Shae Garwood, Manager—Research, Advocacy, and Prevention, Anglicare WA, *Committee Hansard*, 1 February 2023, p. 4.

80 Commonwealth of Australia (2023), *Working Future: The Australian Government's White Paper on Jobs and Opportunities*, p. 151.

81 ABS (2022), *Barriers and Incentives to Labour Force Participation*, *Australia, 2022–23 financial year,* www.abs.gov.au/statistics/labour/employment-and-unemployment/barriers-and-incentives-labour-force-participation-australia/latest-release, viewed 20 November 2023.

82 ABS (2022), *Barriers and Incentives to Labour Force Participation*, *Australia, 2022–23 financial year.*

83 Relationships Australia, *Submission 280*, pages 4, 5–6.

84 See, for example, DEWR, *Submission 254*, p. 12; NESA, *Submission 260*, pages 16–17; Antipoverty Centre, *Submission 276*, p. [9].

85 See, for example, Anglicare Australia, *Submission 215*, p. 4; Government of Victoria, *Submission 278*, p. 15.

86 Per Capita, *Submission 252*, p. [24].

Different experiences for different jobseekers

1.76 There are significant differences across cohorts in terms of rates of unemployment and underemployment, and in terms of key barriers to labour market participation.

1.77 The rate of youth unemployment as of October 2023 was 9.2 per cent—more than double the rate across all cohorts.[87] Several stakeholders observed that youth unemployment has remained higher than the average unemployment rate across Australia for a significant amount of time.[88] Witnesses argued that failure to support young people will have immediate ramifications for the current skills and labour crisis, as well as long-term impacts on Australia's productivity.[89]

1.78 Youth underemployment is also significantly higher than average, with the youth underemployment rate at 14.2 per cent in October 2023.[90] Youth are also disproportionately impacted by economic downturns due to various factors including lack of work available, a lower demand for young workers, and a greater prevalence of casual and insecure work.[91]

1.79 Mental health, perceived academic ability, and financial difficulty are key barriers to young people's engagement with education, training, and employment. For young people from disadvantaged backgrounds, these barriers are compounded by issues such as limited access to information about training and employment and the need to find work quickly to contribute to family income.[92]

1.80 Mature age jobseekers are at higher risk of long-term unemployment. Research indicates that this cohort experiences significantly longer periods of unemployment than other age groups (76 weeks for those aged 55 and over, compared to 54 weeks for those between 25 and 54 years and 33 weeks for those aged 24 years and under).[93]

1.81 Mature age jobseekers face a range of barriers to finding and keeping employment, including the persistent and pernicious view that older people are less productive than their younger counterparts.[94] The cohort is also more likely to report physical

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87 ABS (2023), *Labour Force, Australia*, *October 2023*, seasonally adjusted data. Youth are aged 15–24.

88 See, for example, yourtown, *Submission 198*, p. 4; Australian Youth Affairs Coalition (AYAC), *Submission 238*, p. 1; See also DEWR, *Submission 254*, pages 137–138.

89 Australian Chamber of Commerce and Industry (ACCI), *Submission 236*, p. 5.

90 ABS (2023), *Labour Force, Australia*, *October 2023,* seasonally adjusted data.

91 See, for example, NYCA, *Submission 166*, pages [2, 6], SVA, *Submission 232,* p. 10; DEWR, *Submission 254*, pages 137–138; Productivity Commission (2020), *Why did young people's incomes decline?*, www.pc.gov.au/research/completed/youth-income-decline, viewed 20 November 2023; The Treasury (2020), *The career effects of labour market conditions at entry*, https://treasury.gov.au/publication/p2020-85098, viewed 20 November 2023.

92 Mission Australia, *Submission 190*, pages 3–4. See also SVA, *Submission 232,* p. 10.

93 National Skills Commission (2021), *The state of Australia's Skills 2021: now and into the future*, p. 30, https://nla.gov.au/nla.obj-3012975504/view, viewed 20 November 2023.

94 See, for example, Ms Natalie James, Secretary, DEWR, *Committee Hansard*, 3 November 2022, p. 13; Brotherhood of St Laurence (BSL) (2015), *Too old to work, too young to retire*, p. [2], www.bsl.org.au/research/publications/too-old-to-work-too-young-to-retire/, viewed 20 November 2023; Department of Education, Skills and Employment (2021), *Research into employment barriers for mature age*

limitations on certain kinds of work, the need to re-skill or upskill (particularly to improve digital literacy), and difficulties accessing training. Mature aged jobseekers also report that frontline staff do not understand their unique circumstances and support needs.[95]

1.82 Unemployment rates among First Nations communities are also higher than national averages. According to Census data, the unemployment rate for First Nations peoples was 12.0 per cent in 2021, compared to a maximum unemployment rate of 6.3 (January 2021) for all cohorts. There was also variation in unemployment rates between jurisdictions, and between metropolitan, regional, and remote areas.[96] First Nations peoples are also over-represented in the employment services system. In June 2023, First Nations peoples represented around 12 per cent of the jobactive caseload, while making up 3.2 per cent of the Australian population.[97]

1.83 Key barriers to workforce participation for First Nations peoples include low access to education and training opportunities; limited support for transitions from school to work and between secondary and tertiary education; discrimination in hiring and work practices; and a lack of services in remote communities.[98] First Nations peoples also experience disproportionate rates of incarceration, which may impact on the ability and desire to participate in work, education, and training. The Justice Reform Initiative (JRI) noted that First Nations peoples are 15.8 times more likely to be incarcerated that their non-First Nations counterparts.[99]

1.84 During site visits, stakeholders explained that taking up employment (and especially sustained or full-time employment) can be perceived as abandoning cultural or family responsibilities in some First Nations communities. Moreover, as money and property are often viewed as belonging to a community rather than an individual, there may be reluctant to take up employment due to the increased financial responsibility this may carry. First Nations jobseekers and organisations noted that individuals may see less personal incentive to work if they conclude that they will not keep the income they acquire due to family and community pressures and responsibilities. Many First Nations peoples—especially young people—also view income support as a 'safety net' and may be reluctant to take up employment, and especially ongoing or full-time work, due to the fear that payments will be reduced or lost altogether.

1.85 People from CALD, migrant and refugee backgrounds are another cohort that experience multiple and often unique barriers to employment. These include:

Australians: Final Report, pages 4–5, www.dewr.gov.au/mature-age-hub/resources/employment-barriers-mature-age-australians-research-project, viewed 20 November 2023.

95 See, for example, Name Withheld, *Submission 1*, p. [1]; Name Withheld, *Submission 118*, p. [1]; Name Withheld, *Submission 184*, p. [1]; Name Withheld, *Submission 229*, p. [1].

96 Australian Institute of Health and Welfare (AIHW) (2023), *Employment of First Nations people*, *www.aihw.gov.au/reports/australias-welfare/indigenous-employment*, viewed 20 November 2023.

97 Minderoo Foundation Trust - Generation One, *Submission 222*, pages 3–4.

98 Management Governance Australia (MGA), *Submission 183*, p. 2. See also, AIHW (2023), *Aboriginal and Torres Strait Islander Health Performance Framework—Measures: Employment, www.indigenoushpf.gov.au/measures/2-07-employment,* viewed 20 November 2023.

99 Justice Reform Initiative (JRI), *Submission 178*, pages 5–6. See also Tribal Warrior Talent (TWT), *Submission 233*, p. [2].

- language and literacy barriers;
- visa restrictions;
- lack of Australian work experience, and limited understanding of the Australian jobs market and workplace culture;
- lack of local networks and contacts;
- challenges with skill, qualification, and experience recognition;
- lack of access to culturally appropriate employment support; and
- racism, discrimination, and workplace bullying.[100]

1.86 Several of these barriers can also restrict engagement with employment services by CALD and refugee jobseekers, and accordingly reduce the extent to which services enable greater economic and social participation by people in these cohorts.[101]

1.87 Finally, the Committee heard that there are specific challenges experienced by jobseekers in regional and remote areas. Stakeholders observed that these challenges include a lack of driver licenses and more generally lack of access to reliable transport; lower literacy, numeracy, and digital literacy; limited employability skills and work experience; and a lack of employment and training opportunities.[102]

Interaction with the income support system

1.88 Several income support payments are conditional on participation in employment services, and there is a strong correlation between the size of the employment services caseload and the number of people in receipt of income support. Changes to income support policy also impact the delivery of employment services and the composition of caseloads, as well as individuals' motivation to find and keep work (discussed below).[103]

1.89 The proportion of individuals who remain on income support has increased over time,[104] with factors contributing to longer periods of income support including lower educational attainment, language barriers, and previous unemployment.[105]

1.90 Not all recipients of income support or participants in employment services are unemployed according to ABS definitions. In July 2023, 23 per cent of the Workforce Australia caseload reported earnings from employment.[106] At the same time,

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100 See, for example, Multicultural Australia, *Submission 182*, p. 23; Host International (HOST), *Submission 188*, pages 3–4; Ethnic Communities Council of Queensland (ECCQ), *Submission 206*, p. 2.

101 Mr Elijah Buol OAM, Chairperson, ECCQ, *Committee Hansard*, 16 June 2023, p. 3.

102 See Regional Development Australia (RDA) Kimberley, *Submission 105*, p. [3]; MGA, *Submission 183*, p. 2.

103 See DEWR, *Submission 254*, p. 13.

104 Getting Welfare to Work Research Team, *Submission 191*, p. 9.

105 DSS, *Submission 192*, p. 5.

106 DEWR (2023), *Workforce Australia and ParentsNext Caseload by Selected Cohorts*, *July 2023*. Data on declared earnings for later months is not available.

23 per cent of JobSeeker recipients and 18 per cent of Youth Allowance (Other) recipients reported earnings.[107]

1.91 The Employment White Paper found that many people who are in employment while also receiving income support are in part-time work and not earning enough to move fully off income support. Further, around one-third of people in receipt of income support do not meet the definition of unemployed for various reasons, including illness and caring responsibilities.[108]

1.92 Assets test thresholds (liquid assets and waiting periods) can also delay access to employment services. This disproportionally impacts older people who might have a small amount of savings built up at the time of their job loss.[109]

Disincentives to study and work

1.93 Discussion had by the Committee confirmed that unemployed or underemployed Australians often make rational choices not to seek work, not to increase working hours, or to reject full-time employment. These choices are often driven by significant and interrelated disincentives to work in the income support system.

1.94 A key disincentive to seeking employment or increasing work hours is the loss or reduction of income support when a person earns above the income free threshold. Recipients of JobSeeker will typically lose at least half of every dollar they earn beyond that threshold through a combination of taxes and payment reduction. Up to 80 cents on the dollar may be lost in certain circumstances. Different thresholds and rates of reduction will apply for other payment types, such as Parenting Payment.[110]

1.95 Research also indicates that the interaction between employment, income support and associated benefits, and tax arrangements will have different impacts on levels of labour market attachment for different cohorts. For example, labour market attachment for men has been found to be relatively inelastic; that is, men do not typically significantly change the number of hours they work or level of participation in in the labour market. By contrast, women with young children—particularly single mothers—are quite sensitive to changes. This is notwithstanding that levels of elasticity for married women have fallen substantially in recent decades.[111] Evidence from the USA also shows that lower income earners are more sensitive to changes to

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107 DSS (2023), *DSS Expanded Benefit and Payment Recipient Demographics, June 2023 quarter*, www.data.gov.au/dataset/ ds-dga-cff2ae8a-55e4-47db-a66d-e177fe0ac6a0/details, viewed 20 November 2023.

108 Commonwealth of Australia (2023), *Working Future: The Australian Government's White Paper on Jobs and Opportunities*, p. 146.

109 Mr Corey Irlam, Acting CEO, COTA Australia, *Committee Hansard*, 19 September 2023, p. 40. See also Julie, private capacity, *Committee Hansard*, 20 September 2023, p. 35.

110 Commonwealth of Australia (2023) ,*Working Future: The Australian Government's White Paper on Jobs and Opportunities*, p. 159. See also CECFW, *Submission 200*, pages 4-5; atWork Australia (atWork), *Submission 210*, p. 8.

111 C Meghir, and D Phillips (2010), 'Labour supply and taxes', in S Adam et al (eds) *Dimensions of Tax Design: Volume one of the Mirrlees Review*, Institute for Fiscal Studies, p. 252.

income support and tax arrangements,[112] while impacts are lower for people earning higher incomes.[113]

1.96 Analysis in the Netherlands found targeted policies such as tax credits and subsidies for the 'working poor' are relatively effective in raising labour market participation, whereas more general reductions in marginal tax rates were not.[114] A further analysis observed that permanent tax changes have larger effects than transitory ones for workers under 35 years of age (for whom returns to work experience are large).[115]

1.97 These concerns are exacerbated by the perceived risk of incurring debts, including where a person misreports their income or there is an error made by a Centrelink officer or automated process. In a 2022 survey of employment services participants by Anglicare Australia, 47 per cent of respondents who reported incurring a debt in the past indicated that the debt was due to an error by Centrelink or their service provider.[116] The human and economic impacts of poor program administration and computerised error came into sharp focus during the Robodebt Royal Commission, with the Commissioner stating:

> The effect on a largely disadvantaged, vulnerable population of suddenly making demands on them for payment of debts, often in the thousands of dollars, seems not to have been the subject of any behavioural insight at all.[117]

1.98 Eligibility for income support also provides ongoing access to health care cards and concessions. Health care cards enable access to cheaper medicines under the Pharmaceutical Benefits Scheme and access to bulk billing and refunds via the Medicare Safety Net. Concession card holders have access to discounted public transport, vehicle registration and licences, dental and eye care, electricity and gas, council rates, water and sewerage, and emergency services. These benefits are particularly valued by people with disability who often face significant health care costs. The loss of these benefits is a significant disincentive to moving off income support and into employment.[118]

1.99 In addition, income support recipients may qualify for the Child Care Subsidy. The lack of access to affordable childcare can be a significant disincentive to seeking

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112 E Saez (2002), 'Optimal Income Transfer Programs: Intensive versus Extensive Labor Supply Responses', *The Quarterly Journal of Economics*, 117(3), p. 1039-1073.

113 Meghir and Phillips (2010), 'Labour supply and taxes', in S Adam et al (eds) *Dimensions of Tax Design: Volume one of the Mirrlees Review*, p. 252.

114 M Mastrogiacomo, N Bosch, M Gielen and E Jongen (2017), 'Heterogeneity in labour supply responses: evidence from a major tax reform', *Oxford Bulletin of Economics and Statistics*, 79(5), p. 769.

115 M Keane (2015) 'Effects of permanent and transitory tax changes in a life-cycle labor supply model with human capital', *International Economic Review*, 56(2), p. 500.

116 Anglicare Australia, *Submission 215*, pages 8–9.

117 Robodebt Royal Commission (2023), *Report of the Royal Commission into the Robodebt Scheme*, p. xxvi.

118 Commonwealth of Australia (2023), *Working Future: The Australian Government's White Paper on Jobs and Opportunities*, p. 160. See also CVGT Employment (CVGT), *Submission 106*, p. 19; MAX, *Submission 146*, p. 40; WISE Employment, *Submission 169*, p. 17; Workskil Australia (Workskil), *Submission 196*, p. 22.

employment or increasing work hours. Access to childcare is a particularly important determinant of women's workforce participation.[119]

1.100 Those who lose access to income support can also face significant challenges in re-connecting with Centrelink and the income support system, with the Employment White Paper observing that the process can be complicated, time-consuming, and can carry a degree of anxiety around less secure job opportunities.[120] Submitters to the this inquiry similarly indicated that there are significant challenges in navigating the income support system.[121] One detailed the following experience of applying for JobSeeker:

> The application process was tortuous. Hours (literally) spent on hold waiting for a Centrelink employee to speak with, often to ask a question or clarify something that was not clear on their website. Many were unfamiliar with the rules that applied and most needed to leave me on hold and seek advice…
>
> I cried many times during this process, it should not be so hard. English is my first language; I am articulate and well educated. I'm also reasonably IT savvy having used the net for research and work for many years. It must be much harder for someone who doesn't have my advantages. Every time I had to contact Centrelink I felt very anxious and knew it meant a few hours of holding on the line until I could speak with someone.[122]

1.101 Losing income support may mean loss of access to public housing or withdrawal of rent assistance in some jurisdictions.[123] For example, in Western Australia a gross income of as little as $502 per week may make a person ineligible for public housing.[124] This issue was also raised by stakeholders in several regional communities during the Committee's site visits, with employers and others noting access to public housing was a significant and increasing concern in their jurisdiction.

1.102 DEWR indicated that income support policy settings and payment rates negatively impact decisions to take up education and training opportunities, noting that it is only courses of 12 months or less for which participation will count towards meeting a person's mutual obligation requirements.[125]

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119 Commonwealth of Australia (2023), *Working Future: The Australian Government's White Paper on Jobs and Opportunities*, p. 160. See also CVGT, *Submission 106*, p. 19; National Foundation for Australian Women (NFAW), *Submission 135*, p. [8]; MAX, *Submission 146*, p. 40; WISE Employment, *Submission 169*, p. 17.

120 Commonwealth of Australia (2023), *Working Future: The Australian Government's White Paper on Jobs and Opportunities*, p. 160.

121 See, for example, Ms Karen Zaskolny, *Submission 131*, p. [1]; The Salvation Army Employment Plus (SAEP), *Submission 199*, p. 48. MatchWorks, *Submission 263*, p. 29; Antipoverty Centre, *Submission 276*, p. [4].

122 Name Withheld, *Submission 116*, p. 1.

123 See, for example, CoAct, *Submission 151*, pages 14-15; WISE Employment, *Submission 169*, p. 17; SSI, *Submission 193*, p. 12.

124 Government of Western Australia: Department of Communities (2023), *Income Limits*, www.wa.gov.au/system/files/2023-09/sd078_income_limits_info_a4_web.pdf, viewed 20 November 2023.

125 DEWR, *Submission 254*, pages 15, 106.

1.103 A person for whom income support is not payable due to their receiving employment income may qualify for an employment income nil rate period. A nil rate period may last for up to six or seven fortnights. During this period, the person does not receive income support payments, but is considered to be receiving income support for the purposes of benefits such as the childcare subsidy and health care card.[126]

1.104 Government proposes to address disincentives to work in the income support system by extending the nil rate period up to 12 fortnights so that people can retain access to benefits for a longer period when they first return to work. Access to the nil rate period is also being expanded to recipients who take up full-time opportunities and no longer meet the definition of unemployed under the *Social Security Act 1991*. These changes recognise the transition into employment can be difficult, and that there are disincentives in the system.[127]

Report structure

1.105 The inquiry is a first principles review of the employment services system and examines the majority of the system's component parts.

1.106 The chapters can be considered as divided into five parts as outlined below.

Part 1: Context

1.107 Chapter 1 (this chapter) provides a summary of the Workforce Australia employment services system, and insights relating to unemployed people in Australia. It also sets out the structure of the report.

1.108 Chapter 2 provides the case for reform to the employment services system. It details key issues with the current system, capturing views of policy experts and those with lived experience. This foreshadows an outline of the core principles to underpin a new employment services system in Chapters 4 and 5, and more detailed proposals for reform set out in Chapters 6 to 15.

1.109 Chapter 3 provides an overview of key State, and international employment programs from which lessons may be drawn in reforming Australia's national system.

Part 2: Principles of what employment services should look like

1.110 Chapter 4 outlines the core principles that should underpin the design of a rebuilt employment services system, including core objectives, measures to support a single, national, coordinated employment service system and the role of government as steward and co-producer of employment services.

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126 DSS, *Social Security Guide: 3.1.12 Employment income nil rate period*, https://guides.dss.gov.au/ social-security-guide/3/1/12, viewed 20 November 2023.

127 Commonwealth of Australia (2023), *Working Future: The Australian Government's White Paper on Jobs and Opportunities*, p. 229.

1.111 Chapter 5 outlines principles that should underpin a typology of services that responds to the diverse needs of jobseekers and employers.

Part 3: Governance and service capability

1.112 Chapter 6 considers issues related to service capability, including qualifications and skills for frontline staff, and strategies to attract and retain a suitably qualified workforce.

1.113 Chapter 7 considers issues associated with administration of employment services, including accreditation, audit, and assurance requirements, administrative burden, and the role of an independent regulator.

1.114 Chapter 8 considers issues associated with innovation and experimentation, data sharing, and monitoring and evaluation.

Part 4: Design features

1.115 Chapter 9 examines the features of an effective service gateway, including contact with clients and assessment and referral processes.

1.116 Chapter 10 examines the design and delivery of digital-hybrid services, including measures to ensure jobseekers are equipped to engage with digital services and key features of a hybrid, digital-based employment service for jobseekers and employers.

1.117 Chapter 11 examines the design and delivery of person-centred case management services for jobseekers, with a focus on enabling greater choice and control over engagement with services, supporting long-term career planning, and ensuring services meet the needs of individuals over their pathway to employment.

1.118 Chapter 12 examines the design and delivery of services to employers, with a focus to improving engagement with the system, improving recruitment and work practices, and reducing perceived risks associated with hiring jobseekers from the employment services caseload.

1.119 Chapter 13 examines Active Labour Market Programs (ALMPs), which includes access to education and training, community employment programs, paid work experience, existing complementary programs and wage subsidies, and the role that ALMPs and complementary programs may have in the employment services system.

1.120 Chapter 14 examines mutual obligation, compliance, and enforcement, with a focus on designing a system which supports rather than punishes jobseekers.

1.121 Chapter 15 examines commissioning, funding, and regulatory culture, including measures to ensure the system is able to continually improve and respond to changes in the labour market.

Part 5: Roadmap to a rebuilt system

1.122 Chapter 16 provides for transitional arrangements, including indicative timeframes for implementing the Committee's recommendations.

Notes on terminology

1.123 All references to Committee Hansard are to official transcripts unless otherwise indicated. Page numbers may vary between proof and official transcripts.

1.124 The Committee acknowledges that there are a variety of terms to reflect the diversity of Aboriginal and Torres Strait Islander cultures and identities.[128] In this report, the term 'First Nations peoples' is used generally, with respect.

1.125 The term CALD is also used, with respect, to refer to people not born in Australia and for whom English is not a first language. This broadly accords with terminology used by DEWR.[129] However, as there is no universal definition for CALD, the term may have other meanings when used by submitters and witnesses. The Committee also acknowledges that the term CALD is contested, and that there are various terms with which people from individual racial, cultural, and linguistic groups may identify.

1.126 The Committee uses the term 'people with disability' (or equivalent terms such as 'jobseekers with disability') throughout the report. The Committee acknowledges that some people with disability may identify with a particular community or characteristic. Accordingly, where a particular characteristic or community is identified in evidence, the Committee has endeavoured to reflect this in the report. Further, and in line with evidence received, the Committee has focused on barriers to social and economic participation, consistent with a social model of disability.[130]

1.127 It is acknowledged that there will be some discrepancies between definitions of 'mature aged' across different organisations. For example, DEWR defines 'mature age' to include persons over 45 years,[131] while the ABS does not expressly define 'mature age' but provides information according to defined age brackets.[132]

1.128 The Committee uses the terms metropolitan and regional to refer to classifications that are Workforce Australia. In some cases, these may not align with the Australian Statistical Geographic Standard.[133]

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128 See Reconciliation Australia (2021), *Demonstrating inclusive and respectful language*, www.reconciliation.org.au/wp-content/uploads/2021/10/inclusive-and-respectful-language.pdf, viewed 20 November 2023.

129 See DEWR, *Additional information 5,* p. 3. DEWR typically uses 'CALD' to classify participants based on country of birth, regardless of cultural or language background.

130 See People with Disability Australia (2021), *Language Guide: A guide to language about disability*, http://prdpwd.wpengine.com/resources/language-guide/, viewed 20 November 2023.

131 DEWR, *Mature Age Hub*, www.dewr.gov.au/mature-age-hub, viewed 20 November 2023.

132 ABS (2014), *Age Standard*, www.abs.gov.au/statistics/standards/age-standard, viewed 20 November 2023.

133 See ABS (2021), *Remoteness structure*, www.abs.gov.au/statistics/standards/australian-statistical-geography-standard-asgs-edition-3/jul2021-jun2026/remoteness-structure, viewed 20 November 2023.

1.129 In this report, ‘workforce participation’ refers to those who are engaged in work, while labour market participation refers to those who are working or willing to work.

1.130 The Committee has broadly adopted ABS definitions of employed, unemployed, LTU and underemployed.[134] Most evidence received during the inquiry used or was consistent with these definitions.

1.131 The names ‘Centrelink’ and ‘Services Australia’ are often used interchangeably. Centrelink sits within Services Australia and is responsible for the administration of income support payments, as well as for assessing income support recipients and referring them to employment services. Services Australia is responsible for the administration of a range of additional programs, including Medicare and Child Support. The Committee has been careful to distinguish Centrelink from Services Australia for the purposes of this report. This distinction is critical to several recommendations for reform.

1.132 Employment services staff who directly engage with jobseekers are referred to by a variety of terms including ‘frontline staff’; ‘case managers’; ‘advisors’; ‘employment consultants’; ‘employment officers’; ‘job coaches’; and job mentors. The Committee has generally adopted the term ‘frontline staff’ for the purposes of this report.

1.133 There are various terms used to describe people who access employment services and receive income support, including ‘jobseekers’, ‘clients’ ‘unemployed workers’, ‘participants’, and ‘unemployed people’. There was no consensus as to the preferred terminology, notwithstanding the preference of some stakeholders for a particular term.[135] A variety of terms are used throughout the report depending on the context, with terms such as ‘jobseeker’ and ‘participant’ the most common. These terms are used without prejudice, and do not indicate any specific view on the nature of unemployed people or the nature of unemployment in Australia.

1.134 The Committee considers that as reforms are progressed, the long-established language of ‘participants’ should change to refer to ‘clients’, and the language of ‘providers’ should change to ‘service partners’. This is consistent with a rebuilt Commonwealth Employment Services System which aims to accord more respect to and improving the experience of people using employment services, and which sees organisations delivering services working in partnership with government. However, there is no doubt that multiple terms will continue to be used interchangeably.

For example, Workforce Australia considers Alice Springs to be regional while the ABS standard would classify that area as remote.

134 See ABS (2023), *Labour Force, Australia methodology*.

135 For example, the Australian Unemployed Workers’ Union (AUWU) stated that ‘unemployed worker’ should be used instead of ‘jobseeker’, to emphasise that unemployment is not only an individual issue but also a structural concern. See AUWU, *Submission 253*, p. [2].

Acknowledgements

1.135 The Committee thanks organisations and individuals who contributed to this inquiry through submissions, oral testimony, and by engaging with the Committee during meetings and site visits.

1.136 The Committee acknowledges that sharing lived experience can be challenging, and thanks individuals—including current and former employment services participants—for sharing their experiences and suggesting improvements.

1.137 The Committee acknowledges the hardworking and dedicated staff who support jobseekers. Frontline staff are central to the delivery of employment services, and critique of the system is not and should not be taken as a reflection on individuals working to support people into work.

1.138 The Committee also acknowledges the professional commitment of the numerous fine public servants we heard from and met throughout the inquiry, in public hearings, private round tables and site visits and thanks them greatly.

2. Critique and analysis of the current Australian system

This chapter puts forward the broad analysis and critique of the employment services system, detailing key issues, capturing the views of policy experts and people with lived experience which underpin the case for reform. This foreshadows the ambitious blueprint for a rebuilt Commonwealth Employment Services System set out in Chapters 4 to 15.

This is the only ‘first principles’ review of the employment services system conducted in several decades. The Committee has questioned all aspects of the system, including those which have not been examined in previous evaluations and reviews undertaken since marketisation. This has been supported by extensive domestic and international engagement and research. The Committee approached its task in an open minded and non-partisan manner led by the evidence, not ideology or outside interests or direction.

Australia’s employment services system has long been designed in a deficit paradigm, underpinned by two flawed theories. The first is that unemployment is an individual failing rather than a systemic concern, and that clients will make efforts to secure employment if only they are beaten hard enough. The second is that choice and competition in human services will inevitably result in better services and improved employment outcomes, especially for vulnerable and long-term unemployed (LTU) people.

Many staff are compassionate, caring people who deliver great outcomes in difficult circumstances, despite the numerous barriers. Yet overall, the employment services system is not delivering adequate or optimal outcomes for clients and appears to now largely neglect employers. There is little service tailoring, and many frontline staff do not possess the skills or qualifications to support an increasingly vulnerable and heterogenous client caseload. Moreover, the system is so choked with red tape that staff have little time to focus on supporting people.

The system is also driven by the pernicious myth of the ‘dole bludger’, reflected in a patently ridiculous level of compliance and reporting activities. Employers have made it clear that the system adds little value to their business, and that it repeatedly tries to force unsuitable jobseekers into vacancies without providing adequate incentives or support.

These issues are compounded by a highly fragmented employment and human services systems across the Commonwealth and between the Commonwealth and other jurisdictions. Excessive competition, fragmentation and duplication has led to

unnecessary complexity for users of the system, who are often in situations of extreme vulnerability, and to duplication of effort by providers and multiple levels of government.

It should not be controversial to conclude that full marketisation has failed. Indeed, the failures of the current quasi-market system have been identified in earlier reviews and the previous Government brought a large share of the caseload back to the public sector in setting up Workforce Australia. Successive Governments have stood by while service quality, staff qualifications and working conditions, and client outcomes have declined, while seeking to avoid responsibility for service failures and harvesting increased fiscal savings while long-term unemployment stagnates or increases.

Despite assertions to the contrary, funding and performance management arrangements continue to drive a heavy 'work first' approach. This has led to clients being repeatedly placed into inappropriate short-term 'survival' jobs and churning repeatedly through the system rather than finding long-term, sustainable work. The system also fails to recognise that many people will have different pathways to employment, and that for some people employment is simply not a realistic short-term outcome and that other participation goals are required.

Effective, targeted support for jobseekers and employers is also limited by complex and costly procurement and accreditation processes that are barriers to entry for smaller and community-based organisations and the specialised organisations who may be best-placed to support clients with particular characteristics or barriers to participation. The Department of Employment and Workplace Relations (DEWR) also appears to have little trust in its own accreditation processes and requires providers to submit to significant additional assurance processes. This is not only administratively burdensome but damaging to relationships of trust between providers and government.

A hunger games style contracting model and regulatory culture drives very high turnover in providers during contract and licensing rounds—bafflingly 22 per cent of regions saw *all* providers removed in the last round—leading to service disruption and devastating impacts on relationships of trust which have been built up between jobseekers and providers, and with employers. There is no other human services system where this level of provider turnover would be considered desirable or acceptable and this informs the case for a more relational contracting model.

Participation requirements will continue to be part of any system however the nature and extent of the current mutual obligations settings are counterproductive. Policy settings and system design should leverage not diminish people's intrinsic motivations to find work and increase their levels of social and economic participation. Mutual obligations are also 'mutual' in name only. Jobseekers are forced to complete a range of activities—often with little or no relevance to their needs or aspirations—with no reciprocal requirements on service providers. Consequences for non-compliance with mutual obligations are harsh, punitive, often disproportionate and simply ineffective at supporting people into work. Of significant concern is that providers hold the dual role of supporting clients and enforcing compliance. This is incompatible with the relationships of trust which are key to effective support.

The Australian Public Service (APS) is detached from the realities of service delivery with no view any more of what a quality service is or how much it costs. This is not the fault of individual officers, who are typically intelligent people with good values who want to make a difference and are doing the job they have been asked to do. However, two decades of largely outsourced service delivery has turned the APS into contract managers with little involvement in stewarding the system at a local and regional level or fostering learning and quality. The main arm of the APS which does engage in some form of service delivery—the Digital Services Contact Centre—does not think of itself as a provider and is not adequately resourced to perform this role.

The Committee is firmly of the view that the significant and numerous issues identified through its inquiry simply cannot be addressed through mere tweaks to policies and programs. They demand wholesale and large-scale reform in the coming months and years to change the culture and fundamentally rebuild Australia's employment services system.

A fragmented service ecosystem

2.1 A common theme in evidence was that human services—including the employment services system—are fragmented, disconnected, and hard to navigate.[1] Moreover, service delivery at the Commonwealth, state and territory, and local government levels is characterised by policy silos which limit coordination and collaboration.[2]

2.2 The Committee's attempts to map the employment services system at the national, state, and local levels also identified poor demarcation between different programs and services, as well as areas of potential duplication and overlap.

Employment services across the Commonwealth, States and Territories

2.3 The Commonwealth administers a range of different—often separate—employment programs across several departments, including the Department of Employment and Workplace Relations (DEWR), Department of Social Services (DSS), and National Indigenous Australians Agency (NIAA). These programs cover pre-employment support; generalist case management; specialist services for disadvantaged cohorts; and online services for jobseekers who can self-manage.

2.4 Stakeholders expressed concern that the sheer number of programs across the employment and social services ecosystem presents a confusing landscape for

1 See, for example, Ms Annabel Brown, Deputy CEO, Centre for Policy Development (CPD), *Committee Hansard*, 14 March 2023, p. 18; Professor Shelley Mallett, Director—Social Policy and Research Centre, Brotherhood of St Laurence (BSL), *Committee Hansard*, 14 March 2023, pages 25, 26.

2 See, for example, Getting Welfare to Work Research Team, *Submission 191*, pages 5, 16; Per Capita, *Submission 252*, p. [21]; National Employment Services Association (NESA), Submission 260, p. 37.

users. Moreover, DEWR confirmed that connections between programs are not self-evident.[3]

2.5 Concerns were also raised in relation to the artificial distinctions between programs managed by the Commonwealth.[4] Workskil Australia (Workskil) observed that Disability Employment Services (DES) and Workforce Australia are essentially the same service delivered by two separate departments, and one national service would reduce red tape and cost. Workskil also stated that the contracts for DES and Workforce Australia are complex, and that strong government expertise is required to ensure the programs are delivered effectively and efficiently.[5]

2.6 Similar issues were raised in discussions with providers during the Committee's program of site visits. One provider observed that they use the same delivery service approach for DES and Workforce Australia, while another noted that their success as a DES provider was the reason that they decided to enter the Workforce Australia provider market. The Committee observed at multiple sites that both DES and Workforce Australia—while notionally separate services—are actually delivered at the same sites, just with separate doors to the same office.

2.7 State and territory governments have implemented their own employment service programs in response to perceived gaps or failures in Commonwealth supports.[6] This was reflected in conversations with state and territory government departments. Moreover, and notwithstanding that many of these programs were implemented in response to gaps in the Commonwealth system, several jurisdictions expressed support for a truly national employment services system, with some state and territory governments also noting that their programs have been designed to complement Commonwealth services.

2.8 Stakeholders asserted that in areas where there are both Commonwealth and other-government employment services, effective collaboration is lacking due to funding arrangements for the employment services system.[7]

2.9 A related concern was that many areas are subject to market saturation: that is, the number of providers and programs in a region is substantially higher than required to support jobseekers and employers, leading to complexity, confusion, and greater administrative burden.[8] The Brotherhood of St Laurence (BSL) gave the following example for one Local Government Area (LGA):

> The City of Hume … [which] has a population of around 247,000…

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3 Ms Natalie James, Secretary, Department of Employment and Workplace Relations (DEWR), *Committee Hansard*, 3 November 2022, p. 13.

4 See, for example, Workskil Australia (Workskil), Submission 196, p. 5; BSL, *Submission 249*, p. 45.

5 Workskil, *Submission 196*, p. 5.

6 Queensland Government: Department of Employment, Small Business and Training (DESBT), *Submission 243*, p. 11; Tasmanian Government, *Submission 174*, p. [6]; Government of Victoria, *Submission 278*, p. 4.

7 See, for example, CVGT Employment (CVGT), *Submission 106*, p. 11; Tasmanian Government, *Submission 174*, p. [11].

8 See, for example, CVGT, *Submission 106*, p. 11; MAX Solutions (MAX), Submission 146, p. 7.

> [T]here are at least **82 organisations** within the Hume Jobs and Skills ecosystem delivering a total of **118 employment programs or services**. Government-contracted employment service providers (federal and state) account for 69 [per cent] of the total.[9]

2.10 Providers and jobseekers also raised concern as to the level of service saturation in evidence to the Committee.[10] VERTO—a service provider with sites in regional and metropolitan areas—stated that service saturation limits the depth of partnerships that can be created with employers and industry groups.[11]

2.11 CoAct similarly observed that the 'one brand, many providers' model which has been adopted in the employment services system creates confusion for employers and can dilute the overall effectiveness of supports.[12]

2.12 Coordination and integration of services under a national system is considered in more detail in Chapter 4.

Gateway to the human service ecosystem

2.13 Stakeholders expressed strong concern that employment services are not functioning effectively as a gateway to the human services ecosystem or to education and training opportunities. The Committee heard that addressing these concerns will be critical to ensuring that the employment services system enables access to both vocational and non-vocational supports and delivers tailored services to jobseekers based on their individual pathways to social and economic participation.[13]

2.14 A key barrier to the effectiveness of employment services as a gateway to the human services ecosystem is a lack of coherent service mapping and coordination between across governments and between stakeholders.[14] For example, Per Capita stated:

> Though the employment services system should incorporate other employment and training initiatives, there is very little mapping of all the federal, state, and local programs that offer information and advice about skills, training, work experience, jobs, and careers, along with social supports for jobseekers. Failure

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9 BSL, *Submission 249*, p. 26.

10 See, for example, Name Withheld, *Submission 115*, p. [1]; Name Withheld, *Submission 160*, p. 13.

11 VERTO, *Submission 202*, p. [14].

12 CoAct, *Submission 151*, p. 9.

13 See, for example, CVGT, *Submission 106*, pages 4-5; Sarina Russo Job Access (SRJA), *Submission 145*, p. 6; SSI, *Submission 193*, p. 7; The Salvation Army Employment Plus (SAEP), *Submission 199*, p. 7; Associate Professor Jo Ingold and Mr Tony Carr (Dr Ingold and Mr Carr), *Submission 216*, pages 3-4; Navitas, *Submission 262*, p. 3.

14 See, for example, Mr Colin Williams, *Submission 64*, p. [4]; MAX, *Submission 146*, p. 16; Tasmanian Government, *Submission 174* , pages [4–5]; SSI, *Submission 193*, p. 7; Workskil, *Submission 196*, pages 7–8; Mr Con Kittos, Executive Chairman, Asuria People Services (Asuria), *Committee Hansard*, 26 May 2023, p. 20; Mr Matthew Clarke, CEO, Yilabara Solutions, *Committee Hansard*, 26 May 2023, p. 38.

> to map and publicise these programs wastes public resources and denies individuals opportunities to pursue better life chances.[15]

2.15 Social Ventures Australia (SVA) observed that the efficacy of place-based initiatives such as the Jobs and Skills Centres operating in Victoria and Western Australia is limited because each initiative is only one of a range of human services and training organisations operating in the local area. The organisations also operate within a broader service ecosystem that could be aptly described as 'spaghetti and confetti': simultaneously overly complex and capable of only superficial responses to labour market challenges.[16]

2.16 This 'spaghetti and confetti' metaphor was also used in research conducted by The Australian Centre for Social Innovation in 2017 in relation to employment support in Southern Melbourne. The organisation described services in that region as complex, fragmented, and hard to navigate, and insufficiently resourced to deliver holistic interventions. A key issue identified in the research was that providers had limited knowledge about available services and how to access them.[17] One provider who contributed to the research stated:

> …when you look at how messy it is, and on my list of providers - it's nine pages long for this region, and that's just in the employment, educational reengagement map. Theres something like 180 organisations in this region that are working with youth. How do you navigate that?[18]

2.17 These challenges are compounded by the fact that many social services are state-funded and are subject to funding and capacity constraints. There are also limits on services and assistance available in certain geographic locations.[19]

2.18 Another barrier to employment services acting as an effective gateway to other supports is the tendency of the government to remove service providers from regions at the end of contracts (if not before). This practice disrupts established relationships between employment service providers and other human services and limits effective referral pathways for jobseekers.[20] Jobs Australia summarised this concern as follows:

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15 Per Capita, *Submission 252*, p. [21]. A map of the services an individual may need to access at the Commonwealth and State levels depending on their circumstances is outlined on p. [71] of the submission.

16 Social Ventures Australia (SVA), *Submission 232*, p. 12.

17 The Australian Centre for Social Innovation and Regional Development Australia (RDA) Southern Melbourne (2017), *Addressing Disadvantage in Southern Melbourne: Towards Outcomes*, pages 26, 28, https://sellen.org.au/wp-content/uploads/2020/06/TACSI-Addressing-Disadvantage-in-Southern-Melbourne.pdf, viewed 20 November 2023.

18 The Australian Centre for Social Innovation and RDA Southern Melbourne (2017), *Addressing Disadvantage in Southern Melbourne: Towards Outcomes*, p. 27.

19 See, for example, CoAct, *Submission 151*, p. 8; SAEP, *Submission 199*, p. 40.

20 See, for example, CVGT, *Submission 106*, p. 12; MAX, *Submission 146*, p. 21; WISE Employment, *Submission 169*, pages 10, 26, 28-29; Mission Australia, *Submission 190*, pages 9–10; SYC Ltd (SYC), *Submission 189*, pages 4, 7; NESA, *Submission 260*, p. 22; Professor Jeff Borland, private capacity, *Committee Hansard*, 14 March 2023, p. 2.

> The loss of the deep connections with their local communities and the ability to bring together various organisations and employers to address the employment needs of a particular community, creates more disadvantage.[21]

2.19 Stakeholders noted that in the transition between jobactive and Workforce Australia, there was:

- at least substantial turnover of providers in 80 per cent of employment regions;[22] and
- total (100 per cent) turnover of providers in 22 per cent of employment regions.[23]

2.20 APM Employment Services (APM) noted that all five providers in Geelong lost their contract in the transition from jobactive to Workforce Australia. This disrupted established relationships with local communities, employers, and other human services.[24] A similar situation occurred in Cairns, where contracts for all providers in the region were cancelled in the transition to Workforce Australia. While the providers were granted contracts in other regions, community connections and relationships with other human services were lost.

2.21 This tendency to remove providers from the system—along with other concerns—also contributes to high staff turnover.[25] As discussed in Chapter 6, high staff turnover further limits the ability of the employment system to act as an effective gateway to other services as staff with established relationships with other human services and employers—or the skills to build those relationships—are lost from the system.[26]

2.22 In their submission to the Productivity Commission's 2017 inquiry into user choice and contestability in human services, the BSL emphasised the importance of the substantial social capacity invested in human relationships and networks between community-based providers, clients, and the local community. The BSL noted reform processes that disrupt these relationships risks the 'store' of social capital and comes with significant social and economic costs.[27] The Productivity Commission itself made similar findings in the context of government stewardship of human services, stating:

> Overly ambitious reforms and rollout schedules lead to issues in implementation, particularly of large and complex reforms. Transitioning between providers can

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21 Jobs Australia, *Submission 185*, p. 10.

22 Ms Sally Sinclair, CEO, NESA, quoted by D Marin-Guzman, 'Job services industry stunned after wave of contract terminations', *Australian Financial Review*, 29 March 2022.

23 Workways Australia Ltd (Workways), *Submission 239.1*, p. 3.

24 Mrs Karen Rainbow, CEO, APM Employment Services (APM), *Committee Hansard*, 14 March 2023, p. 57.

25 NESA, *Submission 260 (Attachment 1)*, p. 11.

26 See, for example, National Youth Commission Australia (NYCA), *Submission 166*, p. [9]; Mission Australia, *Submission 190*, pages 9-10; Australian Services Union (ASU), *Submission 205*, p. [7]; Navitas, *Submission 262*, p. 3.

27 BSL (2017), *Reforms to human services: response to the Productivity Commission*, p. 8, https://library.bsl.org.au/bsljspui/bitstream/1/9385/1/BSL_subm_Prod_Comm_Reforms_to_human_services_2017.pdf, viewed 20 November 2023.

> also be disruptive as users find new providers and build a relationship of trust with them. Information and clarity about changes in advance can help.[28]

Service delivery and outcomes for jobseekers

2.23 Despite generally good intentions, the employment services system has largely failed to improve employment outcomes for jobseekers, or more broadly to boost their capacity for social and economic participation. This concern was not limited to employment services but extended to the broader service ecosystem. For example, the Business Council of Australia (BCA) stated:

> Our employment and training system is not supporting large cohorts of people to participate in the labour market, nor is it providing the requisite skills and tooling for people and, importantly, also the reskilling that is now needed. For those who are marginalised and face complex barriers, it is entrenching disadvantage and locking them into long-term poverty.[29]

2.24 The BCA also expressed concern that over half a million people have been in the system for over 12 months, with more than 50,000 in the system for over 10 years. Certain cohorts who have been unemployed for up to two years—including First Nations peoples, people from culturally and linguistically diverse (CALD) backgrounds, and young people—are also exiting the employment system altogether. The BCA stated that this further entrenches disadvantage and exclusion for these cohorts.[30]

2.25 Evidence from current and former participants in employment services described a system which is not adapted to jobseekers' needs, nor conducive to sustainable employment. Some stakeholders questioned whether the savings realised via the implementation of Workforce Australia Online had been reinvested in improving provider-led services, noting that providers often take a transactional, 'tick box' approach to service delivery which can be demotivating and psychologically harmful to participants.[31]

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28 Productivity Commission (2017), *Introducing Competition and Informed User Choice into Human Services: Reforms to Human Services*, Inquiry Report No. 85, p. 79, www.pc.gov.au/inquiries/completed/human-services/reforms/report, viewed 20 November 2023.

29 Ms Wendy Black, Head of Policy, Business Council of Australia (BCA), *Committee Hansard*, 11 August 2023, p. 16.

30 Ms Black, BCA, *Committee Hansard*, 11 August 2023, p. 16.

31 See, for example, Name Withheld, *Submission 109*, p. [2]; Name Withheld, *Submission 116*, p. 3; National Foundation for Australian Women (NFAW), *Submission 135*, p. [5]; Name Withheld, *Submission 137*, p. [2]; Mr Anders Ross, *Submission 159*, p. 3; Refugee Council of Australia (RCOA), *Submission 226*, p. 4; South East Community Links (SECL), *Submission 38*, p. 8; NYCA, *Submission 166*, p. [4]; Australian Unemployed Workers' Union (AUWU), *Submission 253*, p. [9]; Ms Brown, CPD, *Committee Hansard*, 14 March 2023, p. 29.

2.26 Participants also indicated that their provider had engaged in antagonistic or bullying behaviour—including using financial penalties as threats and refusing to believe valid reasons for failing to engage with services.[32] For example, one participant stated:

> On 14 February 2023, I received a phone call from the Employment Provider Area Manager, the call lasted for 13 minutes. I was verbally abused, called a liar, told I was cheating Centrelink, threatened to place a demerit point against me, threatened to have my Centrelink payments put on hold or cut. He was very aggressive.[33]

2.27 Another key concern was the lack of flexible options for engagement with services.[34] Mx Eve Geyer recounted being forced to attend in-person appointments 30 minutes from their home every two weeks, despite working 28 hours per week and having no job search obligations. They asserted that at no point did the provider recommend moving to Workforce Australia Online or allow less frequent or remote appointments. They also observed that the provider stated on several occasions that a minimum number of in-person appointments was required under the contract with DEWR.[35]

2.28 A lack of remote service delivery is a particular challenge for jobseekers in regional areas and thin markets. North Burnett Community Services (NBCS) observed that there are no providers in the North Burnett area, and jobseekers are often required to travel 100km to attend appointments and access services. NBCS stated that despite isolation and lack of transport, jobseekers are not provided with flexible options for engagement and providers are unresponsive when contacted.[36]

2.29 A lack of privacy during appointments was also raised in evidence, with participants noting that they had to share personal information in open office settings.[37] For example, a participant noted that discussions between jobseeker and consultant could often be overheard discussing private medical issues, due to the office layout.[38]

2.30 The Committee heard that providers fail to communicate appointments and, in some cases, fail to record jobseekers' attendance. The impacts of these failures are felt acutely by jobseekers.[39] One participant—Melissa Fisher—stated:

> I attended an appointment on a Friday [and] on the Saturday I got a text to say my payments had been cut. There was nothing I could do until the Monday and

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32 See, for example, Name Withheld, *Submission 187*, p. [2]; Name Withheld, *Submission 229*, p. [3]; Name Withheld, *Submission 293*, p. [1].

33 Ms Kaye Demetriou, *Submission 267*, p. 4.

34 See, for example, Mr Dan Ehlers, *Submission 90*, p. 1; Name Withheld, *Submission 109*, p. [1]; Mr Anders Ross, *Submission 158*, pages 3–4; Name Withheld, *Submission 160*, p. 10; Name Withheld, *Submission 161*, pages 3-4; Mx Eve Geyer, *Submission 220*, p. [1].

35 Mx Geyer, *Submission 220,* p. [1].

36 North Burnett Community Services (NBCS), *Submission 268*, pages [1–2]. NBCS also noted that there have been cases of participants having payments suspended or terminated for failures to attend appointments due to prohibitive travel requirements, and that DEWR has been unsympathetic to these concerns.

37 See, for example, Mr Paul Upcroft, *Submission 86*, p. [2]; Name Withheld, *Submission 115*, p. [1]; Name Withheld, *Submission 142*, pages [1–2].

38 Name Withheld, *Submission 161*, pages 2–3.

39 Ms Demetriou, *Submission 267,* pages 1–2.

> the anxiety of not being able to pay my rent sent me into a spiral…The job network had marked me down as missing the appointment I did in fact attend. It's a scary feeling that one…mistake can get your payments suspended.[40]

2.31 Other concerns identified by individuals—which related to both Workforce Australia and to previous iterations of the employment services system—included:

- high turnover of frontline staff, meaning that participants are obliged to continually tell their story to often unfamiliar caseworkers;[41]
- limited assistance with activities to improve job prospects—such as developing résumés and cover letters—and a failure to identify and refer jobseekers to appropriate jobs;[42]
- denial of access to assistance, including support from the Employment Fund (EF) and access to training;[43] and
- significant and often disproportionate compliance action.[44]

2.32 Some submitters contended that the quality and utility of services depends heavily on the individual provider.[45] This was reflected in testimony from participants with whom the Committee engaged during site visits. Several participants praised their current provider, noting that their caseworker had engaged them on a personal level, listened to their concerns, and enabled them to progress towards employment. Participants also indicated that their caseworker had made themselves available outside usual working hours. However, many participants also indicated that their former providers had not responded to their needs, had done little to prepare them for work, and in some cases were bullying or antagonistic.

2.33 Providers told the Committee that they make all efforts to deliver a person-centred service, to build relationships with jobseekers, and to progress jobseekers towards employment—recognising that employment may not always be the most appropriate outcome for the jobseeker in the immediate future.[46] However, providers and other stakeholders also stated that many aspects of the system architecture—particularly funding and performance metrics—incentivise a transactional approach to service delivery focused on moving jobseekers into work as quickly as possible. This is not

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40 Melisa Fisher, *Submission 235*, p. [1].

41 See, for example, Ms Aeryn Brown, *Submission 114*, p. [1]; Name Withheld, *Submission 115*, p. [1]; Name Withheld, *Submission 116*, p. 2; Name Withheld, *Submission 161*, p. 3; Name Withheld, *Submission 184*, p. [1]; Name Withheld, *Submission 230*, p. [2]. This issue is discussed in more detail in Chapter 6.

42 See, for example, Mx Geyer, *Submission 220*, p. [2]; Name Withheld, *Submission 221*, p. [1]; Name Withheld, *Submission 223*, p. [1]; Name Withheld, *Submission 224*, p. [1].

43 See, for example, Name Withheld, *Submission 118*, pages [1-2]; Name Withheld, *Submission 142*, p. [1]; M Fisher, *Submission 235*, p. [1]; Name Withheld, *Submission 265*, p. [1]. These matters are discussed in more detail in Chapter 11.

44 See, for example, Name Withheld, Submission 123, p. [1]; Ms Alex Night, *Submission 128*, pages [1, 2]; Name Withheld, *Submission 187*, p. [2]. This issue is discussed in more detail in Chapter 14.

45 See, for example, Mr Upcroft, *Submission 86*, pages [1–3]; Name Withheld, *Submission 229*, p. [1]; Mr Jay Connan, Co-coordinator—Research and Policy, Antipoverty Centre, *Committee Hansard*, 19 September 2023, p. 13.

46 See, for example, Bamara, *Submission 214*, p. 3; Asuria, *Submission 246*, p. 12; Mrs Rainbow, APM, *Committee Hansard*, 14 March 2023, p. 13.

always in the best interests of the jobseeker.[47] For example, Dr Michael McGann stated:

> [T]here are dynamics in the welfare-to-work market model itself that basically orientate providers towards an emphasis on job search support and perpetual job search motion, with some activities around job search training, CVs and so forth. That's not to say all providers want to do that approach; they're just responding to incentive structures in their environment around the risk that has been shifted onto them—the fact that they have to achieve outcomes in the immediate future or their contract is potentially not going to be renewed in the next period or they're going to be subject to business reallocation. So there are a whole series of mechanisms established in the design, in the technical instruments of the market model, that aggravate this emphasis on work first as the approach. It's an approach that doesn't work with the very long term unemployed.[48]

2.34 During site visits, several providers told the Committee that they made all reasonable efforts to invest in building jobseekers' capacity but were hamstrung by funding arrangements which forced them to move jobseekers into any job as quickly as possible to remain financially viable. These funding measures also limited the extent to which the providers could trial new and innovative approaches to service delivery.

2.35 A new framework for delivering support to jobseekers is discussed in Chapter 5, with funding and performance metrics discussed in Chapter 15.

Service delivery and outcomes for employers

2.36 Employer engagement with government-funded employment services has historically been low, and it remains low under Workforce Australia.

2.37 Evaluations of jobactive identified that just four per cent of employers made use of employment services to meet their recruitment and staffing needs, due to perceptions that providers were unable to assist with recruitment or with workforce planning, to negative perceptions of participants, and to lack of awareness as to the services and supports available.[49] More recent employer surveys show that employers see Workforce Australia—and particularly service offerings for larger businesses—as difficult to use (for example to post vacancies and review candidates) and prefer to use commercial marketplaces to meet their recruitment needs.[50]

2.38 Associate Professor Jo Ingold (Dr Ingold) and Mr Tony Carr highlighted a range of factors which impact employer engagement with the system, including:

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47 See, for example, Generation Australia, *Submission 154,* p. 3; MAX, *Submission 146*, pages 7–8; CoAct, *Submission 151*, p. 7; Associate Professor Siobhan O'Sullivan, private capacity, *Committee Hansard*, 14 March 2023, p. 13; Ms Annette Gill, Principal Advisor, NESA, *Committee Hansard*, 14 March 2023, p. 38.

48 Dr Michael McGann, private capacity, *Committee Hansard*, 14 March 2023, p. 3.

49 DEWR (2022), *The Evaluation of jobactive Final Report*, pages 201, 203, www.dewr.gov.au/employment-services-evaluations/resources/evaluation-jobactive-final-report, viewed 20 November 2023.

50 SEEK, *Submission 242*, p. 3.

- too many programs offering niche 'products' that do not match business needs, have high transaction costs, and are difficult to access;
- complexity and variation in programs rules and vacancy management processes;
- lack of awareness of programs and providers;
- multiple providers and programs competing in the same labour market;
- limited provider caseloads;
- program eligibility rules that constrain ability to meet employers' needs; and
- variance in skill levels in provider staff in engaging employers.[51]

2.39 Other key factors identified by stakeholders included:

- candidates put forward by the system lacking skills and work readiness;[52]
- jobseeker applications made solely for the purpose of meeting mutual obligation requirements;[53]
- a focus among providers on chasing employment outcomes, leading to a transactional approach to placing jobseekers in vacancies;[54] and
- limitations on access to wage subsidies and other incentives.[55]

2.40 Stakeholders indicated that the needs of employers are not seen as a priority of the employment services system. Per Capita observed that—relative to programs and activities designed to support or police jobseekers—little is invested in employer support.[56]

2.41 While noting that there is an expectation that service providers will support employers with recruitment needs,[57] DEWR acknowledged that the system is largely focused on conditioning jobseekers for employment.[58] DEWR also acknowledged that:

- early insights suggest that greater investment in online services is required to support connections between businesses and individuals;[59] and
- additional research and evaluation work is required to understand the networked value of the employer-related activities in the employment services system, and how these contribute to employment and labour market outcomes.[60]

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51 Dr Ingold and Mr Carr, *Submission 216*, pages 1–2.
52 Australian Chamber of Commerce and Industry (ACCI), *Submission 236*, p. 3.
53 Mrs Kathleen Newcombe, Group CEO, SRJA, *Committee Hansard*, 6 June 2023, p. 14.
54 Dr Lisa Fowkes, Director—Employment, SVA, *Committee Hansard*, 17 May 2023, p. 32.
55 See, for example, EROS Association, *Submission 132 (Attachment 1)*, pages 3, 4, 6-7; Workways, *Submission 239*, p. 11.
56 Per Capita, *Submission 252*, pages [27, 51].
57 DEWR, *Submission 254*, p. 7.
58 Ms James, DEWR, *Committee Hansard*, 3 November 2022, p. 12.
59 DEWR, *Submission 254.5*, p. 43.
60 DEWR, *Submission 254*, p. 90.

2.42 During the Committee's European delegation, several stakeholders emphasised that employment services systems must not neglect the needs of employers. For example, in Denmark the Committee heard that measures focused on activating jobseekers will inevitability reach a point of diminishing returns. Demand-side measures focused on providing recruitment and HR support and matching jobseekers to vacancies are also required within an effective employment services system.

2.43 Support for employers is considered further in Chapters 4, 5 and 12.

System design

A competitive, market-based delivery model

2.44 In the 1996–97 Budget, the Australian Government announced major changes to arrangements for active labour market assistance in Australia, including establishing the Job Network as the Commonwealth's headline employment service program—replacing the Commonwealth Employment Service. In establishing the Job Network, the Australian Government adopted what was then considered by the Organisation for Economic Co-operation and Development (OECD) to be one of the most radical experiments in employment services: the creation of an integrated quasi-market for employment services linking the purchaser (government) with a network of for-profit and not-for-profit agencies operating in (then) thousands of sites across Australia.[61]

2.45 The Job Network saw a significant increase in contracting out of employment services, leading to full outsourcing under the third Job Network contract.[62] However, the move to the partial contracting out of services commenced under *Working Nation* in 1994, with around half of jobseekers assisted through case management services helped by contracted organisations and the other half by the public sector provider—Employment Assistance Australia.[63]

2.46 The decision to adopt a quasi-market model involving competition between contracted providers was premised on a belief that this model would address the structural weaknesses of government service provision, and in doing so improve the quality of services, enable better targeting of assistance, drive innovation, and give jobseekers more choice in the services they receive.[64] The decision was informed by

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61 See Organisation for Economic Co-operation and Development (OECD) (2001), *Innovations in Labour Market Policies: The Australian Way*, p. 15, www.oecd-ilibrary.org/employment/innovations-in-labour-market-policies_9789264194502-en, viewed 20 November 2023; C McDonald and G Marston (2008), 'Re-visiting the Quasi-Market in Employment Services: Australia's Job Network', *Asia Pacific Journal of Public Administration*, 30(2), p. 104.

62 See DEWR (2002), *Job Network Evaluation: Stage Three*, p. 173, www.dewr.gov.au/employment-services-evaluations/job-network-evaluation, viewed 20 November 2023; Productivity Commission (2002), *Independent review of the Job Network*, Inquiry Report No. 21, pages 4.10-4.11, 13.1-13.4, www.pc.gov.au/inquiries/completed/job-network, viewed 20 November 2023.

63 Employment Services Regulatory Authority (ESRA), *Annual Report 1997–98*, p. 20.

64 Commonwealth of Australia (1996), *Reforming Employment Assistance: Helping Australians into Real Jobs – Ministerial Statement by Senator the Hon Senator Amanda Vanstone, Minister for Employment, Education,*

changes in public management thinking—New Public Management—which assumed that public services had failed to innovate due to the absence of market forces. Reforms informed by New Public Management sought to correct this by importing private sector practices and the introduction of quasi-markets.[65]

2.47 Findings of recent research by the OECD are broadly consistent with some of the assumptions which underpinned the adoption of the quasi market-model, with the research indicating that this model can—if implemented effectively—enable greater flexibility; increase the cost-effectiveness of service delivery; support greater service specialisation; and greater choice for jobseekers. However, the adoption of quasi-market models can also create significant risks that must be carefully managed. These include increased transaction costs associated with the administration and regulation of the market and sector participants, and the potential for the market to become dominated by larger multi-national entities.[66]

2.48 Further, the OECD noted Randomised Control Trials (RCTs) conducted in several European countries found that contracting out employment services was unlikely to have reduced the cost of employment service provision (based on RCTs conducted in Denmark, France, Germany and Sweden), and that while contracted service provision may lead to slightly faster job placements, the jobs were less likely to be sustained and were often lower paid (based on RCTs conducted in Switzerland).[67]

2.49 These challenges identified by the OECD are consistent with a growing body of evidence about the limitations of New Public Management and of quasi-market models. The findings of the Institute for Public Policy Research are summarised in **Table 2.1** below, while other research highlighted the following issues:

- The theory assumes that staff and users of public services require extrinsic motivations, such as rewards and punishments, to drive behaviour. However, there is growing understanding that unlocking intrinsic motivations such as the desire for autonomy and interpersonal relationships is more effective in driving behavioural change.[68]

Training and Youth Affairs, p. 18. See also Productivity Commission (2002), *Independent review of the Job Network*, pages 3.21–3.23; McDonald and Marston (2008), 'Re-visiting the Quasi-Market in Employment Services: Australia's Jobs Network', *Asia Pacific Journal of Public Administration*, pages 105–106.

65 See Institute for Public Policy Research (2023), *The smarter state: Between the 'magic money tree' and the 'reform fairy'*, p. 5, www.ippr.org/research/publications/the-smarter-state, viewed 20 November 2023. See also Dr Victor Quirk, *Submission 209*, pages 4–5.

66 See OECD (2022), *Paying for results: Contracting out employment services through outcome-based payment schemes in OECD countries*, Social, Employment and Migration Working Papers No. 267, pages 4, 7, 9–11, 44–46, https://doi.org/10.1787/c6392a59-en, viewed 20 November 2023.

67 OECD (2022), *Paying for results: Contracting out employment services through outcome-based payment schemes in OECD countries*, p. 44.

68 Institute for Public Policy Research (2023), *The smarter state: Between the 'magic money tree' and the 'reform fairy'*, p. 5.

- Governments expect providers to collaborate at the local level to address complex social issues experienced by disadvantaged cohorts. This is often stymied by a siloed approach to procurement and the use of rigid KPIs.[69]
- Commissioning models in quasi-market systems often adopt outcome-based funding models under which the provision of support is financed by borrowing based on market expectations of future returns. A consequence of this is that government expenditure on employment services is redirected by market actors to service debts and pay dividends to shareholders rather than invested in clients.[70]

Table 2.1 Summary of evidence on New Public Management levers

Lever	Effectiveness	Explanation
Targets	Can drive improvement in the measured metrics but often at the expense of wider outcomes. Can lead to gaming. When combined with top-down control can demotivate staff. Not conducive to complex problems which need local knowledge and flexibility	Focussing resource and attention on specific measurables drives improvement on those measures, but at the expense of wider system performance.
Choice and competition	Limited evidence of improvement of outcomes (access, quality) but evidence of increased inequality as a result of choice, due to worse outcomes for those from lower socioeconomic backgrounds. Outsourcing can reduce costs but sometimes at the expense of quality. Evidence that ability of the state to write complete contracts and actively commission is a key determinant of success.	Limited-service user take up of choice and unwillingness of the state to allow providers to fail means incentives created by choice are weak. Providers compete by reducing their costs but cut quality enhancing inputs (e.g., staff).
Regulation	Some evidence that it can drive providers from poor to good - but limited evidence it can drive excellence. When combined with top-down control can demotivate staff or drive perverse incentives	Can help identify service failures and target accountability and support on these providers. But often reinforces top-down control and disempowers providers and staff

Source: Institute for Public Policy Research (2023), *The smarter state: Between the 'magic money tree' and the 'reform fairy'*, p. 15.

69 S Olney (2016), 'False economy: New public management and the welfare-to-work market in Australia', *PhD Thesis—University of Melbourne* (UniMelb), p. 55, http://hdl.handle.net/11343/115289, viewed 20 November 2023.

70 The Policy Lab (2018), *Improving outcomes for disadvantaged jobseekers – The next generation of employment services: response to discussion paper*, p. 4, www.apsreview.gov.au/your-ideas/submissions/university-melbourne, viewed 20 November 2023.

2.50 These and other issues were similarly identified in academic and policy research relating to the quasi-market model adopted in the Job Network, and to the continued use of this model under subsequent iterations of employment services.

2.51 One key issue was that the Job Network was a monopsony, with a single purchaser (the government) and a range of contracted providers. This arrangement constrained genuine competition in the delivery of services as market share was determined by a central agency on the basis of service 'quality'. Providers were typically only assessed as delivering a high-quality service if they had previously engaged with the system and with the clients it served. Over time, this resulted in a substantial reduction of providers within the system and limits on new entrants. One case manager cited in the research stated:

> The essential problem is that the Job Network is NOT A NETWORK, but rather a large number of separate organisations who regard one another as competitors, and therefore, have no incentive to work as a network. The end result of this is not that competition encourages good performance, but rather, encourages cynical shortcuts of the System which does nothing to encourage the maintenance of a strong NETWORK that both employers and job seekers can identify with let alone have confidence in.[71]

2.52 The transaction costs in the Job Network were high for both the purchaser and the provider. As detailed in Chapter 6, up to a third of the staff employed in the sector are employed for the purpose of administration. These costs accrued through engaging in the tendering process, implementing the program, and monitoring compliance. Later in the Job Network, the (then) Department of Education, Employment, and Workplace Relations also escalated its administrative oversight of jobseekers and providers, leading to additional transaction costs.[72]

2.53 The Job Network also adopted an outcomes-based payment structure which was intended to increase cost-effectiveness and promote the provision of assistance to high-needs clients. Instead, it resulted in providers focusing on moving those jobseekers who were closer to the labour market into work as quickly as possible ('creaming'), while neglecting those who needed additional support ('parking'). Attempts to address these practices through increased monitoring and regulation increased transaction costs. Moreover, increased oversight also had limited success in addressing the identified issues, at least in part because 'creaming' and 'parking' were almost unavoidable in a quasi-market system.[73]

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71 McDonald and Marston (2008), 'Re-visiting the Quasi-Market in Employment Services: Australia's Job Network', *Asia Pacific Journal of Public Administration*, pages 106, 110–111.

72 See McDonald and Marston (2008), 'Re-visiting the Quasi-Market in Employment Services: Australia's Job Network', *Asia Pacific Journal of Public Administration*, p. 106; Catholic Social Services Australia (2006), *A Job Network for Job Seekers: A report on the appropriateness of current services, provider incentives and government administration of Job Network*, p. 20, www.eurekastreet.com.au/Uploads/File/612/CSSA_Job_Network_Discussions_Paper.pdf, viewed 20 November 2023.

73 See Parliamentary Library (2007), *A review of developments in the Job Network*, https://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query%3DId%3A%22library%2Fprspub%2FX2JP6%22, viewed 20 November 2023. 'Creaming' and 'parking' were also identified as key issues within quasi-market labour market programs in other jurisdictions. See, for example, E Carter and A Whitworth (2014), 'Creaming and

2.54 Another challenge with an outcomes-based payment structure is the determination of the price to pay. As Professor Jeff Borland observed, there is an inherent difficulty in determining the appropriate price as different jobseekers have very different amounts of assistance they need to get into employment, and each would require different levels of investment over varying periods of time.[74] This was reinforced in the Committee's discussions with the OECD where it was identified that at any point in the cycle, government would invariably be under or over-paying for outcomes.

2.55 Access to relevant information under the Job Network was limited, with many clients lacking sufficient information to make choices about the provider they wished to join. This was known technically as 'quasi-market failure by preference error'.[75] In evidence to the current inquiry, Professor Borland similarly explained that:

> Jobseekers have limited scope to learn about the attributes and performance of any service provider before choosing (or being assigned to) a provider; and instead learn most from the experience of being managed by a provider.[76]

2.56 Provider knowledge about the market was also constrained by organisational behaviour that promoted secretiveness—particularly in contract negotiations. This was compounded by commercial-in-confidence provisions built into the system.[77]

2.57 Trust and mutual understanding are essential features of a functioning quasi-market. However, evidence from academic and policy experts indicates that the Job Network was characterised by government mistrust of providers. This led to the imposition of significant over-regulation and onerous and costly accountability requirements. This further decreased levels of trust within the system and led to providers and frontline staff being forced to focus on administration and compliance over supporting clients into sustainable employment.[78] In a survey of case managers conducted in 2005, one respondent stated:

> We need to take the emphasis off the demanding administrative expectations so that the Job Network can focus on the client and finding sustainable employment, rather than percentages, statistics, referrals and so forth … The priority should be our clients, not whether we are doing enough to work a difficult-to-interpret system just to keep our jobs.[79]

Parking in Quasi-Marketised Welfare-to-Work Schemes: Designed Out Of or Designed In to the UK Work Programme', *Journal of Social Policy,* 44(2), p. 277.

74 Professor Borland, *Committee Hansard*, 14 March 2023, p. 8.

75 See McDonald and Marston (2008), 'Re-visiting the Quasi-Market in Employment Services: Australia's Job Network', *Asia Pacific Journal of Public Administration*, p. 107; D Lowery (1998), 'Consumer Sovereignty and Quasi-Market Failure', *Journal of Public Administration Research and* Theory, 8(2), pages 137–138.

76 Professor Borland, *Submission 171*, p. 6.

77 See McDonald and Marston (2008), 'Re-visiting the Quasi-Market in Employment Services: Australia's Job Network', *Asia Pacific Journal of Public Administration*, p. 107.

78 See McDonald and Marston (2008), 'Re-visiting the Quasi-Market in Employment Services: Australia's Job Network', *Asia Pacific Journal of Public Administration*, pages 108–109; Productivity Commission (2002), *Independent review of the Job Network*, pages 14.9–14.10.

79 See McDonald and Marston (2008), 'Re-visiting the Quasi-Market in Employment Services: Australia's Job Network', *Asia Pacific Journal of Public Administration*, p. 110.

2.58 The quasi-market model in the Job Network also led to a limitation on client's ability to challenge decisions and to access meaningful legal remedies. This was seen as significantly limiting clients' 'voice' in the system. One academic observed that within the Job Network:

> Unemployed citizens [were] … forced to be active consumers of marketised services, not clients of bureau-professionals based in a state agency. It is a form of service delivery which fails in terms of elementary elements of justice. Irrespective of the particular political ideology driving the establishment of the Job Network, this situation is a function of the quasi-market.[80]

2.59 Research published in 2011 comparing the employment services system in 2008 to that which existed in 1998 similarly identified a marked increase in levels of routinisation and standardisation of service delivery. The research stated that over time and with increased outsourcing, service providers had adopted increasingly conservative practices in response to more detailed external regulation and more exacting internal business models. Key issues identified in the research, and which reflect the evidence provided to the current inquiry, included:

- a marked increase in administrative burden for providers and frontline staff, driven by increased accountability requirements imposed by government;
- a significant decline in flexibility to deliver innovative and tailored services;
- a significant decrease in the extent to which frontline staff felt they were able to trust their own judgment; and
- a marked increase in the extent to which IT systems dictated how frontline staff performed their functions on a day-to-day basis.[81]

2.60 The research summarised the experience of a quasi-market model within the public employment services system as follows:

> What this natural experiment in radical system change has shown is that the contracting out of social services does not produce a new industry of service innovators with new approaches to working with clients, but a 'herd' of profit maximisers who are highly responsive to threats to their viability and who embrace standardisation of services as a way to minimise risks.[82]

2.61 The Job Network was replaced by Job Services Australia in 2009. The new model included a greater focus on disadvantaged jobseekers and on providing services to jobseekers based on their distance from the labour market.[83] However, the core

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80 See McDonald and Marston (2008), 'Re-visiting the Quasi-Market in Employment Services: Australia's Job Network', *Asia Pacific Journal of Public Administration*, pages 113–114.

81 M Considine, J Lewis, and S O'Sullivan (2011), 'Quasi-Markets and Service Delivery Flexibility Following a Decade of Employment Assistance Reform in Australia', *Journal of Social Policy*, 40(4), pages 816–824.

82 Considine, Lewis, and O'Sullivan (2011), 'Quasi-Markets and Service Delivery Flexibility Following a Decade of Employment Assistance Reform in Australia', *Journal of Social Policy*, p. 826.

83 Workways, *Submission 239,* p. 3. See also D Finn (2011), *Sub-contracting in Public Employment Services: Review of research findings and literature on recent trends and business models*, European Commission, p. 36.

principles of the Job Network—including the quasi-market and the outcome-based funding system—were retained.[84] Job Services Australia was then replaced by jobactive in 2015. The new program purported to increase workforce participation among people of working age, and to help more jobseekers move from welfare to work. However, the core features—including a competitive, quasi-market model—were retained once again. jobactive also included a greater focus on outcome-based payments.[85] Submissions to the review of employment services (noted below) once again identified critical issues associated with the delivery of employment services under a quasi-market model, including:

- significant levels of service standardisation driven by increased performance monitoring and regulation, leading to reduced flexibility and innovation and a loss of provider diversity;
- an associated de-professionalisation of the workforce, as the nature of frontline work becomes more routine and involves less emphasis on tailoring services to the needs of jobseekers; and
- growing staff caseloads, which leave staff with less time to focus on supporting individual jobseekers.[86]

2.62 Workforce Australia was introduced following a review of jobactive by the Employment Services Expert Advisory Panel in 2018. The discussion paper which formed the basis for the review was framed around the proposition that employment services had been contracted out for over 20 years and that those arrangements 'have performed well, and are considered by the OECD to be best practice'.[87] A guiding question in the discussion paper was 'What level of contestability, competition and government intervention in the market is desirable?'[88] This reflected a continuing assumption that a quasi-market was the most appropriate model for employment services, and that the issue to be considered was not whether such a model should continue to be used but merely whether levels of contestability and competition should be adjusted.

2.63 Recommendations in the *I Want to Work* report also reflected the assumption that a market-based structure remained appropriate, with the report recommending greater competition and diversity between providers. The report did however state that there

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84 Finn (2011), *Sub-contracting in Public Employment Services: Review of research findings and literature on recent trends and business models*, p. 36.

85 P Davidson (2022), 'Is this the end of the Job Network model? The evolution and future of performance-based contracting of employment services in Australia', *Australian Journal of Social Issues,* 57(3), pages 488–498.

86 The Policy Lab (2018), *Improving outcomes for disadvantaged jobseekers – The next generation of employment services: response to discussion paper*, pages 4–10.

87 Australian Government (2018), *The next generation of employment services discussion paper*, p. 64, www.dewr.gov.au/workforce-australia/resources/next-generation-employment-services-discussion-paper, viewed 20 November 2023. The referenced OECD paper was OECD (2015), *Employment Outlook 2015*, http://doi.org/10.1787/empl_outlook-2015-en, viewed 20 November 2023.

88 Australian Government (2018), *The next generation of employment services discussion paper*, p. 70.

should be a greater focus on upfront payments to enable more investment in jobseekers, and measures to increase collaboration between providers.[89]

2.64 Stakeholders who provided evidence to the current inquiry expressed concern that the core elements of employment services have remained unchanged over time and have not been addressed through policy reviews. This is notwithstanding clear indications that those elements have driven poor outcomes for jobseekers, employers, and other stakeholders.[90] The National Employment Services Association (NESA) stated:

> There have been numerous reviews and inquiries in relation to Australian employment services since the commencement of the quasi-market in 1998. The sector's experience is that recommendations have rarely been adopted in full. Where programs have been the subject of review or Inquiry, it has generally been in the mid to late stage of the program period …
>
> Despite good intent and reform of the overarching program design, stated objectives have not been achieved. A review of past reviews and inquiries will demonstrate recurring themes. It is the view of the sector that the substantive impediment to employment services realising its full potential has been the impacts of various micro-policy settings, contractual and institutional arrangements, retained from model to model.[91]

2.65 NESA's concerns were echoed in academic and policy research. In the conclusion to their 2022 book on the design of social service markets, Dr Adam Stebbing and Professor Gabrille Meagher highlight the work of Dr Janine O'Flynn, who challenges researchers to move beyond questions about how social service markets work to ask whether it is right or wrong for governments to delegate the provision of human services to private actors:

> States now govern us through a 'worst of both worlds' hybrid of the dehumanising tendency of the bureaucratic machine and the commodifying tendency of the market. The 'accumulation of many smaller decisions' has resulted in complex, opaque arrangements under which private interests take public money to profit from human misery, misfortune, and vulnerability.[92]

2.66 Other stakeholders similarly asserted that the quasi-market model as it existed under previous iterations of employment services and as it exists under Workforce Australia

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89 Employment Services Expert Advisory Panel (2018), *I Want to Work Employment Services 2020 Report*, p. 53, www.dewr.gov.au/new-employment-services-model/resources/i-want-work, viewed 20 November 2023.

90 See, for example, Per Capita, *Submission* 252, p. [23]; BSL, CPD and UniMelb, *Submission 256*, p. 9.

91 NESA, *Submission 260*, p. 7.

92 A Stebbing and G Meagher (2022), 'Conclusion: The present and future of social service marketisation', in G Meagher, A Stebbing and D Perche (eds), *Designing Social Service Markets: Risk, Regulation and Rent-Seeking*, ANU Press, p. 399.

has not enabled high quality or more tailored services and has done little to improve employment outcomes.[93] For example, Per Capita stated:

> The contribution of employment services to the job placements that people get is uncertain—I would say marginal at best. Employment services are not rated highly by unemployed people and they are not used by employers.[94]

2.67 The Australian Council of Social Service (ACOSS) similarly asserted that the competitive model for employment services has failed to deliver on its promise due to the following key factors:

- The competitive model encourages providers to focus services on jobseekers who are considered easiest to support ('creaming') and does not promote innovation or personalisation of support.
- There has been a loss of provider diversity, with two-thirds of funding going to for-profit providers.
- Successive governments have reduced investment in employment services, with public spending on employment services in Australia now significantly lower than the OECD average. This leads to under-qualified staff, high caseloads, and under-investment in interventions such as wage subsidies and vocational training.[95]

2.68 BSL echoed these views, stating that the current model:

- incentivises standardised approaches and shorter-term outcomes;
- inhibits collaboration and integration of effort, worsening system fragmentation;
- results in market consolidation, favouring large providers and disadvantaging smaller providers who are more likely to be embedded in their communities;
- inhibits adaptation and innovation by disincentivising providers from sharing best practice and learnings that could deliver improved services for jobseekers;
- disrupts community networks through competitive re-tendering, jeopardising the store of social capital as providers enter and exit the market;
- involves heavy transaction costs for jobseekers, providers, and employers; and
- diminishes the role of government and reduces public sector capability.[96]

2.69 The lack of collaboration between providers in a competitive, market-based service model was identified as a particular concern by academics, advocates, providers, and state governments.[97] CoAct summarised this concern as follows:

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93 See, for example, Professor Borland, *Submission 171*, p. 11; Getting Welfare to Work Research Team, *Submission 191*, p. [7]; Australian Council of Social Service (ACOSS), *Submission 203*, p. 3; Per Capita, *Submission 252*, p. [7]; BSL, CPD and UniMelb, *Submission 256*, pages 15–16.

94 Ms Emma Dawson, Executive Director, Per Capita, *Committee Hansard*, 14 March 2023, p. 29.

95 ACOSS, *Submission 203*, pages 3–4.

96 BSL, *Submission 249*, pages 17–18.

97 See, for example, CVGT, *Submission 106*, p. 28; NFAW, *Submission 135*, p. [7]; Dr Ann Nevile, *Submission 136*, p. 8; Campbell Page, *Submission 150*, p. [7]; Professor Borland, *Submission 171*, p. 15; Tasmanian Government, *Submission 174*, pages 4, 11; RCOA, *Submission 226*, p. 8; SVA, *Submission 232*,

> Each Employment Region currently has multiple Providers operating under the single Workforce Australia brand. However, the reality of a competitive market and risk-based outcome payment structure means that Providers in the same region are actively disincentivised to work collaboratively. This typically results in multiple Workforce Australia Providers approaching the same employers in a Region and competing for access for the same jobs for their jobseekers.[98]

2.70 DEWR, as the agency primarily responsible for the employment services system, acknowledged that a competitive model inhibits the collaboration that is often critical to effective service delivery for jobseekers and employers.[99]

2.71 Evidence also suggested that a cautious approach to competition should be taken when designing human service markets (that is, broader than employment services). For example, the BSL's submission to the Productivity Commission's inquiry into user choice and contestability in human services asserted that where human needs are complex and multi-faceted, and where positive outcomes require the expertise of multiple providers, a system based on competition is likely to be counterproductive.[100] These views were broadly reflected in the findings of the Productivity Commission, itself, which stated that competition and contestability are only means to an end and should only be pursued where they improve the effectiveness of service provision.[101]

A focus on rapid job placement

2.72 Historically, the employment services system has been characterised by a 'work first' philosophy: a focus on rapid placement in work at the expense of capacity-building and longer-term investments in employability.[102] As outlined above, this philosophy has driven poor experiences and negative outcomes for jobseekers and employers.

2.73 The *I Want to Work* report noted that the former jobactive program was geared towards moving jobseekers into work as quickly as possible, emphasising that 'work first' approach needed to change. The report also asserted that consultants needed to spend more time assisting jobseekers and on building connections with support services. In addition, the report stated that more funding should be available upfront to support immediate investment in building jobseekers' capacity.[103] Recommendations from the *I Want to Work* report were tested and refined through

p. 20; Ms Karen Ho, Director General, Western Australian Government: Department of Training and Workforce Development (DTWD), *Committee Hansard*, 1 May 2023, p. 28.

98 CoAct, *Submission 151*, p. 9.

99 DEWR, *Submission 254*, p. 19.

100 BSL (2017), *Reforms to human services: response to the Productivity Commission*, p. 9.

101 Productivity Commission (2017), *Introducing Competition and Informed User Choice into Human Services: Reforms to Human Services*, p. 2.

102 M Thomas (2019), Reforming employment services, in Parliamentary Library, *Parliamentary Library Briefing Book: Key issues for the 46th Parliament*, Parliament of Australia, pages 144–145.

103 Employment Services Expert Advisory Panel (2018), *I Want to Work Employment Services 2020 Report*, pages 28, 70-71.

the New Employment Services Trial (NEST) and informed the design and implementation of Workforce Australia.[104]

2.74 DEWR expressly stated that Workforce Australia is designed to shift away from the 'work first' approach taken in previous employment service models to focus on building the capacity of jobseekers and supporting disadvantaged cohorts.[105] DEWR indicated that this change in philosophy is exemplified by:

- the introduction of online services for the 'most job ready' participants, allowing service providers to invest more time and effort in disadvantaged cohorts;
- a payment model that includes both upfront payments and progress payments;
- the introduction of a progress payment of $750 to recognise efforts made by service providers to support jobseekers to improve employability, including addressing both vocational and non-vocational barriers; and
- a performance framework that included measures of quality service delivery as well as employment and progress to employment outcomes.[106]

2.75 Stakeholders indicated that notwithstanding this nominally greater focus on building jobseekers' capacity under Workforce Australia, the employment services system, driven by funding and performance management arrangements, continues to push jobseekers into work as fast as possible.[107] MAX Solutions (MAX) explained that the majority of provider payments are conditional on time in employment, and provider performance is judged on the time taken to place a jobseeker in work.[108]

2.76 Dr David O'Halloran similarly indicated that the 'work first' approach remains part of the system, and that the current funding model incentivises providers to focus on jobseekers who are the easiest to help and to neglect those who may need additional or longer-term support:

> In pay-by-outcome, marketized employment services… providers respond to the financial pressures and incentives of a system by calculating which unemployed workers offer the best return on investment and thus favour those likely to be placed into work quickly and inexpensively while neglecting those with more complex and thus more time consuming and expensive needs.[109]

2.77 This 'work first' approach leads to jobseekers being forced to accept lower-paid, lower-skilled positions, with stakeholders noting that this can be antithetical to a jobseeker's career progression and can trap jobseekers in persistent cycles of

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104 DEWR, *Submission 254*, p. 6. See also Ms Melissa Ryan, First Assistant Secretary—Workforce Australia for Individuals, DEWR, *Committee Hansard*, 3 November 2022, p. 4.

105 Ms James, DEWR, *Committee Hansard*, 3 November 2022, p. 4. See also Mr Nathan Smyth, Deputy Secretary—Employment and Workforce, DEWR, *Committee Hansard*, 3 November 2022, p. 9.

106 DEWR, *Submission 254*, pages 32, 37, 40

107 See, for example, AMES Australia (AMES), *Submission 148*, p. 4; CoAct, Submission 151, p. 3; RCOA, *Submission 226*, p. 8; Yilabara Solutions, Submission 231, p. 5; MatchWorks, *Submission 263*, p. 13.

108 MAX, *Submission 146*, pages 7-8.

109 Dr David O'Halloran, *Submission 108*, p. [4].

poverty and disadvantage.[110] For example, the BSL observed that short-term jobs that are not part of a tailored pathway plan towards a secure job may have a scarring effect by failing to advance the jobseeker towards secure employment and delaying career progression.[111]

2.78 SVA expressed concern that just over half of people who participate in employment services are placed in casual or temporary work, stating that this is more often the case for those facing high levels of disadvantage. Precarious employment is negatively associated with wellbeing and contributes to poor mental health, which in turn reduces capacity to work. SVA, did however, go on to acknowledge that depending on the circumstances of the individual it may mean finding the type of job that can act as a 'stepping-stone' into better quality jobs.[112]

2.79 The Multicultural Professional Network Inc (MPN) indicated that the impacts of this focus on any job at any cost are exacerbated by disincentives to work within the income support system, resulting in people remaining in low-paying or unstable jobs rather than seeking out more suitable, sustainable employment opportunities.[113]

2.80 This view was reflected in evidence from individual jobseekers.[114] For example, one individual stated:

> I'd rather end up in a job that uses my abilities than spend my time in a low-level job for which I'm unfit and which I'm in effect taking away from some other job seeker who has the right mindset for it and who perhaps is uninterested higher education. I have done entry-level, unskilled work – more than once – but it doesn't mean it's a splendid idea.[115]

2.81 This focus on rapid job placement is exacerbated by a mutual obligation and compliance framework which requires jobseekers to activity seek, and be willing to accept, any offer of paid employment, as well as rigorous enforcement of mutual obligation requirements by providers.[116] For example, Ms Aeryn Brown stated:

> I had been hassled for months by my case manager to accept work in an outbound call centre, and I had refused every time they had asked me – outbound call centre work is … wholly unsuitable work on the basis of my medical conditions. At the beginning of May 2017 they called me at home, asking me if I would be interested, and once again I said no. My case manager basically

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110 See, for example, NFAW, *Submission 135*, p. [7]; WISE Employment, *Submission 169*, p. 18; HOST International (HOST), *Submission 188*, p. 2; SYC, *Submission 189*, p. 13; Centre for Policy Futures—University of Queensland (CPF–UQ), *Submission 217*, p. 5; Yilabara Solutions, *Submission 231*, p. 6; Paul Ramsey Foundation (PRF), *Submission 304*, p. 2.

111 BSL, *Submission 249*, p. 53.

112 SVA, *Submission 232*, pages 3, 13. See also, WISE Employment, *Submission 169*, p. 16; SAEP, *Submission 199*, p. 44.

113 The Multicultural Professional Network Inc (MPN), *Submission 99*, p. 6.

114 See, for example, Ms Brown, *Submission 114*, p. [2]; Name Withheld, *Submission 137*, pages [1, 2].

115 Name Withheld, *Submission 93*, p. 5.

116 See, for example, The Angus Knight Group (AKG), *Submission 208*, p. [3]; Community and Public Sector Union (CPSU), *Submission 255*, p. [5].

> flipped out at me and threatened to report me to Centrelink for non-compliance – they saw me continually turning down this particular job as refusing a suitable offer of work. I had a panic attack in my own backyard as a result of that one phone call.[117]

2.82 Stakeholders emphasised that while employment services should help jobseekers into jobs, the system must move away from a focus on jobseekers securing any job as fast as possible to supporting jobseekers into jobs that align with their capabilities and aspirations and allows them to fulfil their human and economic potential.[118]

2.83 There was also recognition that some jobseekers may benefit from placement into shorter-term positions as part of a career planning framework, and that many people are more likely to accept part-time, casual, or even 'gig'-type work in sectors in which they do not aspire to work if this is part of a journey towards employment or to greater social or economic participation and they could keep accessing support to progress.[119] Professor Leila Green et al stated:

> [E]mployment services should redefine 'employment' to more centrally address supporting people to contribute in ways that recognise their individual circumstances. Sometimes that will mean providing a secure income and allowing the welfare recipient to plan their own lives with support services available upon the service user's request. This approach is more likely to engender experiences of competence and self-efficacy that will support better longer-term outcomes.[120]

2.84 Professor Borland observed that the binary between 'work first' and human capital has 'always been misplaced', stating that there will always be jobseekers for whom there will be benefit in moving into employment as quickly as possible, and others for whom the development of job readiness and/or vocational skills will be required for work to be sustainable. In addition, Professor Borland emphasised that employment is not a realistic outcome for some jobseekers, noting that for these jobseekers the focus of assistance should be on non-vocational barriers such as homelessness or mental health. According to Professor Borland, the current employment services system does not accommodate the needs of this cohort, nor does it recognise that a heterogenous employment services caseload will require a variety of service delivery approaches.[121]

2.85 Other stakeholders similarly indicated that there will be some people in employment services who are unlikely to gain employment or engage in education or training in

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117 Ms Brown, *Submission 114*, p. [2].

118 See, for example, [1]; Enterprise and Training Company (ETC), *Submission 133*, p. 5; Name Withheld, *Submission 137*, p. [2]; Dr Ingold and Mr Carr, *Submission 216*, p. 1; Name Withheld, *Submission 223*, p. [1]; SVA, *Submission 232*, p. 4; M Fisher, *Submission 235*, p. [1]; CPSU, *Submission 255*, p. [5]; Ms Demetriou, *Submission 267*, p. 2; Mr Adam Johnston, *Submission 275*, p. [2].

119 See, for example, WISE Employment, *Submission 169*, p. 16; SAEP, *Submission 199*, p. 46; NESA, *Submission 260*, p. 59; MatchWorks, *Submission 263*, p. 30.

120 Professor Leila Green, Dr Kylie Stevenson, Dr Kelly Jaunzems, Ms Claire Hanlon and Mr Arthur Hanlon (Professor Green et al), Submission 120, p. [3].

121 Professor Borland, *Submission 171*, pages. 2, 13.

the foreseeable future. Members of this cohort face significant non-vocational barriers to employment, including long-term health concerns. For these people, the requirement to seek work in the short term may be harmful and in any event is unrealistic.[122]

2.86 These observations strongly accord with international experience. In every country the Committee considered there is a not insignificant percentage of unemployed people for whom social participation is the only or a far more realistic goal, at least at that point in time (around 10 to 30 per cent of very-long-term unemployed (LTU) people (very-LTU are those unemployed for two years or more), depending on how you assess and categorise). Yet no evidence was received to indicate that Australia's system acknowledges these people and appropriately tailors goals and support for them. Evidence indicated that Australia persists with a fiction that doing the same thing over and over again will somehow deliver different outcomes.

2.87 More generally, stakeholders called for employment services to be recalibrated to better recognise social participation as well as employment.[123] Services must understand the jobseeker's strengths, values, and aspirations,[124] and enable participation in community activities. The system should also support engagement in programs to address challenges associated with mental health and housing insecurity.[125]

A focus on cost reduction over service quality

2.88 Some stakeholders observed that an ongoing objective of Australia's outsourced employment services is to cut the costs of service delivery with little or no relationship to service quality.[126] SVA stated:

> [T]he current system… it is overly focused on … rapid connection. In fact, it's not even rapid connection to work. It is rapid disconnection from income support.[127]

2.89 This was reflected in evidence from DEWR, who stated that moving people off income support and into work remained 'at the heart' of the system design.[128]

2.90 Australia spends materially less than the OECD average on employment services overall, as reflected in **Figure 2.1** below. The OECD figures include both the administered costs and department costs (or as the OECD defines the categories, costs for institutions that manage labour market programmes). Disaggregating this headline figure shows that Australia spends slightly more than the OECD average on

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122 See, for example, Australian Centre for Career Education (ACCE), *Submission 149*, pages 8-9; AMES, *Submission 148*, p. 2; CoAct, *Submission 151*, pages 10-11 AKG, *Submission 208*, p. [3]; APM, *Submission 213*, p. 12.

123 AMES, *Submission 148*, p.4.

124 ACCE, *Submission 149*, pages 8–9.

125 See, for example, AMES, *Submission 148*, p.4; Mrs Castley, Multicultural Australia, *Committee Hansard*, 6 June 2023, pages 10–11.

126 Per Capita, *Submission 252*, p. [23].

127 Dr Fowkes, SVA, *Committee Hansard*, 17 May 2023, p. 33.

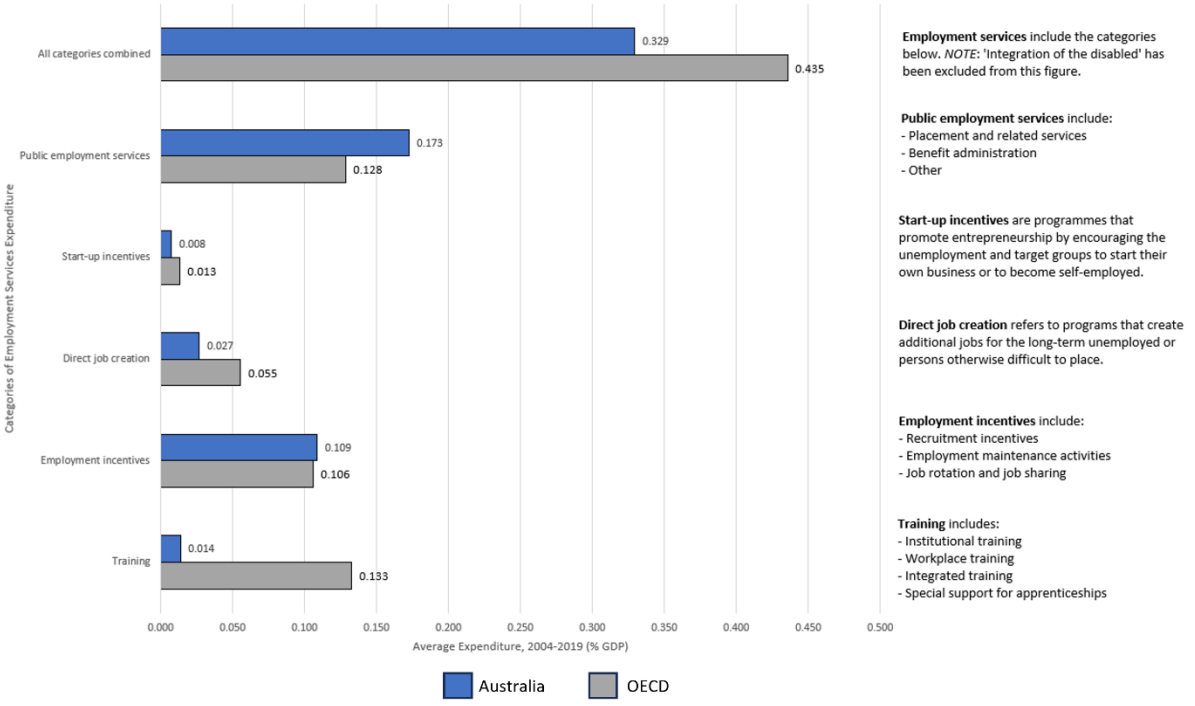
128 Ms James, DEWR, *Committee Hansard*, 3 November 2022, p. 15.

case management, job placements, and benefit administration; however, it invests significantly less in direct job creation, start-up incentives, and training.[129]

2.91 The analysis in Figure 2.1 has averaged out expenditure data for the period 2004–2019 to smooth out any potential one-off effects. In the Australian context, this also covers expenditure under three different iterations of employment services. As detailed in the Parliamentary Budget Office analysis, when looking at active programs, including employment maintenance initiatives, Australia's expenditure is around half the OECD average; at around 0.25 per cent of GDP as opposed to around 0.5 per cent, for the pre-COVID years.[130]

2.92 In addition, of the $3.9 billion in gross savings over the life of jobactive, less than half (around $1.77) billion was re-invested in employment supports.[131]

Figure 2.1: Australia expenditure of employment versus comparison to OECD average



Source: Committee analysis of Parliamentary Budget Office, *Expenditure on Employment Services, Advice provided by the Parliamentary Budget Office to the Select Committee on Workforce Australia Employment Services,* 2 November 2022, p. 14.

2.93 Further analysis identified that countries which spend more on public employment services as a percentage of GDP tend to have higher employment rates, which is reflected in **Figure 2.2**. This positive correlation does not necessarily infer causation,

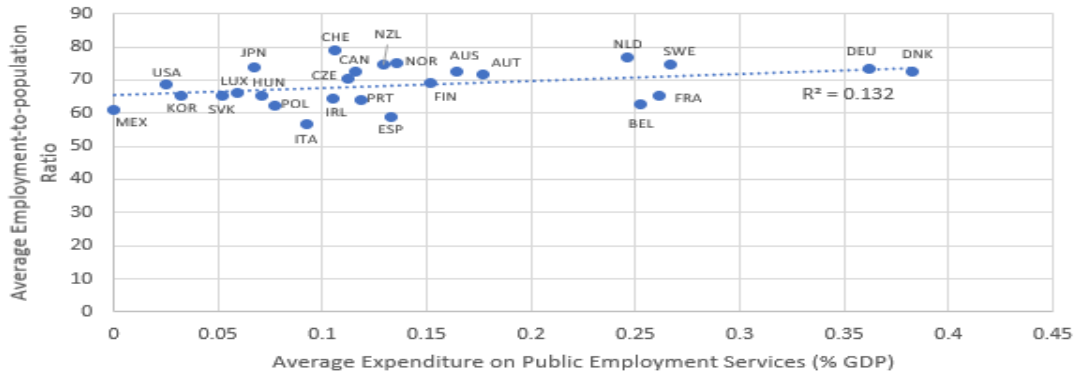
129 Parliamentary Budget Office, *Expenditure on Employment Services, Advice provided by the Parliamentary Budget Office to the Select Committee on Workforce Australia Employment Services,* 2 November 2022, pages 14-15.

130 Parliamentary Budget Office, *Expenditure on Employment Services, Advice provided by the Parliamentary Budget Office to the Select Committee on Workforce Australia Employment Services,* 2 November 2022, p. 14.

131 DEWR, *Submission 254*, p. 18.

as there will be other factors that would contribute to employment rate outcomes achieved in each individual country.

Figure 2.2: Expenditure on public employment services vs employment-to-population ratio for selected OECD nations, 2010–2020



Source: Committee analysis of Parliamentary Budget Office, *Expenditure on Employment Services, Advice provided by the Parliamentary Budget Office to the Select Committee on Workforce Australia Employment Services,* 2 November 2022, p. 14 and relevant OECD publications.

2.94 In comparing Australia's slightly above average spending on case management, job placements, and benefit administration it is important to be aware of the significant costs inherent in running a quasi-market. These significant costs and overheads, which are justified by the assumption (ideological belief) that contracted providers will be more efficient and innovative and deliver better outcomes than public provision, include:

- periodic costs of competitive procurement, including tendering, probity management, contract negotiation and execution, dissolution of business where contracts are lost and business establishment where contracts are won;
- large numbers of public servants to manage procurement, contract performance and payments;
- large numbers of staff in contracted providers to manage the contract and ensure compliance, liaise with government agencies, and manage voluminous administrative requirements; and
- profit (for private providers) or surplus (for not-for-profit providers).[132]

2.95 No compelling evidence was received by the Committee that suggests the fully marketised system has delivered more efficient or better outcomes. In fact, to the contrary, Professor Borland's earlier work suggested long-term unemployment is structurally higher than would be expected under a public system.[133]

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132 See OECD (2022), *Paying for results: Contracting out employment services through outcome-based payment schemes in OECD countries*, pages 8–18. These costs are discussed throughout this report, and particularly in Chapter 14, which focuses on procurement and funding.

133 See, for example, J Borland (2014), 'Dealing with unemployment: What should be the role of labour market programs', *ANZSOG Evidence Base*, Issue 4, p. 10; J Borland (2019), *What we missed while we looked away: The growth of long-term unemployment in Australia,* Labour market snapshot June 2019;

2.96 International evidence is also contested, with evidence in relation to France and Germany finding that public sector provision achieves better outcomes than private sector provision. By contrast, in the UK better employment outcomes were being achieved by private programs than from comparable public programs.[134] Evidence from the UK, international discussions in Europe, research and observations of the Australian system also point to a consistent pattern of contracted providers seeking to drive down wages and qualifications in marketised systems to reduce costs and maximise profits or surpluses.

A system which stifles innovation

2.97 Another key concern associated with the design of the employment services system is that increasingly prescriptive contracts and guidelines have stifled innovation and limited providers' ability to put in place supports that align with jobseekers' needs.[135]

2.98 Campbell Page argued that innovation is stifled by requirements for providers to use DEWR's IT system.[136] NESA went further, suggesting that the entire program is driven by IT system requirements:

> [W]e have the IT tail wagging the program dog … Unless you've got at least a tripartite process, where you've got the policy owners, the IT owners and the sector, the provider expertise, all working together in co-design, you're going to consistently have this issue where the IT system drives everything.[137]

2.99 Economic Justice Australia (EJA) similarly noted that employment services are increasingly digitised and automated, with IT systems dictating elements of the jobseeker assessment process; employment planning; administration of mutual obligations; and the application of sanctions.[138] According to the Getting Welfare to Work Research Team, around two-thirds of frontline staff have also indicated that the IT system strongly dictates how they do their job.[139]

2.100 Another area where program rules have created significant frustration is in relation to the EF. For example, APM observed that the level of flexibility in how EF may be used has reduced under the current contract, as have the range of services, and supports which may be funded.[140] CoAct indicated that this issue, combined with fear that DEWR will attempt to claw back payments due to minor administrative errors,

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https://sites.google.com/site/borlandjum/labour-market-snapshotshttps://drive.google.com/file/d/1e-zIf4V3zVlHWWAI8BYAlafnkYRKNAhf/view, viewed 20 November 2023.

134 Borland (2014), *Dealing with unemployment: What should be the role of labour market programs*, p. 10.

135 See, for example, Youth Projects, *Submission 141*, p. 1; Nirrumbuk Aboriginal Corporation (NAC), *Submission 188*, p. 1; Workskil, *Submission 196*, pages 4, 8, 19; Yilabara Solutions, *Submission 231*, p. 5; Ms Dawson, Per Capita, *Committee Hansard*, 14 March 2023, p. 29; Mrs Newcombe, SRJA, *Committee Hansard*, 6 June 2023, p. 13.

136 Campbell Page, *Submission 150*, p. [6].

137 Ms Sinclair, NESA, *Committee Hansard*, 14 March 2023, p. 37.

138 Economic Justice Australia (EJA), *Submission 153*, p. [2].

139 Getting Welfare to Work Research Team, *Submission 191*, p. 13.

140 APM, *Submission 213*, p. 14.

has resulted in providers being less willing to use the EF to support jobseekers on their caseloads.[141]

2.101 Stakeholders also indicated that greater flexibility for providers would enable place-based solutions that respond to the needs of local employers and communities,[142] as well as the development of the wrap-around supports which are often necessary to effectively support jobseekers facing disadvantage.[143]

2.102 DEWR's provider performance data indicates that in terms of performance the significant majority of providers cluster around the median, seemingly doing largely the same things or achieving largely the same outcomes rather than innovating to any discernible degree. In the performance data for June 2023, just three out of 178 licenses were awarded an overall performance rating of 'High', in relation to the services they delivered in discrete regions. While some licenses were assessed as 'High' performing against individual modules, overall performance was in the majority of cases assessed as 'Moderate', with a substantial number of 'Low' ratings given.[144]

2.103 Many stakeholders have argued for less regulation and less prescription in order to allow providers to innovate.[145] International evidence and prior Australian experience suggest, however, that there is an inherent conundrum with the practical experience of quasi-markets. While in theory a focus on outcomes and competition may allow providers to innovate, in practice jurisdictions that experiment with quasi-markets or significant outsourcing quickly or eventually stop, or if they persist then must implement more prescription and regulation in response to unacceptable behaviour and profiteering.[146] This appears to be an inherent feature of quasi-markets in employment services.

A system choked by administration and compliance burden

2.104 A critical issue for several stakeholders was that the employment services system is subject to significant cost and administrative burden.

2.105 Stakeholders noted that providers must achieve accreditation against DEWR's Quality Assurance Framework (QAF), as well as against Right Fit For Risk (RFFR)

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141 CoAct, *Submission 151*, p.13.

142 MAX, *Submission 146*, p. 21.

143 CoAct, *Submission 151*, p. 8.

144 DEWR (2023), *Workforce Australia Services Provider Performance Ratings, June 2023*, www.dewr.gov.au/workforce-australia/resources/provider-performance-ratings-june-2023, viewed 20 November 2023. Ratings are given for performance in a specific region.

145 See, for example, WISE Employment, *Submission 169*, p. 10; BSL, *Submission 249*, pages 12, 26, 76-77; The BUSY Group Ltd (BUSY), *Submission 227*, p. 2; Per Capita, *Submission 252*, p. 62; MatchWorks, *Submission 263,* p. 23.

146 See, for example, F Larsen and T Bredgaard (2007), 'Quasi-markets in employment policy in Australia, the Netherlands and Denmark: do they deliver on promises?', *Social Policy and Society,* 7(3), pages 13, 22-23; P Lewis (2017), *Quasi-markets: An overview and analysis*, King's College London, pages 13-14; OECD (2022), *Paying for results: Contracting out employment services through outcome-based payment schemes in OECD countries*, p. 7; R van Berkel (2015), 'Quasi-Markets and the Delivery of Activation—A Frontline Perspective', in M Considine and S O'Sullivan (eds), *Contracting-Out Welfare Services*, Broadening Perspectives in Social Policy Series, p. 78.

standards that aim to ensure security in IT systems. Moreover, despite being required to undergo an expensive accreditation process, providers are still required to provide additional evidence of compliance.[147]

2.106 MAX asserted that contract management should be premised on the philosophy of 'trust but verify' and argued that employment services do not take this approach. Rather, providers are treated as if they are seeking to exploit the system for financial gain.[148] NESA similarly described the relationship between DEWR and providers as one of low trust,[149] while Workskil described it as punitive.[150]

2.107 While heavy administrative burden appears to some degree to be an inherent and unfortunately necessary feature of quasi-markets in employment services, evidence also suggested a particular problem with market culture in Australia and that there is room for improvement.[151] Issues relating to the purchaser-provider relationship, including the impacts of excessive administration, are discussed in Chapter 7.

Commissioning arrangements which present barriers to entry

2.108 Over time, the number of providers in the employment services system has substantially reduced from over 300 providers under the Job Network to 40 providers in Workforce Australia.[152] This has been driven by policy decisions to issue larger contracts, and by the increasing costs of service delivery.[153]

2.109 Stakeholders raised concern that the existing procurement process is complex and expensive, with providers expected to operate at a loss for the first two years of the contract.[154] This is despite modelling by KPMG showing that the Workforce Australia payment model would be viable for organisations delivering the service.[155]

2.110 The Committee heard that the current procurement approach has resulted in many smaller, community-based organisations with strong local networks and relationships, being unable to participate in Workforce Australia, given the substantial capital and infrastructure requirements and risk-based nature of the contract.[156] This concern is compounded by substantial administrative burden.[157] Further concerns were raised in

147 SYC, *Submission 189*, pages 18–19.
148 MAX, *Submission 146*, p. 42.
149 Ms Sinclair, NESA, *Committee Hansard*, 14 March 2023, p. 35.
150 Workskil, *Submission 196*, p. 31. Ms Felicite Black, CEO, Women's Health and Family Services (WHFS) used the same adjective in describing the contract at a hearing, *Committee Hearing,* 1 February 2023, p. 9.
151 Professor Borland, private capacity, *Committee Hansard*, 14 March 2023, pages 2–3, 10–11.
152 See, for example, NFAW, *Submission 135*, p. [6]; SRJA, *Submission 145*, pages 6, 19; Workskil, *Submission 196*, pages 7-8; CPSU, *Submission 255*, p. [6].
153 Ms Gill, NESA, *Committee Hansard*, 14 March 2023, p. 44.
154 See, for example, MAX, *Submission 146*, p. 7; Professor Mark Considine, private capacity, *Committee Hansard*, 14 March 2023, p. 14; Ms Gill, NESA, *Committee Hansard*, 14 March 2023, p. 44.
155 DEWR, *Submission 254*, p. 37.
156 See, for example, CoAct, Submission 151, p. 8; Ms Sandra Elhelw Wright, CEO, Settlement Council of Australia (SCoA), Committee Hansard, 17 May 2023, p. 27.
157 Workskil, *Submission 196*, pages 8, 9.

relation to the extent of disruption associated with the most recent Workforce Australia procurement, which saw:

- a turnover of existing providers in 80 per cent of the 51 employment regions;[158] and
- 22 per cent of employment regions having 100 per cent turnover of providers.[159]

2.111 Commissioning, procurement, and funding are discussed in Chapter 15.

Limited government involvement

2.112 Government has taken an increasingly 'hands off' approach to employment services and has restricted itself to 'set and forget' cycles of contract management.[160] Several stakeholders called on government to take a more active role in the system, including through greater stewardship and ensuring the identification and sharing of best practice.[161] As the Centre for Policy Development (CPD) observed:

> The government's role in ensuring integrated, flexible, and holistic human services is more important than ever. But the capabilities it needs to do so are absent—a challenge exacerbated by delivery models that push government agencies into narrow contract-management roles. For policymakers, disconnection from service delivery and limited evidence makes the hard cases even harder to reach. The pendulum has swung too far.
>
> … But the disconnection between government and the experience, expertise and capabilities needed to develop better alternatives makes engaging with and breaking down [the interconnected economic and social challenges associated with poorer labour market outcomes, particularly for the most disadvantaged] even more difficult.
>
> …Blurred responsibility for service outcomes has led to the emergence of grand alibis where no one organisation is held accountable for service problems or entrenched failures.[162]

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158 Ms Sinclair, NESA, quoted by Marin-Guzman, 'Job services industry stunned after wave of contract terminations', *Australian Financial Review*, 29 March 2022.

159 Workways, *Submission 239.1*, p. 3.

160 See, for example, Professor Borland, *Submission 171*, p. 13; Professor Considine, *Committee Hansard*, 14 March 2023, p. 8; Mr Cliff Eberly, Program Director—Resilient People and Places, CPD, *Committee Hansard*, 14 March 2023, p. 21; Dr Travers McLeod, Executive Director, BSL, *Committee Hansard*, 14 March 2023, p. 24.

161 See, for example, Dr Nevile, *Submission 136*, pages 4-5; Campbell Page, *Submission 150*, p. [7]; Joblink Plus, *Submission 157*, p. 7; WISE Employment, *Submission 169*, p. 10; Training Alliance Group (TAG), *Submission 195*, p. [2]; Yilabara Solutions, *Submission 231*, p. 26; SVA, *Submission 232*, p. 20; Asuria, *Submission 246*, p. 26; BSL, *Submission 249*, p. 77; Victorian Chamber of Commerce and Industry (VCCI), *Submission 259*, p. 6.

162 CPD (2015), *Grand Alibis: How Declining Public Sector Capability Affects Services for the Disadvantaged*, p. 6, https://cpd.org.au/wp-content/uploads/2015/12/Grand-Alibis-Final.pdf, viewed 20 November 2023.

2.113 DEWR acknowledged that unlike other human services such as health or education, government does not have a view on what a 'good' employment services delivery model looks like.[163] The lack of knowledge within government as to what constitutes a 'good' service was also raised as a concern by other stakeholders.[164]

2.114 Stakeholders asserted that the government's lack of involvement in the delivery of employment services has led to lack of understanding of the operational challenges of service delivery.[165] This is reflective of a broader hollowing out of service delivery capacity in the Australian Public Service (APS). Per Capita stated:

> The public service is dealing with shortcomings that surface with any established paradigm as the world changes. A narrow focus on immediate delivery and short-term responsiveness compromises deep expertise and the ability to meet long-term challenges strategically. A focus on efficiency can miss other factors that are necessary to listen to Australians, work with communities and deliver effective outcomes.[166]

2.115 Many stakeholders called for government to take a greater role in the employment services system, including via service delivery and as an active steward and 'co-producer' of services. The Committee heard that this should include supporting communities of practice and identifying and sharing lessons and examples of good practice.[167] The Employment White Paper flagged that one of the principles for reform of employment services should be ensuring there is strong APS stewardship in the system,[168] though little detail has been provided as yet about how this may occur, noting this Committee's work will inform the Australian Government's deliberations and reform agenda.

2.116 Even after marketisation, government used to have a far more active role in former employment services systems. For example, the former Employment Services Regulatory Authority (ESRA) delivered a Practice Improvement Programme that involved identification and sharing of best practice, including through workshops for frontline staff.[169]

2.117 In the past, government also took active steps to identify and share good practice in the delivery of employment services, including via the establishment of Communities

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163 Ms Robyn Shannon, First Assistant Secretary—Workforce Australia for Providers, DEWR, *Committee Hansard*, 3 November 2022, p. 19.

164 See, for example, Professor Considine, private capacity, *Committee Hansard*, 14 March, p. 14; Dr McGann, private capacity*, Committee Hansard*, 14 March 2023, p. 15.

165 See, for example, CoAct, *Submission 151*, p. 6; Professor Borland, *Submission 171*, pages 14-15; BSL, *Submission 249*, p. 18; AUWU, *Submission 253*, p. [8]; CPSU, *Submission 255*, pages [9–10].

166 Per Capita, *Submission 252*, p. [24]; quoting, Independent Panel of the APS Review (2019), *Our Public Service Our Future: Independent review of the Australian Public Service,* p. 41, www.pmc.gov.au/sites/default/files/resource/download/independent-review-aps.pdf, viewed 20 November 2023.

167 See, for example, BSL, *Submission 249*, p. 28; Professor Gaby Ramia, private capacity, *Committee Hansard*, 14 March 2023, p. 5; Dr McGann, UniMelb, *Committee Hansard*, 14 March 2023, p. 22; Ms Dawson, Per Capita, *Committee Hansard,* 14 March 2023, pages 29–30.

168 Commonwealth of Australia (2023), *Working Future: The Australian Government's White Paper on Jobs and Opportunities*, p. 224.

169 ESRA (1996), *1995–96 Annual Report*, pages 50–51.

of Practice. Stakeholders indicated that government is no longer actively involved this effort and called for the re-establishment of network systems to share learnings and insights.[170] For, example, NESA stated:

> [An] inherent weaknesses in our system which has not been addressed … is, the absence of imbedded and robust structures to build knowledge about what works, for whom and under what circumstances, to facilitate evidence-based program, policy, and practice development.[171]

2.118 The role of government in the employment services system is explored in more detail in Chapter 4.

Welfare conditionality and activation

2.119 An enduring criticism by many stakeholders of the employment services system is the application of welfare conditionality: participation is a condition of receiving income support. This is premised on the belief that 'activating' jobseekers via mandatory activities is a necessary and effective way to encourage them to find and keep employment.[172] This is notwithstanding that many jobseekers already want to find work and require no extrinsic motivation.[173] The Antipoverty Centre summarised this as follows:

> People want to work, they don't need to be beaten into work.[174]

2.120 Anglicare WA observed that its *100 Families* project (a research project focused on the experiences of families living in entrenched disadvantaged) found that there is a profound willingness to work among the unemployed, and that unemployed people recognise the benefits of work as contributing to greater stability and security.[175] This was echoed by Sarino Russo Job Access (SRJA), who stated that employment provides essential social and community linkages, helps to build self-worth, and enables financial independence.[176] One participant, Ms Karen Zaskolny, emphasised that she 'want[ed] to work … want[ed] to be of service, [and wanted] to be paid for [her] contribution to society'.[177]

2.121 Dr Katherine Curchin similarly noted that contrary to widely held beliefs, unemployed and employed people do not have significantly different views on the value of work.

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170 See, for example, Greater South East Melbourne (GSEM), *Submission 155*, p. [7]; TAG, *Submission 195*, p. [2]; Yilabara Solutions, *Submission 231*, p. 26; Asuria, *Submission 246*, p. 26; Per Capita, *Submission 252*, p. 12.

171 Ms Sinclair, NESA, *Committee Hansard*, 14 March 2023, p. 35.

172 See, for example, DEWR, *Submission 254,* pages 98, 104; NESA, *Submission 260*, pages 73–74.

173 See, for example, Name Withheld, *Submission 142*, p. [1]; Tasmanian Government, *Submission 174*, p. [6]; Mission Australia, *Submission 190*, p. 4; SCoA, *Submission 211*, p. 17; Name Withheld, *Submission 221*, p. [5]; AUWU, *Submission 253*, p. [21]; Antipoverty Centre, *Submission 276*, p. [10]; Lysander, private capacity, *Committee Hansard*, 20 September 2023, p. 28.

174 Antipoverty Centre, *Submission 276*, p. [10].

175 Anglicare WA, *Submission 127*, p. [4].

176 SRJA, *Submission 145,* p. 4.

177 Ms Karen Zaskolny, *Submission 131*, p. [2].

Unemployed people typically see the benefits of work but are prevented from finding employment due to practical and systemic barriers.[178]

2.122 BSL highlighted that removing mutual obligations requirements during the COVID-19 pandemic did not negatively impact clients' connection to the labour market.[179]

2.123 Academic and policy research identified that users of public services such as employment services respond to incentives and other external motivators. However, they are also driven by desires to increase their competence, to exercise autonomy, and to build relationships. A work environment can satisfy these desires. However, the use of extrinsic motivators such as contingent rewards can 'crowd out' intrinsic motivators. Programs underpinned by the philosophy of New Public Management—such as public employment services—fail to understand the interaction between intrinsic and extrinsic motivators, often resulting in the imposition of measures which aim to lift employment outcomes but in fact result in further disengagement.[180]

2.124 Research conducted on behalf of government between 2005–2009 similarly found that while it is assumed that external incentives (positive and negative) will result in better outcomes, this is not always the case. The research indicated that the principal reason for this finding is that intrinsic motivations 'crowd out' intrinsic motivations. In the context of employment services, the researchers stated:

> Where individuals are required to undertake specific forms of job search, they may substitute formal job search for informal forms. In many studies, it seems the short-term effects of programs are very often larger than the longer-term ones they provide.[181]

2.125 These findings were broadly reflected in evidence provided by stakeholders, who asserted that conditionality does little besides creating adversarial relationships between jobseekers, providers, and government. Stakeholders asserted that welfare conditionality does not support jobseekers to overcome barriers to employment and adds to anxiety already experienced by disadvantaged cohorts.[182] For example, the Centre for Excellence in Child and Family Welfare (CECFW) stated:

> [T]here is emerging research to suggest that welfare compliance obligations result in increased stress, have negative impacts on wellbeing and do not help individuals achieve their work and study aspirations. Payment suspension and

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178 Dr Katherine Curchin, *Submission 197*, pages 1-2.

179 BSL, *Submission 249*, p. 69.

180 Institute for Public Policy Research (2023), *The smarter state: Between the 'magic money tree' and the 'reform fairy'*, pages 15-16. The analysis referenced was E Deci, R Koestner and R Ryan (1999) 'A meta-analytic review of experiments examining the effects of extrinsic rewards on intrinsic motivation', *Psychological Bulletin*, 125(6), p. 692.

181 Department of Families, Housing, Community Services and Indigenous Affairs (2010), *Incentives, rewards, motivation and the receipt of income support,* Occasional Paper No. 32, p. 39, https://ssrn.com/abstract =1699450, viewed 20 November 2023.

182 See, for example, Ms Juliet Vrakas, *Submission 91*, pages [4–5]; Name Withheld, *Submission 107*, p. [1]; Professor Green et al, *Submission 120*, p. [10]; Mr Murray Pitts, *Submission 121*, p. [1]; AMES, *Submission 148*, p. 1; SSI, *Submission 193*, p. 4; Western Australian Association for Mental Health (WAAMH), *Submission 248*, pages 18–19; GetUp!, *Submission 251*, p. 3.

> the mandatory nature of mutual obligation requirements are inconsistent with the Universal Declaration of Human Rights ... Additionally, in 2019 the Australian Human Rights Commission found that areas of Australia's employment services system do not align with human rights obligations, in particular, the right to equity and to social security and the rights of children.[183]

2.126 The approach to conditionality in the employment services system also reflects widespread bias towards unemployed people and income support recipients and perpetuates the myth of the 'dole bludger'—framing unemployment as a personal choice rather than a systemic issue. Stakeholders asserted that Workforce Australia is designed to identify and punish a very small number of individuals exploiting the system at the expense of the larger number of jobseekers who are genuinely seeking to improve their prospects.[184]

2.127 Similar findings were made in the recent report from the Robodebt Royal Commission. The Robodebt Royal Commission found that income support recipients frequently experience shame, oppression, and isolation when accessing services, and recommended that government design policies and programs with service users in mind and avoid using language and conduct that would reinforce feelings of stigma and shame associated with claiming income support.[185]

2.128 Notwithstanding the critique of welfare conditionality, almost all international systems have some form of participation requirements that social security recipients assessed as capable of working must meet. Policy rationales generally include mitigating the risk of long-term unemployment, encouraging people to access services and supports, reducing social exclusion, addressing issues associated with working cash jobs while also receiving income support (some activities are in effect a test of the recipient's availability to take up employment on the open market). There are also community expectations that people receiving income support will engage in some kind of activity in return.

Mutual obligations

2.129 Within the employment services system, welfare conditionality is operationalised via mutual obligations. These require the jobseeker to complete certain activities such as entering into a Job Plan, accruing points under the Points Based Activation System (PBAS), and actively searching for work in order to receive income support.[186]

2.130 A significant number of stakeholders asserted that mutual obligations are onerous, do not substantially increase engagement with employment services, and are not effective in helping jobseekers overcome vocational and non-vocational barriers to

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183 Centre for Excellence in Child and Family Welfare (CECFW), *Submission 200*, p. 8.

184 See, for example, Name Withheld, *Submission 125*, p. [2]; Dr Colin Harrison, *Submission 152*, pages 1, 3; WISE Employment, *Submission 169*, p. 20; Workskil, *Submission 196*, p. 30; AUWU, *Submission 253*, pages [2, 6].

185 Robodebt Royal Commission, *Report of the Royal Commission into the Robodebt Scheme,* pages 330, 342.

186 DEWR, *Submission 254*, p. 98.

employment. In some cases, stakeholders provided evidence that mutual obligations actually decrease the jobseeker's overall employability and (intrinsic) motivation to work and take time away from meaningful efforts to prepare and search for work and to participate in education and training.[187]

2.131 For example, SVA highlighted a study of the impacts of mutual obligation on 6,000 unemployed people, in which jobseekers subject to mutual obligation took longer to find employment than those who were not. The study also found that even where mutual obligations did help jobseekers find work, the jobs were typically lower paid or lower skilled.[188]

2.132 Stakeholders asserted that mutual obligations are not adapted to jobseekers' needs, aspirations, or circumstances, and there is little flexibility for jobseekers to negotiate obligations with providers (or the DSCC).[189] Per Capita stated that obligations are not adapted to the circumstances of longer-term unemployed people in particular:

> If you're looking at people that have been long-term unemployed—and we know the number of people unemployed for more than five years and for more than 10 years has doubled in the last decade—if you are required to perform some obligation but you're not getting anything in return and you're not getting a job, then those obligations are failing. So we need to radically look at how we treat people and ensure that any obligations imposed on recipients of income support are not to impose behavioural standards but to help them find work, to help them overcome barriers to work, and to understand what those barriers might be and how they're different for different people.[190]

2.133 Another common theme was that mutual obligations are not genuinely 'mutual'. Stakeholders observed that while participants are required to complete a range of burdensome activities to qualify for income support, providers, employers, and government are not subject to corresponding obligations.[191] Dr Shelley Bielefeld observed that while mutual obligations are often described as enforcing a social contract, the terms of the contract are unfair as jobseekers must participate in onerous—often meaningless—activities to access income support. Moreover, as

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187 See, for example, Name Withheld, *Submission 2*, p. [2]; SECL, *Submission 64*, p. 8; Name Withheld, *Submission 93*, pages [2–4]; MTC Australia (MTC), *Submission 164*, p. 4; Dr Ingold and Mr Carr, *Submission 216*, p. 1; Mr Nick Costello, *Submission 250*, pages 15, 17; Ms Brown, CPD, *Committee Hansard*, 14 March 2023, p. 23.

188 SVA, *Submission 232*, p. 5.

189 See, for example, CVGT, *Submission 105*, p. 21; ETC, *Submission 133*, p. 7; MAX*, Submission 146*, p. 40; AMES, *Submission 148*, p. 4; Campbell Page, *Submission 150*, p. [8]; MTC, *Submission 164*, p. 5; National Association for the Visual Arts Ltd (NAVA), *Submission 165*, p. 2; WISE Employment, *Submission 169,* p. 20; Multicultural Australia, *Submission 182*, p. 7; SSI, *Submission 193*, p. 14; Dr Curchin, *Submission 197*, p. 3; SAEP*, Submission 199*, p. 59; MatchWorks, *Submission 263*, p. 36; NBCS, *Submission 268*, p. [2].

190 Ms Dawson, Per Capita, *Committee Hansard*, 14 March 2023, p. 31. See also ACOSS, *Submission 203*, p. 41.

191 See, for example, Ms Karen Black, *Submission 94*, p. [3]; Tasmanian Government, *Submission 174*, p. [10]; ACOSS, *Submission 203*, p. 42; Name Withheld, *Submission 230*, p. [1].

jobseekers are under threat of having their income support suspended, reduced, or cancelled, the contract is entered under duress.[192]

2.134 Stakeholders indicated that a truly 'mutual' arrangement requires that:

- providers genuinely support jobseekers to increase their work readiness and obtain sustainable employment, with jobseekers enabled to hold providers to account for their action or inaction;[193]
- employers make efforts to recruit and support vulnerable jobseekers—while still responding to their own recruitment needs;[194] and
- government provides an adequate level of income support, enables job creation, ensures providers deliver high quality services, and ensures that workplaces are physically and psychologically safe.[195]

2.135 Feedback from stakeholders also indicated that while the introduction of the PBAS has increased flexibility as to how a jobseeker can meet mutual obligations, the new system is overly complex and may exclude activities which improve the jobseeker's employment prospects. This was a particular challenge for more vulnerable cohorts, who already face challenges understanding, completing, and reporting on activities. Providers are often obliged to assist participants to understand the PBAS, which takes time away from delivering support.[196]

2.136 WISE Employment stated that according to an internal review of its own services, despite understanding the change from jobactive to Workforce Australia, more than 25 per cent of jobseekers did not understand their mutual obligation requirements, and only half understood the PBAS.[197] The Nirrumbuk Aboriginal Corporation (NAC) similarly observed that the points-based system has been extremely difficult for jobseekers to comprehend. Moreover, while the Workforce Australia website caters for multiple language groups, there is no information in First Nations languages.[198]

2.137 The Committee also heard that mandatory job search requirements (distinct from the requirement to obtain 100 points per month under PBAS) have little impact on job readiness or success finding a job and contribute to the 'tick box' culture within the employment services system.[199] For example, one jobseeker stated:

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192 Dr Shelley Bielefeld, *Submission 204*, pages 3–4.

193 See, for example, Name Withheld, *Submission 93*, p. [3]; Name Withheld, Submission 160, pages 11–13; Mx Geyer, *Submission 220*, p. [3].

194 Name Withheld, *Submission 160*, p. 11.

195 See, for example, Mr Matthew Ford, *Submission 7*, p. [2]; Ms Vrakas, *Submission 91*, p. 6; Name Withheld, *Submission 92*, p. 2; Name Withheld, *Submission 93*, p. [3]; Name Withheld, *Submission 187*, p. [2]; Name Withheld, *Submission 221*, p. [1].

196 See, for example, Name Withheld, *Submission 160*, p. 18; MTC, *Submission 164*, pages 4–5; WISE Employment, *Submission 169*, p. 12; CPF–UQ, *Submission 217*, p. 4; Jobs Statewide, *Submission 272*, p. 7.

197 WISE Employment, *Submission 169*, p. 13.

198 NAC, *Submission 180*, p. [3]. Seel also CPF–UQ, *Submission 217*, p. 4; Jobs Statewide, *Submission 272*, p. 7.

199 See, for example, Name Withheld, *Submission 2*, p. [1]; Ms Brown, *Submission 114*, p. [3].

> Some applications are viable and worthwhile; some are not and waste businesses' time simply so I can fulfil quotas. I experience a cringing sense of self whilst doing the latter, because I loathe inefficacious action and wasting people's time.[200]

2.138 Job applications comprise the majority of activities completed to meet mutual obligation requirements (82.3 per cent of all activities for participants in online services, and 72.6 per cent of all activities for participants in provider-led services).[201] Stakeholders indicated that the sheer number of job applications can lead to employers being overwhelmed by applications which are of poor quality, leading to negative perceptions of jobseekers.[202]

2.139 Poor quality applications—often completed solely to satisfy mutual obligation requirements—are often rejected, leading to negative mental health impacts.[203] For example, one jobseeker stated:

> The required number of applications means I don't have time or energy to make every application carefully researched and tailored to the needs of the employer, even though I know that's what it takes to succeed. I am pushed to put quantity over quality. That reduces my motivation and at one point sent me to a doctor, seeking support for depression which I knew was the result of being forced to continue to apply for jobs and rejected.[204]

Mandatory activation

2.140 In addition to satisfying mutual obligation requirements, jobseekers are required to complete a specified amount of work or training by defined 'activation points' during their time in employment services. If a jobseeker fails to do so, they will be required to participate in a 'default' mandatory activity. For jobseekers in online services, this will be Employability Skills Training (EST), while for jobseekers in provider-led services, it will be Work for the Dole (WfD).[205]

2.141 Mandatory activation has been a part of the employment services system since 2009 and is based on the idea that periodic activation enables and encourages jobseekers to develop skills and improve employment prospects. Activation is also intended to discourage jobseekers from remaining on income support for long periods of time and serves as an 'availability test' to help identify those people who are working cash jobs undeclared.[206] DEWR advised that recent experience in Workforce Australia

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200 Name Withheld, *Submission 93*, p. 2.
201 DEWR, *Submission 254.5*, p. 22.
202 See, for example, Name Withheld, *Submission 137*, p. [2]; Dr Ingold and Mr Carr, *Submission 216*, p. 1; AYAC, *Submission 238*, p. 4; CPSU, *Submission 255*, p. [5].
203 See, for example, Name Withheld, *Submission 2*, p. 2; Name Withheld, *Submission 93*, p. 2; Professor Green et al, *Submission 120*, p. [10].
204 Name Withheld, *Submission 137*, p. [1].
205 DEWR, *Submission 254*, p. 104.
206 See, DEWR (2002), *Job Network Evaluation: Stage Three*, p. 54 for a description of its application towards Active Labour Market Programs (ALMPs).

Online is that there continues to be a discernible impact at the mandatory activation point of people reporting previously undeclared work or earnings.[207]

2.142 Stakeholders expressed concern that activation activities are ineffective in moving jobseekers toward employment and that the existing approach to activation is inflexible, creates significant resource and administrative burden, and disrupts relationships between jobseekers and providers. The Committee also heard that activation is based on the outdated belief that any form of activity is preferable to no activity at all, and that little regard is given to the appropriateness, relevance, or quality of activities.[208]

2.143 The current WfD program also attracted very heavy criticism, with stakeholders asserting that it is demeaning (including in name),[209] inappropriate and unsafe,[210] offers little benefit to jobseekers,[211] and is cumbersome to administer.[212] ACOSS summarised these concerns as follows:

> There is no evidence to indicate that participation in [WfD] significantly increases people's employment prospects. Its only known employment impacts are so-called referral or threat effects, whereby people search harder for jobs in order to avoid the program, as my colleague just indicated. Those impacts are small. The jobs often don't last because they are survival jobs, not the right job for the person.[213]

2.144 Evidence was also received contrasting the current WfD program with previous iterations of the program, which had a greater focus on community work, skills acquisition, and group training and activities.[214]

2.145 There was also (caveated) support for retaining the current mandatory activation policies among some stakeholders, on the basis that flexibility within the activation framework be increased and jobseekers be offered a greater range of activities which accord with their circumstances, needs, and aspirations.[215] atWork Australia (atWork) stated:

> Activation activities outside of Work for the Dole, that are … suitable to a person's goals and skills, do play an important role in preparing people for work. These include upskilling and 'work-like' activities. We disagree that 'default'

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207 DEWR, *Submission 254.5*, pages 23–24.

208 See, for example, Professor Green et al, *Submission 120*, p. [10]; MAX, *Submission 146*, pages 8, 41; CoAct, *Submission 151*, p. 19; SYC, *Submission 189*, p. 17; Workskil, *Submission 196*, p. 26; SAEP, *Submission 199*, p. 59.

209 See, for example, Name Withheld, *Submission 123*, p. [1]; Name Withheld, *Submission 160*, p. 3.

210 See, for example, Name Withheld, *Submission 115*, p. [1]; Name Withheld, *Submission 123*, p. [1]; Name Withheld, *Submission 142*, p. [2].

211 See, for example, Name Withheld, *Submission 162*, p. [3]; atWork Australia (atWork), *Submission 210*, p. 6.

212 See, for example, MAX, *Submission 146*, p. 41; WISE Employment, *Submission 169*, p. 20; St Vincent de Paul Society, *Submission 170*, pages 1–4.

213 Dr Peter Davidson, ACOSS, *Committee Hansard*, 19 September 2023, p. 28.

214 See, for example, Professor Green et al, *Submission 120*, p. [11]; MatchWorks, *Submission 263*, p. 25.

215 See, for example, CoAct, *Submission 151,* p. 19; SAEP, *Submission 199*, p. 59.

> activation activities are helpful. Activities must have an element of client choice … to be successful.[216]

2.146 Professor Green et al similarly called for much greater flexibility in the activation framework, stating that activation activities should only be offered when they are requested by service users. Professor Green et al asserted that voluntary engagement with so-called activation activities should be accompanied by support (not censure or punishment).[217]

2.147 Many participants and stakeholders similarly made suggestions during site visits and related conversations that if mandatory activation points are to be retained then there must be more flexibility in the timing and the type of activities that should be available. It was suggested that a redesigned system could retain periodic activation requirements that continue to serve as an availability test, while being much better tailored to an individual's circumstances and agreed plan with greater discretion regarding timing of mandatory activation activities being available to the client and case manager.

2.148 Activation is discussed in more detail in Chapter 14. This includes a discussion of whether activation policy should be retained and proposals for the types of activities in which jobseekers should be encouraged to participate.

Compliance and enforcement

2.149 Jobseekers who fail to meet their mutual obligations in Workforce Australia are subject to compliance action under the Targeted Compliance Framework (TCF), which was introduced in July 2018. The TCF enables the imposition of a range of sanctions, including suspension of income support payments (pending re-engagement) for individual breaches, as well as the reduction and payment cancellation for serious or persistent noncompliance.[218]

2.150 Several stakeholders informed the Committee that the application of the TCF has resulted in various harmful impacts on jobseekers' physical and mental health, including jobseekers being unable to meet their basic needs.[219] Another key theme was that the TCF does little to support engagement with services. In many cases it has opposite effect: demotivating jobseekers and leaving them mentally and physically incapable of effective participation.[220]

2.151 There was also almost universal support for removing responsibility for compliance and enforcement from providers and returning it to government, with stakeholders asserting that compliance and enforcement functions are incompatible with delivery

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216 atWork, *Submission 210*, p. 12.

217 Professor Green et al, *Submission 120*, p. [11].

218 DEWR, *Submission 254*, pages 109–111.

219 See, for example NFAW, *Submission 135*, p. [2]; Dr Harrison, *Submission 152*, p. 4; Dr Bielefeld, *Submission 204*, pages 2–3.

220 This is exacerbated by the provider having the dual role of supporting jobseekers and monitoring and enforcing compliance with their obligations.

of effective employment support. Trust between a client and case manager was repeatedly identified as the most important criteria for success, yet trust is undermined or destroyed if a case manager is also the person seen as responsible for compliance and enforcement.[221] This is consistent with the overwhelming experience and approach internationally in nearly every country with which the Committee engaged during its inquiry. Automation of compliance functions was also a key concern, with stakeholders calling for greater oversight in decision-making processes by a human decision-maker.[222]

2.152 In the first 15 months of Workforce Australia (July 2022 to September 2023), 70.4 per cent of participants in Workforce Australia Services, and 39.5 per cent of those in Workforce Australia Online, were subject to payment suspension (see **Table 2.2** below).[223] This is despite participants being provided with a two-month grace period from the start of the new program during which no compliance activity was taken.[224]

Table 2.2 Income support suspensions July 2022-September 2023

Service	Clients	Proportion
Workforce Australia Services	408,895	70.4%
Workforce Australia Online	111,900	39.5%

Source: Senate Education and Employment Legislation Committee, *Committee Hansard*, 25 October 2023, p. 74.

2.153 The data for the period October 2022 to June 2023 shows there were over 16,000 payment cancellations for participants in Workforce Australia Online and 43,000 for those in Workforce Australia Services. The vast majority of cancellations resulted from a participant not re-engaging with services for 28 days after their payments had been suspended, rather than for persistent or very significant mutual obligation failures.[225]

2.154 Mutual obligation, compliance, and enforcement are considered in more detail in Chapter 14.

Committee comment

2.155 This inquiry commenced just months after the commencement of Workforce Australia and has covered the first 17 months of the program. Although this is a relatively short

221 See, for example, Mr Ford *Submission 7*, p. [1]; Name Withheld, *Submission 93,* pages 5–6*;* AMES, *Submission 148*, p. 3; Campbell Page, *Submission 150*, [pages 5, 8]; Dr Quirk, *Submission 209*, p. 7; AUWU, *Submission 253*, p. [7]; CPSU, *Submission 255*, p. [12].

222 Ms Sarah Sacher, Law Reform Officer, EJA, *Committee Hansard,* 17 May 2023, p. 6.

223 Dr Louise O'Rance, Assistant Secretary—Evidence and Assurance, DEWR, Senate Education and Employment Legislation Committee, *Committee Hansard*, 25 October 2023, p. 74.

224 DEWR, *Job seeker compliance data*, www.dewr.gov.au/employment-research/job-seeker-compliance-data, viewed 20 November 2023.

225 DEWR (2023), *TCF Public Data, various*, Table 7, www.dewr.gov.au/employment-research/job-seeker-compliance-data, viewed 20 November 2023.

period of time, evidence before the Committee has indicated critical and fundamental issues in the design and delivery of Workforce Australia.

2.156 Australia's employment services system has long been designed in a deficit paradigm, around the small minority of people in society who do not want to work and seek to exploit the income support system and the small minority of providers who do not act in accordance with their Deed and guidelines. Plainly put, the system is designed around the worst people in society, and everyone else is lumped into that paradigm.

2.157 Many of these issues are not new, nor unique to Workforce Australia. They have persisted over multiple iterations of employment services. It is concerning to the Committee that Workforce Australia has not adequately responded to the issues identified in previous policy and program reviews—in particular those set out in the 2018 Employment Services Expert Advisory Panel's *I Want to Work* report.

2.158 In addition to examining Workforce Australia, the Committee has undertaken extensive domestic and international engagement and research. Consistent with a 'first principles review'—the first such review in Australia for over two decades—the Committee has questioned all aspects of the system, including those which have not been examined in the previous evaluations and reviews undertaken since marketisation. The Committee has approached its task in an open minded and non-partisan manner led by the evidence, not ideology or outside interests or direction.

2.159 The Committee is firmly of the view that the significant and numerous issues identified through the inquiry simply cannot be addressed through mere tweaks to policies and programs. They demand wholesale and large-scale reform in the coming months and years to fundamentally rebuild the Australian system. In Chapters 4 to 15 of this report, the Committee has set out an ambitious blueprint to fundamentally redesign employment services in Australia which, if adopted, will require a reform roadmap to be developed by the Government.

2.160 It is clear that system reform can free up significant resources to be redirected to frontline services to support jobseekers and employers, including through cutting red tape, adopting a more tailored and realistic approach to service delivery, and redirecting funding from pointless programs and activities. The Committee is not naïve however and recognises that targeted investments in Active Labour Market Programs (ALMPs) will be required if the nation is to see materially different outcomes. Just doing the same thing while expecting different results is a common definition of insanity.

2.161 While the current labour market is the hottest for decades, long-term unemployment remains stubbornly high and is not materially improving. This is also the case in many jurisdictions with comparable Public Employment Services. The Committee considers this issue is in part due to fundamental flaws in the design of the system including a public sector that is way too detached from frontline service delivery and from brokering outcomes in regions and communities; in part due to underinvestment in ALMPs that give case managers the tools they need; and in part due to society's

unrealistic expectations regarding the (at least short-term) employment potential of a not insignificant minority of citizens who are LTU.

2.162 Australia spends slightly more than the OECD average on the delivery of core employment services, but only around *half* the OECD average on employment services in total including ALMPs. Ultimately you get what you pay for, and if we underinvest to this degree then we will inevitably underperform.

2.163 Nevertheless, even with significant reform it is implausible that the ambitious reforms proposed in this report can be achieved without additional investment, especially if a tangible reduction in long-term unemployment is to be achieved along with morally necessary changes like bringing compliance back into the public sector.

2.164 Flawed theories have unduly influenced and driven policy and system design for the last 20 years. These theories, which will be considered further throughout the report, include:

- a belief that unemployment is always an individual failing, which fails to recognise the structural and serious individual barriers facing clients and the fact that most people want to work. This has driven an excessive focus on conditioning supply (making unemployed people do things) at the expense of a balanced focus on demand (job creation and working with employers to get people into work); and
- a belief that high levels of competition in service provision are necessary in every place and will always deliver better outcomes for vulnerable people. That is not to say that contestability does not have a role, or that choice and agency are not desirable. However, the application of competition in this sector is flawed and has gone too far, and 'New Public Management' theories have exhausted their utility. In addition, insufficient consideration has been given to the inherent costs of over-sighting and operating an overly competitive quasi-market system and the importance of nurturing the intrinsic motivations of clients and those who work to support them has been foregone.

2.165 The current system is highly and needlessly fragmented *across* the Commonwealth; *between* the Commonwealth and other jurisdictions; and *within* the service system itself—often by deliberate design. There is little coordination or integration across the various Commonwealth and state employment services, and limited connection between employment services and the broader human services ecosystem which is systemically unmapped and unknown to the employment services system, absent a public sector spine to perform these core enabling functions. This fragmentation has led to unnecessary complexity for users (unemployed people and businesses), and to duplication of effort by providers and by multiple levels of government.

2.166 The manifest failure to coordinate across programs at the Commonwealth, state and territory, and local government levels—exacerbated by the current overly competitive commissioning arrangements—has also led to significant market saturation in many regions. The Committee observed a high level of service saturation during its visits to several regional towns and disadvantaged suburbs. In some areas it was to the point of utter almost comical absurdity with a service provider operating a site on almost every block in regional towns or disadvantaged suburban town centres. Performance

data shows little difference in the outcomes achieved by most competing services, and ultimately the taxpayer pays one way or another for fragmentation and duplication.

2.167 Employment services should be as streamlined and as accessible as possible, programs across jurisdictions should complement and link to the Commonwealth service offering, and employment services should act as a gateway to the broader human services ecosystem.

2.168 In addition, the employment services system is not delivering optimal outcomes for clients and appears to have largely neglected employers entirely save for random competing initiatives by individual providers, and one Employment Facilitator in each region. The Committee was concerned to hear that—among other matters—the following were evident under Workforce Australia:

- Despite the rhetoric, there is limited practical demonstration of service tailoring that recognises that disadvantaged jobseekers require different supports based on their circumstances and will progress toward employment at different speeds and via diverse pathways. As discussed later in the report, the so called 'Jobs Plan' is in fact just a cut and paste list of mutual obligations that jobseekers are forced to sign up to in return for social security support. It is not in any way a genuine roadmap to preparing for and finding work. Even within PBAS, providers have largely not varied the number of points required and it is perplexing that the system assumes the same number of points (100) by default for those who are closest and those who are furthest from the labour market.
- The system is overly driven by the pervasive and pernicious myth of the 'dole-bludger' with insufficient systemic or societal recognition that most people want to work (as the previous review also confirmed), but also that employment in the private sector labour market may never be a realistic outcome for some participants furthest from the labour market, at least in the short- to medium-term and for a small minority probably ever. It is unclear to the Committee why this latter group of people are required to continue to be serviced by contracted providers despite years of failure as opposed to other participation and support options.
- Providers generally take a transactional, and sometimes dismissive, approach to service delivery, rather than the person-centred strengths-based approach which just about everyone acknowledges as essential to effective support and outcomes. This is driven by funding arrangements which place a premium on moving jobseekers into any work as quickly as possible, rigid contractual requirements and the all-powerful performance framework. The sector also lacks the stable and skilled workforce necessary to build relationships of trust and deliver appropriate, effective support.
- Mutual obligations as currently designed are excessive, tying the system up in red tape, driving employers away and having limited, if any benefit in terms of improving LTU jobseekers' capacity for social and economic participation or securing work. In too many cases, mutual obligations are actually making people less employable.

- The volume of sanctions for non-compliance with mutual obligations is simply out of control. Jobseekers are frequently subject to significant and disproportionate compliance action which can be damaging to physical and mental health and discourages engagement with or trust in the system intended to help them. Very concerningly, the Committee heard that 70.4 per cent of all compellable participants who have moved through Workforce Australia Services have been subject to a suspension of payments.
- Employers see employment services as difficult to use. They consider that the system adds little value to their business, and repeatedly tries to foist unsuitable jobseekers on them without adequate incentives or support.

2.169 The Committee acknowledges that these systemic conclusions don't reconcile with the many genuinely positive individual experiences conveyed to the Committee during its program of site visits. Staff with whom the Committee engaged were dedicated and compassionate, and frequently performed small miracles under very trying conditions. Many participants also told the Committee that engagement with employment services had changed their lives for the better.

2.170 The Committee understands that providers were hardly likely to serve up their worst or most inexperienced staff or present clients who gain no benefit, and equally accepts that for many people the system is not nearly as bad as critics or the most dissatisfied make out. Ultimately, and despite these caveats, the Committee is convinced that that the national employment services system is not working adequately, especially for long term unemployed people, and that the majority of the issues are the result of poor system design based on flawed beliefs as well as underinvestment in ALMPs to help the most disadvantaged.

2.171 It should not be controversial to conclude that full marketisation has failed. The previous government implicitly acknowledged this when creating Workforce Australia by bringing those closest to the labour market into digital services delivered by the public sector on the basis that it was more efficient and cheaper to allow this cohort to self-manage their job search and other obligations. An inherent feature of a quasi-market with a fixed price is that over the term of a contract the taxpayer will almost certainly be overpaying or underpaying for outcomes at any given point of time given the variations in labour markets and economic conditions.

2.172 A key issue which the Committee will consider throughout this report is the best mix of services within a national system. This will draw on what the Committee has learned from the Australian experience and that of other countries. An important conclusion is that an ideal mix of services to this is not static. A rebuilt system must be driven by a new culture of partnerships, continuous learning, and evaluation.

2.173 The highly competitive quasi-market approach which has underpinned successive employment services contracts was intended to support innovation, improve service quality, and enable greater choice by participants. Evidence indicates these goals have not been achieved and instead successive governments have stood by while service quality, staff qualifications (and wages) and outcomes have declined all the while managing to avoid responsibility for individual service failures ('it's not the

government, it's the contractor') and harvesting increasing savings with no consequence, while long term unemployment stagnates or increases.

2.174 Stakeholders have painted a sobering picture of a system based on fear, excessive competition, and compliance. Fear amongst participants that they may do something wrong and have their income suspended or cancelled. Fear amongst providers that DEWR will give them a black mark in the performance framework and not renew or cancel their contract. Excessive competition between providers is ultimately to the detriment of employers and vulnerable jobseekers. Previous reviews have identified this but only proposed 'band-aids and sticky tape workarounds' to overcome fundamental flaws in the theory and market design which have been sacred cows, too holy to question or reconsider.

2.175 Notwithstanding the stated intentions of Workforce Australia, it is also clear that current funding and performance management arrangements continue to drive a 'work first' approach—that is, a focus on placing jobseekers into any job as fast as possible, irrespective of whether the job is appropriate to the jobseekers' circumstances, meets their needs, aligns with their aspirations or is likely to be sustainable. Concerningly, this has led to many jobseekers being repeatedly placed into inappropriate 'survival' jobs and churning through the system rather than finding long-term, meaningful work. Indeed, the most profitable jobseeker is one that sticks in a job for six months and one day before returning to the system. This is not compatible with a system which aims to achieve sustainable employment or economic security for those it supports.

2.176 Effective, targeted support is also limited by complex and costly procurement and accreditation processes that are barriers to entry for smaller and community-based organisations, as well as to more specialised organisations who have local networks and social capital to leverage and who may be best-placed to support clients with particular characteristics or barriers to participation. There is little support within the current system for social enterprise or for small local organisations or bespoke programs for particular cohorts. Instead, these organisations and programs work alongside and outside the system, and often duplicate effort or do the intensive work to support disadvantaged people back into the labour market. However, it is providers contracted by the Commonwealth who are rewarded through outcome payments when one of these vulnerable people finds employment.

2.177 Another key concern is the tendency to remove or replace a significant proportion of providers within a region during contract and licensing rounds, leading to substantial disruption to services and very significant negative impacts on established relationships between jobseekers and providers. The Committee was very concerned to hear that, in some regions, all providers lost their contracts despite a record of high performance, and that contracts were awarded to organisations without any pre-existing local connections. While the Auditor-General's performance audit will examine the previous procurement round, the Committee observes that this level of disruption is ridiculous and self-defeating and cannot identify another human service system where this would be seen as desirable or acceptable.

2.178 Also concerning is that DEWR appears to have little trust in its own accreditation processes and requires providers to submit to additional assurance processes. This is not only administratively burdensome but damaging to the relationship between providers and government. By contrast, other service systems take a 'trust but verify' approach to compliance yet this culture has not been adopted in the employment services system. These additional assurance processes are also emblematic of a system choked by administration and compliance burden which permits little innovation. Notwithstanding some excellent individuals and collective good intentions, the system overall is routinely and aptly described as transactional, numbers-based, and too 'one-size-fits-all'.

2.179 Adding to these concerns is that jobseekers continue to be subject to excessive—often very punitive—compliance and enforcement arrangements, which have little or no positive impact on their capacity for social and economic participation. It is clear to the Committee that jobseekers' obligations are 'mutual' in name only: jobseekers must complete a range of activities in exchange for income support, yet other parties such as providers are not subject to any corresponding requirements.

2.180 The overwhelming weight of evidence received is that the current approach is tying the system up in red tape and pointlessly harming productivity in providers, driving large and small businesses away from the system, and actually making many people less employable, pointing to the need for serious reform. Key questions for the Committee relate to the nature and extent of requirements in Australia to increase the prospects that people who are capable of working secure sustainable work, while acknowledging that social participation for others may be a realistic interim goal.

2.181 The Committee considers that while participation requirements must continue to be a part of the system the current approach is excessive and self-defeating. This report outlines an approach to reforming mutual obligations to reduce the red tape burden, stop driving away employers and support people rather than harm them or make them less employable. Instead, people should be accountable for the commitments they have made in a reformed 'Participation and Jobs Plan', tailored therefore to individual circumstances, needs, and aspirations and where a person is on their journey towards employment. For a not insignificant minority of unemployed people, realistic participation requirements might not include job search in the short term and instead may relate to agreed social participation ('life first') or human capital goals to prepare them for future employment. This should be accompanied by a system of genuine reciprocity which sets clear expectations and commitments for providers, employers, and government.

2.182 The consequences for failing to comply with obligations are often disproportionate to the non-compliance. For example, the Committee considers it disproportionate that a jobseeker could have their entire payment suspended or cancelled and risk not being able to meet their basic needs for a mere failure to attend an appointment as a result of a mandated or automated decision. In addition, the Committee is concerned that service providers in Australia have the dual role of supporting participants and monitoring and enforcing compliance. This is incompatible with building relationships of trust which are critical to effective, person-centred services.

2.183 Sitting atop of the system, the APS is detached and seemingly disinterested in or unaware of what actually happens at the frontline or in brokering place-based solutions, sharing best practice or encouraging innovation, instead being largely focused on procurement, contract management and KPIs. Periodic program evaluation and incremental change is not a substitute for system level analysis and that capacity appears to have been lost. After 25 years of largely outsourced service delivery the public sector no longer understands or has an informed view on what constitutes good practice or a good service model in employment services—this has to change. The public servants in charge are good, intelligent people and they need to be encouraged and re-empowered to drive serious reform and provide frank and fearless policy advice to Government informed by a more hands-on understanding of service delivery and evidence of what works in practice.

2.184 It is also perplexing that DEWR is now responsible for overseeing the largest number of jobseekers (in digital services) yet does not think of itself as a provider and is not remotely adequately resourced to properly perform this role.

2.185 This chapter has set out a sharp critique of Workforce Australia to set the scene for changes the Committee proposes to underpin a rebuilt Commonwealth Employment Services System. Despite this critique, the Committee's proposed reforms seek to retain the best elements of the current system, including a role for contestability and choice and a diversity of service partners in local communities. Key to this will be rebuilding a public sector core to the system, including government assuming a far more active role as regulator and steward, as well as providing enabling services and directly delivering services in some places not as a competitor but as a benchmark. This is a significant shift as government will move from standing on the sidelines with no substantive views or capability as to best practice to be much more active.

2.186 In Chapters 4 and 5 the Committee lays out core principles for the design of a reformed employment services system that will better support clients, employers, and other stakeholders, as well as a framework for core service offerings. Detail on key elements of this system is provided in Chapters 6 to 15, with proposed arrangements for implementation covered in Chapter 16.

3. Jurisdictional scan

This chapter provides an overview of key state, and international employment programs which helped inform the Committee's considerations in reforming Australia's national system.

The Committee has undertaken extensive domestic and international engagement and research during its inquiry. This has included discussions with state, territory, and local governments, in addition to engagement with service providers, employers, jobseekers, and other stakeholders. The Committee also conducted a European delegation to meet with representatives of five member countries of the Organisation for International Co-operation and Development (OECD) and more intensively explore the design and delivery of employment services in France, Ireland, the Netherlands, and Denmark. This allowed the Committee to take a truly comprehensive approach to its examination of the Australian employment services system, informed by advice and experience from other jurisdictions.

The majority of the states and territories have implemented their own programs to assist jobseekers and employers. Some are explicitly designed to respond to gaps and failures in the Commonwealth system, while others are designed to work alongside Commonwealth programs—including where a state- or territory-based service is better equipped to respond to specific labour market needs than a national system. This was particularly the case in jurisdictions where factors such as caseload demographics, seasonal work arrangements, and the unique circumstances of local labour markets make bespoke, place-based programs a necessity. Key programs and initiatives which are examined in this Chapter, and which are referenced elsewhere in this report, include:

- Jobs Victoria. This program was established in 2016 to address identified gaps in the Federal system. Key services include mentors, advocates, and career counsellors. The program also provides support for large employment projects in priority sectors and offers a free service to match employers with local candidates.
- Opportunity Wyndham. This is an initiative designed and implemented by the Wyndham City Council, working in partnership with training providers, employers, community-based organisations, and service providers. It aims to create pathways to employment for local jobseekers and has a strong focus on working with local businesses to broker work opportunities.
- Jobs Tasmania. This is the Tasmanian Government’s main employment service. The core program supported by Jobs Tasmania is the Regional Job Hubs Network. This comprises a network of hubs operating in all local government areas (LGAs), which work with jobseekers and employers to create pathways to employment.

- The Queensland *Good people, Good jobs: Queensland Workforce Strategy 2022–2032.* This is a 10-year whole-of-government strategy that aims to meet skills needs and support industry transitions. It provides strategic direction for several programs, including Skilling Queenslanders for Work (support for disadvantaged people), Back to Work (financial incentives for business to employ disadvantaged people), and the Regional Jobs Committees (facilitation program which brings together stakeholders from a range of sectors to align training and employment solutions with local needs).
- Jobs and Skills WA. This is a Western Australian Government entity which is responsible for directing State Government investment in training and employment support and provides a 'one stop shop' for jobseekers and employers. A core part of the program is the Jobs and Skills Centres, which support jobseekers to access to access a range of employment and training programs.

There was support for greater integration and coordination across all levels of government to reduce duplication and enhance choice for clients and employers, as well as for partnerships between the Commonwealth and other jurisdictions. Integration and coordination are discussed in more detail in Chapter 4, while partnerships are considered in Chapter 16.

The Committee engaged with a range of stakeholders, programs, and services during its European delegation. Illustrative examples from which lessons and examples of good practice may be drawn include:

- The French Territories with Zero Long-Term Unemployment (TZCLD) project. This is a trial initiative that provides employment opportunities with social enterprises for people who are long-term unemployed (LTU). It aims to demonstrate that it is possible to offer employment on an indefinite basis to any person who is deprived of work without additional cost to the community.
- The Irish Community Employment (CE) scheme. This program is designed to support LTU and disadvantaged people return to work by offering part-time and temporary placements in jobs based within local communities.
- The Irish Local Area Employment Service (LAES). This offers intensive, community-based supports to people who have been unemployed for over two years, as well as post-placement support to enable clients to remain in work over the longer term.
- Dutch Labour Experts, who provide tailored support and assessment services to clients. Labour Experts have a strong tradition in the Netherlands and are valued as a specialised profession with a governing body and certification requirements.
- The Royal Philips employment scheme (WGP) in the Netherlands, which offers participants paid work experience, apprenticeships, and placements with community-based organisations.
- Danish Job Centres, which are operated by municipal authorities and facilitate employment, education, and training opportunities for clients. Job Centres have strong relationships with local employers and human services, and a focus on integrating employment and social assistance.

State and territory government programs

3.1 The majority of the states and territories have implemented their own programs to assist jobseekers and employers. These vary in scope from larger programs which resemble the Commonwealth service offer, to smaller programs that respond to specific needs. In most if not all cases, programs are designed to respond to the state or territory's unique labour market conditions.

3.2 Some State and Territory Governments noted that their services respond to identified gaps in the Commonwealth system. Others noted that their services are designed to work alongside Commonwealth programs—including where a place-based service is better equipped to respond to specific labour market needs than a national system. This was particularly the case in jurisdictions such as the Northern Territory, where factors such as caseload demographics (for example, a high proportion of First Nations jobseekers), seasonal work arrangements, and the unique circumstances of local labour markets make bespoke, place-based programs a necessity.

3.3 There was also widespread support for greater integration and coordination across Commonwealth, state and territory, and local government programs to reduce duplication and enhance choice for clients and employers. This is explored more in Chapter 4.

3.4 Key elements of the Victorian, Tasmanian, Queensland, and Western Australian employment services policies and programs are outlined below. The Committee had the opportunity to speak to the responsible government departments and agencies, and in some cases was able to organise site visits related to those outlined below.

3.5 In addition to state- and territory-based programs, the Committee considered service models at the local government level.

Victoria

Jobs Victoria

3.6 Jobs Victoria is the Victorian Government's lead entity for the State Government's employment services. It was established in 2016 to address identified gaps in the Commonwealth employment services system, including the system's prohibitive eligibility criteria and failure to support jobseekers with complex barriers to employment.[1]

3.7 Key features of Jobs Victoria include the following services:

- **Jobs Victoria Mentors**, who provide personalised support to assist jobseekers improve their employability and source suitable opportunities.
- **Jobs Victoria Advocates**, who connect with people looking for work in their local communities and providing information, support, and links to training.

[1] Government of Victoria, *Submission 278*, p. 7.

- **Jobs Victoria Career Counsellors**, who provide career guidance for those who are looking for work or seeking a career change. Qualified First Nations trainers are employed to work with First Nations communities.
- **Priority Workforce Projects.** Delivered via the Jobs Victoria Fund and provides support for large employment projects in sectors with workforce shortages. The program includes 12-month work opportunities, industry training, and mentoring.
- The **Jobs Victoria online hub**. A free service to match employers with skilled, local candidates.[2]

3.8 The Jobs Victoria Mentors, Advocates, and Career Counsellor services are delivered by a state-wide network of over 75 local partners with a workforce of more than 500 people. A further 37 partners deliver Priority Workforce Projects.[3]

3.9 Key design principles that underpin the Jobs Victoria approach include:

- **Voluntary participation.** According to the Victorian Government, a voluntary model fosters relationships of trust the between provider and participant. This encourages engagement and enables the system to effectively identify and address barriers to social and economic participation.
- **Local, place-based solutions**. Delivery models in Jobs Victoria were developed in partnership with local entities. 71 per cent of partners deliver services in just one of the 15 regions. Services are available in over 70 languages and 22 per cent of service partners specialise in supporting multicultural jobseekers.
- **Employer engagement**. Jobs Victoria partners with local training organisations, employment services providers, employer groups and peak bodies to develop and connect jobseekers to innovative employment and education pathways that meet employers' needs. Jobs Victoria also supports social enterprise, recognising that social enterprises often drive innovation and are able to deliver bespoke services to vulnerable jobseekers.
- **An innovative commissioning approach**. Mentors were procured through a competitive reverse tender process where service providers proposed ideas and outlined associated costs. Jobs Victoria indicated that this encouraged innovation and flexibility and resulted in a more diverse set of providers and delivery models.
- **Partnership approach to contract management**. Rather than taking a 'set and forget' approach to services, the Victorian Government is actively involved in monitoring, evaluation, and reporting.
- **Centralising responsibility within a single government department** to deliver integrated services and centralise best-practice expertise.[4]

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2 Government of Victoria, *Submission 278*, p. 5. See also Australian Centre for Career Education (ACCE), *Submission 149*, p. 10. The ACCE observed that Career Counsellors are also engaged in several prisons to provide pre and post re-entry career guidance to inmates.

3 Government of Victoria, *Submission 278*, p. 5.

4 Government of Victoria, *Submission 278*, pages 7–14, 19, 22.

3.10 Greater South East Melbourne (GSEM) told the Committee that the Jobs Victoria model—and particularly Advocates and Career Counsellors—has been particularly effective in enabling jobseekers to access jobs which align with their aspirations. Moreover, the Career Counselling service has enabled participants to make more informed choices about their training and career pathways.[5]

3.11 The Government of Victoria argued that the Federal Government should invest in a modern national employment system, drawing on the principles that underpin Jobs Victoria. Similarly, the Federal Government should consider a voluntary system and that compliance must be decoupled from service delivery to allow providers to direct more and effort to supporting jobseekers.[6]

3.12 Per Capita noted that in addition to Jobs Victoria, the State Government offers Skills and Jobs Centres (part of the TAFE network); Local Learning and Employment networks which coordinate and map youth transitions activities and opportunities; and social enterprises which seek to create employment and work experience for disadvantaged people. Per Capita indicated that these programs are not integrated into the national employment services system.[7]

3.13 The Victorian Government told the Committee that following the 2023–24 Victorian State Budget there has been a reduction in levels of investment in Jobs Victoria and a corresponding reduction in the reach of the program. The Mentors program, for example, will transition from a state-wide service to a service available in five local government areas (LGAs) that have been identified as having a significant number of jobseekers living with disadvantage. The Victorian Government stated that these changes acknowledge the role of the Australian Government as being primarily responsible for employment services, with State Government focusing on more bespoke and place-based services.[8]

3.14 The Victorian Government stated that they would be 'really keen' to continue working with the Commonwealth through a partnership between the Australia Government and Victorian Government, and explained that that such a partnership could involve:

- formal or informal governance arrangements;
- sharing of labour market data and other relevant information;
- the Victorian Government supporting Commonwealth tender processes;
- the Victorian Government continuing to focus on delivering place-based services, integrated into the national system; and
- additional funding commitments from the Commonwealth.[9]

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5 Greater South East Melbourne (GSEM), *Submission 155*, p. [8].
6 Government of Victoria, *Submission 278*, p. 25.
7 Per Capita, *Submission 2*52, p. [36].
8 Ms Lill Healy, Deputy Secretary—Skills and Employment, Government of Victoria: Department of Jobs, Skills, Industry, and Regions (DJSIR), *Committee Hansard*, 20 September 2023, p. 12.
9 Ms Healy, DJSIR, *Committee Hansard*, 20 September 2023, p. 13.

3.15 The Victorian Government expressed a desire for partnership arrangements to be progressed as soon as possible and argued that the Victorian Government should be involved in the broader re-design of the Commonwealth employment services system, noting that Jobs Victoria has significant insights to share which could inform the re-design process.[10]

Opportunity Wyndham

3.16 Opportunity Wyndham is an initiative designed and implemented by the Wyndham City Council working in partnership with training providers, employers, community-based organisations, and service providers in the Victorian and Commonwealth employment services systems. The City of Wyndham is a local government area in the outer south-western suburbs of Melbourne. The initiative aims to create pathways to employment for local jobseekers and has a strong focus on working with local businesses to broker work opportunities.[11]

3.17 Opportunity Wyndham partners collaborate to ensure that the support provided to jobseekers is aligned with both employers' needs and the skill and workforce requirements of local industry. The service aims to enable wrap-around supports for families, as well as for the individual jobseeker.[12]

3.18 Most employers engaged through Opportunity Wyndham are small to medium enterprises which often lack the resources to support tailored pathways to employment. These employers will often need additional HR support, including with onboarding new employers and with adapting roles to the circumstances of jobseekers.[13]

3.19 Wyndham City Council and partners in Opportunity Wyndham noted that:

- critical to the success of the program is that the Wyndham City Council is trusted by the local community. The Opportunity Wyndham model is unlikely to function in areas where there is low trust in government;
- there is also significant value in the Wyndham City Council being one of the largest employers in the region;
- the Opportunity Wyndham model is not compromised by compliance activities. Participation is entirely voluntary;
- Opportunity Wyndham enables a single point of contact for employers who often distrust Workforce Australia providers and who are seeking access to a larger talent pool;

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10 See Ms Laura Trengove, Executvie Director—Employment, DJSIR, *Committee Hansard,* 20 September 2023, p. 13; Ms Healy, DJSIR, *Committee Hansard*, 20 September 2023, p. 15.

11 Wyndham City Council, *Opportunity Wyndham*, www.wyndham.vic.gov.au/opportunity-wyndham, viewed 20 November 2023.

12 See Ms Annabel Brown, Deputy CEO, Centre for Policy Development (CPD), *Committee Hansard*, 14 March 2023, p. 18; Mr Cliff Eberley, Program Director—Resilient People and Places, CPD, *Committee Hansard*, 14 March 2023, p. 28.

13 Mr Eberley, CPD, *Committee Hansard*, 14 March 2023, p. 28.

- Opportunity Wyndham partners spend time with employers to understand their needs. This enables identification and adjustment of work arrangements that discourage jobseekers from applying; and
- Opportunity Wyndham is designed such that one team supports individuals and another advocates for business. This creates better outcomes for all stakeholders.

3.20 The Centre for Policy Development (CPD) told the Committee that its blueprint for regional job deals identified the ingredients for success from programs like Opportunity Wyndham and set out a guide for scaling such programs nationally.[14] According to the CPD, national scaling of job deals would include the following elements:

- **For the national employment services system:** national licencing or accrediting of service providers; support for innovative service models, including via industry partnerships; a national body for pricing and activity-based funding; a fee structure reflecting goals of different services (with scope to adjust); a national governance body; independent impact assessments; and measures to share good practice.
- **For Regional Job Deals**: Regional governance and engagement, enabling the tailoring of employment programs, and a pool of positions identified through local networks and regional data. These could include pathways for recovering and growing industries and businesses; jobs to be preserved via short-term wage subsidies; and pathways for new and emerging industries.
- **For Community Deals:** Local collaboration; activities and services that facilitate pathways to jobs; local governance and engagement with local community and industry; local taskforces; and coordination of service delivery and engagement with local employers via a 'backbone' organisation.[15]

Tasmania

3.21 Jobs Tasmania is the Tasmanian Government's main employment service. It works across government, community, and business, and aims to increase employment outcomes and drive engagement with work, education, and training.[16]

3.22 The core program supported by Jobs Tasmania is the Regional Jobs Hub Network. Hubs cover every LGA in the state and are embedded in local communities. They are overseen by a Board with local expertise drawn from community, local government, and business sectors. This is critical to the place-based approach that underpins the Jobs Hub model. As a key part of the design of the Jobs Hub Network, the Tasmanian Government acts as system steward and partner.[17]

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14 Ms Brown, CPD, *Committee Hansard*, 14 March 2023, p. 18.

15 CPD (2020), *Blueprint for Community and Regional Job Deals,* p. 12, https://cpd.org.au/2020/09/new-cpd-blueprint, viewed 20 November 2023.

16 Tasmanian Government, *Jobs Tasmania,* https://www.jt.tas.gov.au, viewed 20 November 2023.

17 Tasmanian Government, *Submission 174*, pages [3, 6]. For a comprehensive outline of the Job Hubs framework, see Tasmanian Government, *Submission 174.1*, pages [2–6].

3.23 Job Hubs respond to perceived issues and gaps in the Commonwealth service, including short-term incentives, a competitive funding model, a mismatch between training and industry skills requirements, and a disconnection from communities.[18]

3.24 The Brotherhood of St Laurence (BSL) noted that Hubs use a mix of interventions to support jobseekers and employers, tailored to local labour markets. The hubs work proactively with employers to identify current and future workforce needs and to facilitate bespoke employment pathways for clients, including leveraging community networks to drive employment outcomes.[19] The Committee heard several times during site visits that over half the jobs in Tasmania are sourced via networks and word of mouth. This is particularly the case in regional areas.

3.25 Engagement with Job Hubs is entirely voluntary and is not restricted to persons in receipt of income support. The Tasmanian Government indicated that this allows the hubs to offer a greater pool of candidates to potential employers, and to better meet industry need. Jobs Hubs can, however, also support participants in Commonwealth employment services. Around half of the hubs' clients are Workforce Australia participants. Some hubs also work closely with Workforce Australia providers.[20]

3.26 The Tasmanian Government emphasised that the servicing model for Job Hubs is relational, not transactional, and is built on principles of trust and care, stating that this is critical to building the hubs' credibility. The Tasmanian Government indicated that relational service delivery is often missing from Commonwealth programs, and illustrated this issue using the following case study:

> A Workforce Australia job seeker attended a Regional Jobs Hub at the request of their provider. The job seeker was unsure why they had been referred to the Hub, and the Hub had not received any communication from the Workforce Australia provider to introduce the participant or provide detail about the job seeker's history or circumstances … This disconnect also demonstrates the power imbalance that can occur between job seekers and providers …
>
> [F]rom their first interaction the Hub was able to start building trust and credibility with the jobseeker by offering relevant advice on local training opportunities and complementary support services.
>
> In this instance, stronger collaboration and communication between State and Federal employment services would have improved the provision of support.[21]

3.27 Several stakeholders indicated that the Jobs Hubs model could complement existing Commonwealth services, including as part of a better integrated and coordinated

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18 Tasmanian Government: Department of State Growth (2023), *Regional Jobs Hub–Progress Report,* www.stategrowth.tas.gov.au/business/jobs_tasmania/our_work, viewed 20 November 2023.

19 Brotherhood of St Laurance (BSL), *Submission 249*, p. 32.

20 Tasmanian Government, *Submission 174*, p. [6]. See also Jobs Hub Glenorchy, *Further employment opportunities for local job seekers*, www.jobshubglenorchy.com.au/further-employment-opportunities-for-local-job-seekers, viewed 20 November 2023.

21 Tasmanian Government, *Submission 174*, pages [7–8].

national employment services system. Stakeholders also indicated that integration of services like the Job Hubs is key to enabling place-based solutions.[22]

3.28 The Tasmanian Government stated that they would welcome the opportunity to work with the Australian Government on a place-based and person- and business-centric approach to employment services, noting that inefficiencies, barriers, and distrust in the employment services system would need to be addressed as part of this work.[23]

3.29 The Tasmanian Government suggested the following key features of a trial partnership with the Commonwealth:

- the Commonwealth funds 50 per cent of the Jobs Hub network;
- the partnership is facilitated through a project agreement which captures co-investment in core services and in evaluation;
- the Commonwealth is represented on a Tasmanian Governance Group including the Tasmanian Department of State Growth and Department of Education, Children and Young People, Tasmanian Council of Social Service, and industry representatives—with the group to provide oversight over the implementation and evolution of the pilot; and
- a single line of accountability through Tasmania to the Commonwealth based on activity and outcomes negotiated with Hubs through their local advisory boards.[24]

3.30 The Tasmanian Government noted that this partnership would require changes to the Commonwealth employment services system, including:

- reducing compliance and enforcement;
- focusing providers' time and resources on personalised support for clients on their caseloads;
- redesigning Job Plans in consultation with the Tasmanian Job Hubs and other State Government programs; and
- changes to how the Employment Fund (EF) is administered, including allowing funding to be used for activities delivered by Job Hubs and for intensive support for high-needs participants.[25]

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22 See, for example, Jobs Australia, *Submission 185*, p. 11; BSL, *Submission 249*, p. 39; BSL, CPD and University of Melbourne (UniMelb), *Submission 256*, p. 23.
23 Tasmanian Government *Submission 174*, p. [1].
24 Tasmanian Government *Submission 174.2*, p. [2].
25 Tasmanian Government *Submission 174.2*, p. [2].

Queensland

3.31 *Good people, Good jobs: Queensland Workforce Strategy 2022–2032* is a 10-year, whole-of-government strategy that aims to meet skills needs and support industry transitions.[26] Specific programs under the strategy include:

- **Skilling Queenslanders for Work**. Training and support for unemployed or underemployed Queenslanders, with a focus on disadvantaged cohorts such as youth, First Nations, mature age, people with disability, and women re-entering the workforce. Around 25 per cent of participants are also in Workforce Australia.

  The program focuses on learning pathway to Certificate III level qualifications. Contracted providers deliver support to address personal, health and social issues. Around 75 per cent of participants secured employment or went on to further training.

- **Back to Work**. Provides support to businesses to employ jobseekers who face disadvantage in the labour market. Includes incentives payments of up to $20,000 and wrap-around support.

- **VET support.** Supports and encourages participants to develop the skills needed for sustained employment, targeting key industries and cohorts such as youth and school students and First Nations peoples.

- **Diverse Queensland Workforce.** The program seeks to increase opportunities for work-ready migrants, refugees, and international students through provision of a one-stop shop employment and training service.

- **Workforce Connect Fund**. Provides funding to small businesses to assist with HR solutions, with up to $5000 available. The program complements the **Growing Workforce Participation Fund** which provides grants between $20,000-$200,000 to industry groups to boost workforce participation.

- **Regional Jobs Committees.** Nine committees established in regional areas to bring together local businesses, government, communities, training providers, and industry to ensure training and employment solutions align with local needs.[27]

3.32 Queensland also delivers the Transition 2 Success program which supports young people in or at risk of entering the youth justice system. The program focuses on lowering risks of offending via engagement in work, education, and training. A 2018 evaluation of the program identified reduced levels of recidivism following completion and positive engagement with the program. Moreover, cost benefit analyses showed that every dollar spent on the program resulted in $2.13 of benefit.[28]

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[26] Queensland Government: Department of Employment, Small Business and Training (DESBT), *Submission 243*, p. 4. Following machinery of government changes, the department is now the Department of Youth Justice, Employment, Small Business and Training.

[27] DESBT, *Submission 243*, pages 5–9.

[28] Queensland Family and Child Commission, *Submission 241*, p. [3]. See also Queensland Government, *About Transition 2 Success*, www.qld.gov.au/law/sentencing-prisons-and-probation/young-offenders-and-the-justice-system/youth-justice-community-programs-and-services/t2s/about-transition-2-success, viewed 20 November 2023.

3.33 The Queensland Government has also established Jobs Queensland as an independent statutory entity. Unlike Jobs Victoria and Jobs Tasmania, Jobs Queensland does not deliver employment services, but rather provides strategic advice on future skills needs, workforce planning and development, and apprenticeships and traineeships.[29] The Queensland Government indicated that Jobs Queensland performs a similar role to Jobs and Skills Australia (JSA) within Queensland.

Western Australia

3.34 In Western Australia, training and employment assistance is enabled via Jobs and Skills WA. Jobs and Skills WA also directs State Government investment in training and employment support and is intended as a 'one stop shop' for jobseekers and employers.[30]

3.35 A core part of Jobs and Skills WA is the Jobs and Skills Centres. These are often co-located with TAFEs, and support jobseekers to access a wide range employment and training programs. The services offered through the Jobs and Skills Centres are available to any person, including those who are already in employment and who may be looking to upskill or reskill.[31]

3.36 Each Jobs and Skills Centre employs First Nations staff and offers specialist support. Specialist services target cohorts such as new migrants, ex-offenders and those transitioning from the prison system, and veterans.[32]

3.37 During a visit to a Jobs and Skills Centre, the Committee heard that staff often act as career counsellors, providing holistic support for those already studying. Services also focused on disengaged youth and often delivered advice and support on a one-off basis. According to executive and frontline staff at the centre, the focus of the assistance is unlocking motivation, helping clients to target job applications and résumés, and upskilling clients through targeted training. Some centres have a clear industry focus and use their connections with industry and TAFEs to ensure that training is tailored to industry need. Centres' connections with industry are also used to leverage job opportunities for participants.

3.38 Jobs and Skills WA also offers the Job Reconnect program, a new initiative designed to support people seeking to return to the workforce and to address labour shortages in industries such as construction, hospitality, and health. Participants can access

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29 See Queensland Government: Jobs Queensland, *Jobs Queensland,* https://jobsqueensland.qld.gov.au, viewed 20 November 2023.

30 Government of Western Australia: Department of Training and Workforce Development (DTWD), *Jobs and Skills WA*, www.dtwd.wa.gov.au/jswa, viewed 20 November 2023; DTWD, *Jobs and Skills WA*, www.jobsandskills.wa.gov.au, viewed 20 November 2023.

31 Ms Karen Ho, Director General, DTWD, *Committee Hansard*, 1 February 2023, pages 22, 24. See also Mr Brad Jolly, Executive Director—Service Delivery, DTWD, *Committee Hansard*, 1 February 2023, p. 25. An example of the programs to which individuals may be referred is the Job Ready Program, which delivers pre-employment short courses designed to address skills shortages in sectors such as aged care and disability.

32 DWTD, *Additional Documents: Answer to Question on Notice no 2*, pages [2-3].

free training, career advice, and assistance to find a work placement. Eligible cohorts include workers aged 45 and over and people exiting the justice system.[33]

International programs

3.39 The Committee engaged with a range of stakeholders, programs, and services during its European delegation.

3.40 An outline of the organisations that the Committee met with during its delegation is included in Appendix D, with illustrative examples of programs from which lessons and examples of good practice may be drawn from outlined below.

Organisation for Economic Co-operation and Development

3.41 The majority of Organisation for Economic Co-operation and Development (OECD) member countries operate public employment service programs. These are adapted to the unique needs of country-specific labour markets, and vary in terms of level of outsourcing, activation requirements, sanctions for non-compliance, and market structure and commissioning.[34]

3.42 The Committee met with OECD representatives of Sweden, Germany, Belgium, Estonia, and Austria during its European delegation. Some key matters raised during the discussions are outlined below:

- The potential of alternative commissioning approaches. Several countries have recognised that excessive competition leads to poor outcomes for clients, despite the widespread assumption that greater competition, contestability, and choice will result in better services. Sweden commissions one vocational provider per place, and Belgium uses a '3–6–9' approach to contracting and performance management. Providers are offered nine-year contracts with three-year renewals, and the focus is on improving the performance of providers which are not delivering a quality service rather than on removing those providers from the system.
- The role of funding in incentivising provider and client behaviours. Sweden uses statistical profiling to group clients into different groups based on how close to the labour market they are, with payments broken into 'basic' payments (for core case management assistance), outcome payments, and a 'speed premium' for outcomes achieved within six-months. Higher payments are made for people who are further away from the labour market. By contrast, Belgium (Flanders) applies a largely results-based funding approach, with outcome payments making up

[33] Ms Ho, DWTD, *Committee Hansard*, 1 February 2023, p. 24. See also DWTD, *New Support for Jobseekers to Address Skills Shortage,* www.jobsandskills.wa.gov.au/news/job-reconnect-new-support-jobseekers, viewed 20 November 2023.

[34] For further detail on employment services systems in these and other Organisation for Economic Co-operation and Development (OECD) countries, see OECD (2022), *Paying for results: Contracting out employment services through outcome-based payment schemes in OECD countries*, Social, Employment and Migration Working Papers No. 267, https://doi.org/ 10.1787/c6392a59-en, viewed 20 November 2023.

40 per cent of the total cost of the contracts. Providers are expected to achieve an outcome for 65 per cent of jobseekers on their caseload.

- The question of digitalisation in employment services. Several countries have experimented with digital only services—at least for jobseekers who are closest to the labour market—but have typically found that a hybrid service (online and face-to-face) delivers better outcomes for clients. Estonia, in particular, is making much greater use of data analytics and artificial intelligence (AI) to support job matching, innovation, evaluation, and research. Other countries such as South Korea are also harnessing data and AI to improve outcomes for clients.
- The importance of employer engagement. The Estonian public employment service is underpinned by an employer strategy. This captures extensive liaison with employers and professional associations; administration of subsidies for employers; and the engagement of employer consultants in regions to assist with recruitment and system navigation. The Estonian system also includes measures to help prevent unemployment, including grants for companies to train new employees where employment occurs in areas of skill shortage.[35]
- In the Netherlands, municipalities are legally required to work together with the Dutch Employee Insurance Agency (UWV)[36] to deliver employer-focused support through Employment Service Points. Through these points, employers can access information and advice on labour market developments in their area; workplace support and advice to engage staff from different cohorts (for example people with disability); and advice on workplace obligations.
- The importance of continuous learning and development. In Austria, providers actively collaborate with and learn from each other, and there are consequences for providers which do not take this approach. Government also delivers services through regional offices. These offices cooperate to share learnings and enable continuous improvement and are subject to performance assessment using balanced score cards.[37] The Committee also discussed the role of experimentation and trialling, with countries such as Estonia and Sweden using Randomised Control Trials (RCTs) to test and learn from new and innovative approaches to service delivery.

France: Social enterprise and community work

3.43 The Territories with Zero Long-Term Unemployment (TZCLD)[38] project was established in October 2016. It is premised on the ideas that no person is unemployable, that there is no shortage of work, and there is no lack of money, given that unemployment costs the community more than investment in job creation.[39]

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35 More information is available in OECD (2021), *Improving the Provision of Active Labour Market Policies in Estonia*, https://doi.org/10.1787/31f72c5b-en, viewed 20 November 2023.

36 Full Dutch title: Uitvoeringsinstituut Werknemersverzekeringen.

37 For detail, see Dr Ann Nevile, *Submission 136*, pages 1-3.

38 Full French title : Territoires zéro chômeur de longue durée.

39 Information on the project is available via TZCLD, https://www.tzcld.fr/, viewed 20 November 2023.

3.44 The TZCLD project is a trial initiative supported by the French public employment service. It seeks to demonstrate that—at the territory level—it is possible to offer employment on an indefinite basis to any person who is permanently deprived of work without cost to the community. This is done by creating and financing activities that do not compete with existing jobs and which meet identified community needs.

3.45 An 'experimental law' enacted in 2016 permitted the trialling of the project in 10 territories (geographical spaces with a population of 5,000 to 10,000, including up to 400 people permanently deprived of work). Territories are broadly coextensive with French municipalities. The project has been implemented in four phases:

- Phase 1: explaining the project to and mobilising local stakeholders, including elected officials.
- Phase 2: meeting with unemployed people and identifying their needs, skills and competencies, as well as what they agree to do and learn.
- Phase 3: identifying the unmet needs within the location as presented by local actors, including residents, businesses, and other institutions.
- Phase 4: establishing one or more businesses from which activities and services will be delivered by the long-term unemployed (LTU) participants in the project. This may involve establishing an entirely new business or expanding an existing enterprise.

3.46 The first three phases are conducted by Local Employment Committees. Committees are led by an elected community representative (for example, a Mayor) and include unemployed people, employers, peak bodies, and community members. The fourth phase is conducted in partnership between the committee and employment-oriented businesses (EBEs)[40] established in the local community to support LTU people. These businesses are set up expressly to support employment outcomes (similar to Work Integrated Social Enterprises (WISEs) in Australia).

3.47 Services delivered by participants on behalf of EBEs variously include community-based work including food and package delivery, transport services, bicycle repair, and social visits to isolated people; local development activities; and manufacturing work which has in some cased been 'on-shored' from other countries. Some EBEs are also involved in 'green transition' activities such as recycling programs. People engaged by EBEs are employees with work contracts, who engaged on a voluntary basis (that is, participation is not a condition of receiving income support).

3.48 EBEs engaged by the project provide a substantial amount of wrap-around support to enable participants to succeed. The project also supports transitions to employment on the open market, with a guaranteed right to return to the EBE where necessary.

3.49 During its European delegation, the Committee visited one of the EBEs engaged by the TZCLD project and explored the services the enterprise delivers. These included:

[40] Full French title : Entreprises à But d'Emploi.

- a social services team which provides support to older people with everyday tasks. A client of the service pays a yearly fee to receive up to two small services per week. For clients in social housing, the provider pays half of the fee;
- a multi-service department for local businesses which provides delivery and other concierge services (such as dry-cleaning drop-off and pick-up) to workers in the area;
- a re-use department, in which participants collect wood and build practical items such as tables, shelves, and other furniture, which are then sold; and
- a café, located in a rehabilitation centre, with front- and back-of-house roles available, which provides low-cost meals to local residents.

3.50 A second 'experimental law' was enacted in 2020 to expand the operation of the project in the original 10 territories and permit experimentation to an additional 50. It is planned to expand to 60 new territories between 2021 and 2026. Further, it is anticipated that, post-2026, there should be sufficient evidence to support expansion of the project to any territory that wishes to establish a right to employment for all residents.

3.51 As of June 2021, 900 people had been recruited by participating EBEs in a range of roles.[41] This increased to increasing to around 2,000 by April 2023. In addition, 1,000 people have found work on the open labour market after participating in the project.[42]

Ireland: Community work programs

3.52 The Irish Community Employment (CE) scheme is designed to support LTU and disadvantaged people return to work by offering part-time and temporary placements in jobs based within local communities. The scheme is generally restricted to people between 21 and 55 years of age, who have been in receipt of an income support payment for at least 12 months.[43]

3.53 Placements facilitated by the CE scheme typically last for one year, although these can be extended by up to two years where a person is working towards a major education award. People aged 55 and over may remain on the CE scheme for up to three years, and people aged 60 and over may remain on the CE continuously until qualifying for a State Pension.

3.54 A person on the CE scheme must work for 19.5 hours per week (excluding breaks) for the relevant employer to be eligible for a grant towards the cost of that person's

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41 European Commission (2022), *"Employment as a right": new ways of integrating long-term unemployed people in sustainable jobs at the territorial level*, p. 2, https://ec.europa.eu/social/BlobServlet?docId=26476&langId=en, viewed 20 November 2023.

42 International Development Research Network (2023), *Breaking the Cycle: Pioneering social enterprises to combat long-term unemployment*, https://idrn.eu/breaking-the-cycle-pioneering-social-enterprises-to-combat-long-term-unemployment/, viewed 20 November 2023.

43 Information on the scheme is available via Irish Citizens Information Board, *Community Employment (CE) scheme,* www.citizensinformation.ie/en/employment/unemployment-and-redundancy/employment-support-schemes/community-employment-scheme, viewed 20 November 2023.

wages. Participants are paid weekly by the sponsor and enjoy standard employment protections. Training is also provided to improve participants' employment prospects. Each participant must have an individual learning plan where training is identified.

3.55 A person may take also take up other part-time work while participating in the scheme. Typically, a placement lasts for one year. Following a placement under the CE scheme, a person is encouraged to look for a permanent job using the skills and experience acquired through participation.

3.56 In 2017, a decision was taken to separate participants in the CE scheme into those for whom employment was a primary goal and those whose goals were focused on social participation. The scheme generates strong social outcomes and has the support of the local communities in which it operates. However, the Committee was told that evidence suggests the scheme is limited in supporting participants to move into open employment and enabling longer-term career progression. The scheme is best understood as an alternative to standard employment, rather than a stepping-stone to it.

3.57 Discussions during the European delegation indicated that if Australia implemented a similar scheme, government should exercise caution to ensure existing jobs are not displaced. In addition, measures may be required to enable people to return to the program if a job on the open labour market is not successful.

Ireland: Services for long-term unemployed people

3.58 In Ireland, jobseekers who are further away from the labour market may be referred to the Intreo Partners Local Area Employment Service (LAES).[44] The LAES is part of a reformed Irish public employment service, which has operated since 2022.[45]

3.59 LAES providers are typically engaged from the community and voluntary sectors, and the service focuses on local solutions for jobseekers who have been continuously unemployed for more than two years. Clients are typically referred to the LAES for a period of one year. Clients develop a Personal Progression Plan with their provider, which includes a schedule of activities and job-focused targets. Where a person secures employment, they may access post-placement support for up to 17 weeks.

3.60 Reflecting the fact that those referred to LAES are generally further from the labour market, funding is largely activity-base and tied to referral, agreement and servicing

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44 Information on the service is available via the Hon Heather Humphries, Minister for Social Protection, *Minister Humphreys announces outcome of the procurement for new nationwide Intreo Partner Employment Services*, Media Release, 14 July 2022, www.gov.ie/en/press-release/bb149-minister-humphreys-announces-outcome-of-the-procurement-for-new-nationwide-intreo-partner-employment-services, viewed 20 November 2023. See also Government of Ireland: Economic and Evaluation Service (2023), *The Structure and Usage of the Public Employment Service*, p. 12, https://assets.gov.ie/271077/2810d048-d97c-4dbd-b77e-1a6b28036d10.pdf, viewed 20 November 2023; Irish National Organisation of the Unemployed (2022), *Ireland's Reconfigured Public Employment Service*, www.inou.ie/analysis/e-bulletin/2022/12/06/irelands-reconfigured-public-employment-service/, viewed 20 November 2023.

45 *Intreo* is the Irish public employment service. For information, see Government of Ireland: Department of Social Protection, *Intreo*, www.gov.ie/en/campaigns/fb84c0-intreo/, viewed 20 November 2023.

consistent with the Personal Progression Plan. A lesser amount of funding is conditional upon the client securing and sustaining employment. The caseload in LAES is also typically older, male, and with lower levels of completed education than other Active Labour Market Programs (ALMPs) in Ireland.[46]

3.61 The Personal Progression Plan is monitored quarterly to assess progress, and that there is a strong focus in the LAES program on developing participants' soft skills using a mix of workshops and support services. The provider also observed that it experiences challenges in delivering the service and in securing positive outcomes for participants. Many of these reflect the Australian experience. For example:

- 52 weeks is a comparatively short time to make a disadvantaged person 'job-ready'. Many disadvantaged people have found a way to exist that they see as safe, and which may be disrupted if they were to seek work. It also takes time to help a disadvantaged person to develop their aspirations and confidence;
- the system is choked by administration, case managers must spend around half their time on administrative tasks and have insufficient time to spend with clients; and
- the government department with policy responsibility for employment services sees unemployed people as their clients and does not share sufficient information with contracted partners. Partners cannot see clients' payment or work history, or the information they have shared with other partners.

3.62 In discussions with academics in Ireland, the Committee heard that since the LAES services were implemented in 2022 there has been a move to performance-based contracting. This has seen a progressive de-skilling of frontline staff and a heavier administrative burden. One academic stated that the procurement 'tail' is now wagging the local service 'dog'.

Netherlands: Staff professionalisation

3.63 The Dutch Government engages specialist counsellors—Labour Experts or Advisors—to support jobseekers as part of the UWV's administration of benefits and employment services.[47] Labour Experts have three key functions:

- Assessing a person's degree of disability based and capacity for work. In some cases, this may involve determining the loss of earning capacity for individuals who have been on sick leave for two years and assessing whether the person and their employer have engaged in mandatory work reintegration activities.
- Providing counselling and support for jobseekers, including to enable jobseekers to make an informed choice about their service providers, and supports that

[46] Government of Ireland: Economic and Evaluation Service (2023), *The Structure and Usage of the Public Employment Service*, pages 12, 25, 27.

[47] See, UWV, *About UWV*, www.uwv.nl/overuwv/english/about-us-executive-board-organization/detail/organization, viewed 20 November 2023. See also OECD (2023), *Policy Options for Labour Market Challenges in Amsterdam and Other Dutch Cities,* p. 97, https://doi.org/10.1787/181c0fff-en, viewed 20 November 2023.

complement the online service. Labour Experts also work with labour market partners, monitor their work with jobseekers, and support employers to find, hire, and retain staff.

- Reviewing and assessing appeals of decisions made in other departments.[48]

3.64 Labour Experts have a long tradition in the Netherlands and the role is valued as a specialised profession with its own professional body and certification requirements. Becoming an expert involves a one-year specialist course for individuals with a Bachelor level qualification.[49] There are around 3,500 recognised experts, with 1,400 working in the public sector and the remainder working in the private sector.[50]

3.65 Labour Experts support clients to develop work reintegration plans. In actioning the support detailed in the plan, the Labour Expert can support the client directly or purchase other support, including supports from companies who meet UWV regulations to be approved suppliers, and supports delivered by the UWV in-house.

3.66 Labour Experts also provide Modular Reintegration Support. This includes activation activities, help with social participation, and training and skills development.

3.67 The Dutch employment services system makes use of an in-house tool, known as the 'Participation Ladder', in supporting clients. The ladder has six 'rungs', reflecting the client's level of participation in society:

1 Isolated, with little or no contact with people outside of the family circle.

2 Some social contact outside of the home, but not in an organised context.

3 Structured participation in activities.

4 Fit for work, and either able to start paid work in paid work immediately; starting to work in a trial placement; or participating in a short vocational course to earn a certificate or diploma.

5 In paid work, but unable to earn the legal minimum wage without support from a job coach and/or wage dispensation (financial support).

6 In paid work and able to earn the legal minimum wage without additional support.

3.68 Clients are assigned to a rung based on their actual activities, with the decision to assign a jobseeker to a rung made by the Labour Expert or a job counsellor. The Participation Ladder enables government to derive a significant amount of information about individual clients and about the impact of services. For example:

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48 OECD (2023) *Contracted employment services in the Netherlands*: *Study visit report*, p. 9; www.oecd.org/els/emp/Project21SE03StudyVisitReport.pdf, viewed 20 November 2023. See also, Dutch Association of Labour Experts (2010), *A labour expert (or occupational assessor)*, www.arbeidsdeskundigen.nl/documenten/download/475, viewed 20 November 2023. There are about 200 external providers nationally.

49 OECD (2023) *Contracted employment services in the Netherlands*: *Study visit report*, p. 8.

50 Dutch Association of Labour Experts, *Working Area*, www.arbeidsdeskundigen.nl/arbeidsdeskundigen/de-arbeidsdeskundige/werkterreinen, viewed 20 November 2023.

- clarification of a client's degree of active participation on their journey to work, which enables development of a tailored plan to support the client to reach the next 'rung' of the ladder;
- greater detail and visibility around a client's journey to work. Previously the Dutch employment service could only use 'paid work resumption' as a tangible result of the services delivered. The Participation Ladder adds detail around intermediate steps on the journey; and
- clarification of the number of jobseekers on specific rungs of the ladder, which can be used for planning and system improvements.

Netherlands: Intermediate labour market

3.69 The Royal Philips organisation (Philips) is a Dutch multinational conglomerate which manufactures and trades in a range of products, including software, consumer electronics and healthcare technology. Since 1983, Philips has offered a paid work experience through its scheme (WGP)[51], targeting people who are further from the labour market.[52] There have been over 13,000 participants in the program since its inception. Philips aims to have approximately one per cent of its workforce be participants in the program. The Committee engaged with Philips during its European delegation.

3.70 One of the aims of the scheme is to reduce the risk aversion of potential employers associated with the costs of hiring and supporting people experiencing disadvantage, such as people with disability. This is achieved by building the person's potential productivity through relevant work experience and training, along with the positive signalling of having work experience on participants' résumés and the ability to leverage the strong reputation of Philips and WGP within the Dutch labour market.[53]

3.71 Candidates are sourced by the UWV and by municipalities and are typically offered a one-year contract. A candidate cannot have previously worked for Phillips and must be in receipt of income support. The program offers paid work experience at above the minimum wage to assist with participants' progress to employment in the open labour market. Participants also have access to a specifically designed development program and are supported by a designated workplace mentor who provides day-to-day guidance, along with a job coach who delivers one-on-one coaching and development. The role is an additional position within the relevant Philips department and does not replacing an existing role. Roles include 'general' positions (roles with any department in the company), apprenticeships, and secondments with community organisations.

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51 Full Dutch name: Phillips Werkgelegenheidsplan.

52 See Phillips (2019), *Want to gain work experience at Philips? Take advantage of the Philips Employment Scheme (WGP)*, p. [2–4], www.philips.com/c-dam/corporate/nl_NL/About/sustainability/wgp/pdfs/WGP-brochure-EN-2019-v2.pdf, viewed 20 November 2023.

53 R Peijin and T Wilthagen (2022), 'Labour Market Reintegration of Individuals with a Physical and Cognitive Disability by a Company-Based Work-Experience Program', *International Journal of Disability, Development and Education*, 69(5), p. 1798.

3.72 Around 70 per cent of WPG participants progress to paid employment (with Philips or elsewhere).[54] Representatives of Philips noted that participants achieved on average an eight per cent higher job security over a ten-year period post participation, relative to a control group. The greatest benefits were achieved for the most disadvantaged participants.

3.73 Research also indicates that participation in Philips WGP resulted in better employment outcomes for people with disability relative to participation in public rehabilitation and employment programs. However, improvements were mostly observed in the first-year post placement, probably demonstrating the positive signalling effect of having worked for Philips. The research concluded that there may be value in other employers offering work experience programs like that offered by Philips to improve employment outcomes for people with disability, noting that this could enable employers to demonstrate corporate social responsibility.[55]

Denmark: Place-based solutions

3.74 Employment services in Denmark are primarily delivered by local Job Centres managed by municipal authorities. Job Centres help to facilitate employment, education, and training opportunities for unemployed people, support people with health conditions to re-enter the labour market, and support employers to find suitable candidates. Jobcentres have strong relationships with employers and human services in the local area and have a focus on integrating unemployment and social assistance.[56]

3.75 During its European delegation, the Committee heard that most very-LTU experience multiple barriers to unemployment that impact on their ability to actively participate in the labour market. Addressing these barriers—including via referrals to other human services—is a key function of the Job Centres.

3.76 There are essentially five different service streams operating within a Job Centre:

- youth (people under 30), noting the primary goal for people under 25 is education rather than employment;
- unemployed people 30 years and over;
- people who hold higher-level qualifications;
- people needing support with core foundation and employability skills (targeted to clients with more significant non-vocational barriers); and
- unemployed people experiencing sickness or disability.

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54 Phillips (2019), *Want to gain work experience at Philips? Take advantage of the Philips Employment Scheme (WGP)*, p. [2].

55 R Peijin and T Wilthagen (2022), Labour Market Reintegration of Individuals with a Physical and Cognitive Disability by a Company-Based Work-Experience Program, *International Journal of Disability, Development and Education*, pages 1806–1807.

56 Information available via Danish Government: Agency for Labour Market and Recruitment, *Municipalities,* https://star.dk/en/about-the-danish-agency-for-labour-market-and-recruitment/municipalities/, viewed 20 November 2023.

3.77 Job Centres conduct upfront assessments focused on matters such as the client's motivation to find work and the client's support needs. Critical to the way that the assistance is delivered is that the frequency of contact between the client and their case manager is driven by the client's unique needs. The case manager assesses these needs and determines the mix of activities with which the client will engage.

3.78 A unique feature of the Danish Job Centres is the 'ABC' approach to employment pathway planning. This approach involves the case manager working with the client to develop separate pathway plans as follows:

- Plan A: the dream job. This focuses on the client's aspirations and does not necessarily represent a realistic end goal.
- Plan B: the job for which the client is qualified.
- Plan C: identify what are the jobs that the jobseeker could manage.

3.79 Case managers work with clients to support progress within Plans A and B; that is, to achieve meaningful employment consistent with the client's aspirations. However, case managers are subject to KPIs imposed by the national system, including measures focused on the speed at which a client is placed in work. Accordingly, in some cases Plan C becomes the focus of the client-caseworker relationship.

3.80 The Committee heard that key strengths of a municipal-based approach to the delivery of employment services include stronger knowledge of and connections with local labour markets and employers, and the ability to coordinate interventions for vulnerable people and work in partnership with local actors.

3.81 Denmark is currently considering a series of proposed reforms to the public employment services which appear to be driven by a combination of political circumstances, a desire for fiscal savings and concerns regarding overly punitive treatment of some jobseekers. Changes proposed include the closure of the centrally mandated Job Centres, giving municipalities greater freedom to design and deliver policies and programs and potentially greater roles for unemployment insurance funds (a system which Australia does not have). At the time of the Committee's visit, stakeholders acknowledged that these potential reforms remain in flux and acknowledged the value of the Job Centres. A key related driver is a desired to 'de-bureaucratise' the public sector and provide more local freedom, responsibility, and commitment.[57]

[57] Danish Government (2023), *Denmark's National Reform Programme 2023,* pages 22, 41, https://commission.europa.eu/system/files/2023-05/2023-Denmark-NRP_en.pdf, viewed 20 November 2023.

4. Foundation principles for a future Australian system

As outlined in Chapter 2 of this report, there are several critical issues in the design and implementation of the employment services system that are preventing it from delivering a high-quality service to jobseekers and employers. These issues cannot be addressed by mere adjustments to policies or programs, but demand wholesale system reform.

This chapter and those which follow outline an ambitious blueprint for the redesign of employment services, under the auspices of a Commonwealth Employment Services System. All elements of a rebuilt national system should be client-centred, having been co-designed with jobseekers, employers, unions, peak bodies, all levels of government, and other key stakeholders.

This chapter in particular establishes the underpinning architecture for this blueprint by outlining principles to underpin the design of the future Commonwealth Employment Services System with the goal of optimising services for unemployed and underemployed Australians and for business. The Committee concedes that the principles proposed will need to be subject to further refinement.

For the employment services system to deliver the best outcomes, it must proceed from a set of clear, explicit goals and objectives that go beyond the work first / human capital dichotomy. The system should not just be about moving people off income support. Instead, it must build the social and economic capacity of individuals, recognising that some people need support to engage or re-engage with employment while others need support to engage with opportunities available in their communities or with services that improve their wellbeing.

A higher priority must be placed on employer engagement and having an attractive service for businesses. At present, the system is focused on supply and largely divorced from demand—particularly when compared to public employment services in other countries. There is a broader role for government to partner with employers and create opportunities for individuals at risk of disengagement from the labour market.

The system also needs to respond to the challenges of an increasingly dynamic labour market with significant regional variations and ongoing structural adjustments. Jobseekers need to be given the opportunity to obtain the qualifications and skill sets demanded by local employers. Employers also need access to advice on job design and recruitment to play their part in addressing disadvantage and reducing inequity. As a by-product, the employment services system can contribute to broader goals related to workforce productivity and developing an accessible and inclusive labour

market. A key example of success would be designing a system that provides adaptive and flexible responses to the growing workforce demands of a net-zero economy.

Evidence overwhelmingly highlighted the need for a coordinated, coherent approach to policies and programs that support jobseekers and employers, as well as a governance structure which enables collaboration across portfolios and jurisdictions. This is critical given the complexity and fragmentation of the current system.

A simplified, accessible model requires much better integration across human services and across all levels of government. Integration of a full range of supports—including training and education, career advice, social enterprises and place-based approaches, social services, and allied health—is needed to build the capacity of individuals and their families. Minimising if not eliminating duplication of effort is also a critical area of policy work for responsible agencies. Some programs could be brought under the Workforce Australia brand while work is undertaken towards consolidating others. The Committee has also reached an in-principle conclusion that Disability Employment Services (DES) should be integrated into a rebuilt Commonwealth Employment Services System, acknowledging there are a number of ways in which this could occur.

There is also a clear need for far greater public stewardship and service capability. Stakeholders have called for government to take on an active role as the steward and co-producer of employment services, and to build and maintain a service culture of collaboration and constant improvement. This will require greater leadership on the part of the Australian Government and formalised arrangements with other jurisdictions. As such, a new model for governance has been put forward that would see the creation of:

- Employment Services Australia (ESA)—within the Department of Employment and Workplace Relations (DEWR)—which would provide some aspects of service delivery and manage contracts for delivery partners.
- Employment Services Quality Commission—a new regulatory entity independent from DEWR.
- ESA Client Council(s) and an Employment Services Coordinating Council to facilitate ongoing feedback and input from clients, advocacy organisations, stakeholders, and policy experts.

DEWR would retain many of its existing functions and be responsible for facilitating vertical alignment between Commonwealth, State and Territory Governments, and local policies and programs. Some program responsibilities may need to move to DEWR.

The Australian Government should also consider leveraging procurement for major projects and other appropriate service contracts to provide opportunities for jobseekers in employment services. In addition, government agencies should be resourced to create more entry-level positions for jobseekers, including internships and traineeships.

The Committee acknowledges that redesigning the system will take time and is likely to require additional investment. However, there are likely to be some savings realised via consolidation of programs and—in the longer term—a reduction in costs across the human services ecosystem as employment services improve. This said, the goal of

employment services should not be to endlessly reduce costs but to ensure that clients of the system receive and benefit from quality services.

Core objectives to underpin services

4.1 Several stakeholders argued that for the employment services system to deliver the best outcomes for all stakeholders, it must proceed from a set of clear, explicit goals and objectives. Stakeholders made a range of proposals for the objectives of a future employment services system, broadly grouped into the following categories:

- **assist individuals to build economic and social capabilities**, including by increasing the likelihood of sustainable employment, reducing risks of long-term unemployment, and contributing to other positive outcomes by addressing non-vocational barriers and enabling social participation;[1]
- **assist businesses and industries to meet their workforce needs**, including by helping employers to fill vacancies with suitable candidates and partnering with businesses and industries to better meet future skill and labour needs;[2]
- **contribute to workforce productivity,** including by building jobseekers' skills and capabilities and facilitating access to training and education for in-demand occupations;[3] and
- **contribute to labour market equity**, including by offering support targeted to under-represented and disadvantaged jobseekers and by supporting businesses with recruitment or workforce planning needs.[4]

4.2 Professor Jeff Borland noted that in designing goals, objectives, and underpinning policy architecture for an employment services system, it is critical to move beyond the dichotomy of work first and human capital development, and to acknowledge the heterogeneity of jobseekers and the various types of assistance they may need. Professor Borland stated that there will be some jobseekers who will benefit from moving into work as fast as possible, and others for whom substantial help will be needed to address both vocational and non-vocational barriers.[5]

4.3 The National Employment Services Association (NESA) and Per Capita emphasised that the objectives of employment services must be realistic and well defined so as not to be meaningless. Moreover, once objectives are determined, they must be

1 See, for example, CVGT Employment (CVGT), *Submission 106, p. 4*; Professor Lelia Green, Dr Kylie Stevenson, Dr Kelly Jaunems, Ms Claire Hanlon and Mr Arthur Hanlon (Professor Green et al), *Submission 120*, p. [2]; Jobs Australia, *Submission 185*, p. [5]; Workskil Australia (Workskil), *Submission 196*, p. 5; VERTO, *Submission 202*, p. [7].

2 See, for example, MAX Solutions (MAX), *Submission 146*, p. 3; National Youth Commission Australia (NYCA), *Submission 166*, p. [2]; atWork Australia (atWork), *Submission 210*, p. 2; Associate Professor Jo Ingold and Mr Tony Carr (Dr Ingold and Mr Carr), *Submission 216*, p. 1.

3 See, for example, Name Withheld, *Submission 123*, p. [1]; Sarina Russo Job Access (SRJA), *Submission 145*, p. 6; Australian Retailers Association (ARA), *Submission 175*, p. 2.

4 See, for example, SSI, *Submission 193*, p. 3; Multicultural Australia, *Submission 182*, pages 13-14; Name Withheld, *Submission 264*, p. [7].

5 Professor Jeff Borland, *Submission 171*, p. 2.

translated into policy and enabled via program design, operational arrangements, and resource allocation—supported by co-design with jobseekers, employers, providers, and other key stakeholders.[6]

4.4 The Australian Unemployed Workers' Union (AUWU) noted that there are examples of international programs being 'plugged in' to the lived experience of service users. The AUWU clarified that they strongly advocated for a client-centred program—that is, a program designed around and responsive to client needs—rather than a client-led or co-designed program.[7] Research conducted by one member of the AUWU in partnership with other scholars outlined the benefits of programs which respond directly to the experiences of clients and support continuous improvement:

> Evidence from a diverse range of health and human service settings suggests that systematically measuring the end-user's experience contributes to both the evaluation and the improvement of service delivery, as well as an aid to the initial selection of a service provider … It has been proposed that such data can improve the quality of a service either through a 'change' pathway (whereby providers initiate quality improvement in response to feedback) or through a 'selection' pathway (whereby end-users choose a high-quality service) … This latter pathway is consistent with one of the early promises of the marketisation of public services, which, at least in theory, placed importance on consumers being able to drive a system that was more tailored, more personalised, and more flexible via the 'invisible hand' of market forces.[8]

4.5 During its European delegation, the Committee discussed the client councils which form part of the Netherland's Institute for Employee Benefits Schemes. The key role of the councils is to inform and advise government on policies and practices that impact service quality and to advocate for the collective interests of clients. Eleven district councils focus on practice and implementation, while one central council focuses on policy. The councils' members are clients of employment services or have a relationship with the employment services system. Client councils also exist in other areas of the Dutch human services system such as aged care. Collaboration with the client councils is enforced by law and involves engagement on issues of organisation and strategic management of the services.[9]

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6 Per Capita, *Submission 252*, pages [22–24]; National Employment Services Association (NESA) *Submission 260*, pages 14, 19.

7 Dr David O'Halloran, Advocacy and Research Officer, Australian Unemployed Workers' Union (AUWU), *Committee Hansard*, 19 September 2023, p. 10.

8 D O'Halloran, L Farnworth, and N Thomacos (2022), 'The development of the Australian Unemployed Workers Union Rating Scale of employment service providers', *Australian Journal of Public Administration*, 81(4), p. 516.

9 See C van Eijk, T Steen and R Torenvlied (2019), 'Public Professionals' Engagement in Coproduction: The Impact of the Work Environment on Elderly Care Managers' Perceptions of Collaboration with Client Councils', *American Review of Public Administration,* 49(6), p. 734.

4.6 The Department of Employment and Workplace Relations (DEWR) acknowledged that mechanisms to obtain feedback from services users was an area that needs to be progressed further for Workforce Australia.[10]

Assist individuals to build economic and social capabilities

4.7 Some stakeholders—especially providers—emphasised that employment services exist primarily to help people into jobs.[11] Others indicated that the system should have broader objectives, including promoting conditions which allow participants to reach their potential and to live with dignity and purpose. Such objectives would support employment outcomes (including self-employment and non-standard work) but would equally support goals relating to quality of life and social and economic participation for individuals and their families.[12] Professor Borland summarised this view as follows:

> A further consequence of thinking of jobseekers as moving along a pathway is that there can be other meaningful 'outputs' from an employment services system than a jobseeker getting a job.[13]

4.8 During its delegation to Europe, the Committee heard that several countries have been grappling with the appropriate balance between moving people into work as quickly as possible and obtaining high-quality, sustainable jobs for clients. Often, the approach taken will depend on the individual and the cohort. The Committee heard that in the Netherlands, for example, programs for skilled refugees often focus on enabling the client to learn Dutch and to acquire key skills before searching for work.

Recognising individuals' capacity and goals

4.9 Several stakeholders supported refocusing employment services towards supporting jobseekers into work that aligns with their aspirations, abilities, skills, and interests, and which enables personal agency. Wanting to work in jobs that were fulfilling and aligned to their capacity was a constant theme in evidence from jobseekers,[14] and was reflected in evidence from providers and advocacy groups.[15] The Committee

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10 Ms Belinda Catelli, Assistant Secretary—Activities and Experience, Department of Employment and Workplace Relations (DEWR), *Committee Hansard*, 20 September 2023, p. 51.

11 See, for example, MAX, *Submission 146*, p. 3; IntoWork Australia (IntoWork), *Submission* 156, p. 1; Workskil, *Submission 196*, p. 4; VERTO, *Submission* 202, pages [4, 6]; atWork, *Submission 210*, p. 2; APM, *Submission 213*, p. 6.

12 See, for example, SRJA, *Submission 145*, p. 5; WISE Employment, *Submission 169*, pages 6–7; AMES Australia (AMES), *Submission 148*, pages 3, 4; Brotherhood of St Laurance (BSL), Centre for Policy Development (CPD) and University of Melbourne (UniMelb), *Submission 256*, pages 6, 13, 37; Paul Ramsay Foundation (PRF), *Submission 304*, p. 6; Professor Shelley Mallett, Director—Social Policy and Research Centre, BSL, *Committee Hansard*, 14 March 2023, p. 20,

13 Professor Borland, *Submission 171*, p. 2.

14 See, for example, Name Withheld, *Submission 93*, p. 5; Ms Phoebe Autumn, *Submission 124*, p. [1]; Name Withheld, *Submission 137*, p. [2]; Name Withheld, *Submission 223*, p. [1]; Melissa Fisher, *Submission 235*, p. [1]; Mr Adam Johnston, *Submission 275*, p. [2].

15 See, for example, St Vincent de Paul Society, *Submission 170*, p. 3; Multicultural Australia, *Submission 182*, p. 2; HOST International (HOST), *Submission 188*, p. 3; SSI, *Submission 193*, pages 3, 5–6, Workskil, *Submission 196*, pages 4–5; Australian Youth Affairs Commission (AYAC), *Submission 238*, p. 2.

heard that failing to take a holistic view of career progression and ignoring existing skills, experiences, and aspirations leads to people ending up in lower-quality jobs.[16]

4.10 Support for clients must balance aspirational and practical goals. In this respect, the Brotherhood of St Laurence (BSL) stated that giving jobseekers more agency does not mean that choices should be wholly unconstrained, nor that jobseekers should not be held to account for their actions.[17]

4.11 Multicultural Australia argued that early conversations with jobseekers should include identifying opportunities based on current skills and experience; exploring the role of paid work in providing experience and building capabilities for future roles; training and development opportunities; and the role of networks and mentoring.[18]

Improving individuals' prospects for suitable, sustainable employment

4.12 The Committee heard that improving jobseekers' employability and moving them along a pathway to employment is just as important as securing a placement.[19]

4.13 DEWR indicated that employment services should help clients build employability skills, and that investment in employability skills and training is important to ensure people can access and maintain secure work.[20] Other stakeholders noted that training for jobseekers should seek to equip them with skills for in-demand roles.[21]

4.14 There was recognition that some jobseekers (for example, long-term unemployed (LTU) people and those returning to the workforce) will initially have limited capacity and need pre-employment or pre-vocational support before they will be successful in their job search. Services should initially focus on strengthening motivation and resilience and building skills (including core and digital literacy skills).[22] The system should also support those individuals to make a contribution to society in a way that is appropriate to their needs and goals. Professor Lelia Green et al stated:

> The role and purpose of a national employment service should be to meet people as they are, in their everyday lives, and support them in developing and using their own capacity to make a contribution – not necessarily paid – to society, culture, the arts and the economy.[23]

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16 See, for example, Ms Sandra Elhelw Wright, CEO, Settlement Council of Australia (SCoA), *Committee Hansard*, 17 May 2023, pages 28–29.

17 BSL, *Submission 249*, p. 51.

18 Mrs Christine Castley, CEO, Multicultural Australia, *Committee Hansard*, 6 June 2023; p. 9.

19 See, Professor Borland, *Submission 171*, p. 2; Jobs Australia, *Submission 185*, p. 5.

20 DEWR, *Submission 254*, p. 71; Ms Natalie James, Secretary, DEWR, *Committee Hansard*, 3 November 2022, p. 4.

21 See, for example, Integrated Information Service (ISS), *Submission 219*, p. 1; Alffie, *Submission 299*, pages 2, 6–8.

22 See, for example, CVGT, *Submission 106*, p. 4; IntoWork, *Submission 156*, p. 1; WDEA Works, *Submission 168*, p. 6; NESA, *Submission 260*, pages 14.

23 Professor Green et al, *Submission 120*, p. [3].

4.15 Some stakeholders also asserted that employment services should enable career progression—in particular for employees in unskilled or low-paid 'survival' jobs.[24] Anglicare WA observed that many people on income support move into entry-level, part-time or casual work that may entrench disadvantage.[25] Per Capita similarly noted that the system should assume that many clients exist on a combination of income support and paid work while making progress to more sustainable employment.[26]

Supporting the wellbeing of participants

4.16 Another consistent theme was that the employment services system should focus on supporting the broader wellbeing of the jobseeker. Stakeholders highlighted the impact that social barriers can have on work readiness and the need for the system to ensure unemployed people maintain social connections.[27] Professor Green et al noted that people who feel they are making a valued contribution to society are more likely to be socially connected and have positive mental health.[28]

4.17 Some providers argued that supports for very-LTU people (unemployed for two years or more) should be redesigned to promote wellbeing and social inclusion.[29] This should include the development of pathways that enable access to other human services and recognise the value of community engagement.[30]

Assist businesses and industries to meet their workforce needs

4.18 Stakeholders emphasised that the objectives for employment services must focus on employers as well as on jobseekers. Businesses and industry should be seen as partners who are supported through a relational, collaborative approach which meets their short- and long-term workforce needs.[31]

4.19 Dr Ann Nevile noted that other member countries of the Organisation for Economic Co-operation and Development (OECD) believe that the most important function of a

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24 See, for example, Professor Green et al, *Submission 120*, p. [3]; WISE Employment, *Submission 169*, p. 8; Australian Local Government Association (ALGA), *Submission 172*, p. [2]; NESA, *Submission 260*, pages 60, 64–65; Dr Lisa Fowkes, Director—Employment, Social Ventures Australia (SVA), *Committee Hansard*, 17 May 2023, p. 34.

25 Mr Mark Glasson, CEO, Anglicare WA, *Committee Hansard*, 1 February 2023, p. 2.

26 Per Capita, *Submission 252*, p. [24].

27 See, for example, SSI, *Submission 193*, p. 6; PRF, *Submission* 304, pages 2, 7; Dr Shae Garwood, Manager—Research, Advocacy and Prevention, Anglicare WA, *Committee Hansard,* 1 February 2023, p. 4; Professor Gaby Ramia, private capacity, *Committee Hansard*, 14 March 2023, p. 5.

28 Professor Green et al, *Submission 120*, p. [3].

29 See, for example, MatchWorks, *Submission 263*, p. 25; Mr Hugh Reilly, General Manager, atWork, *Committee Hansard*, 1 February 2023, p. 20.

30 See, for example, AMES, *Submission 148*, p. 4; Workskil, *Submission 196*, p 5; The BUSY Group Ltd (BUSY), *Submission 227*, p. 3; Mr Fraser Faithful, *Submission 282*, p. [2].

31 See, for example, Dr Ann Nevile, *Submission 136*, p. 7; Australian Chamber of Commerce and Industry (ACCI), Submission 236, p. 2; BSL, *Submission 249*, pages 50, 55; Per Capita, *Submission 252*, pages [11, 25]; Victorian Chamber of Commerce and Industry (VCCI), *Submission* 259, p. 2; Prospert Training and Consulting (Prospert), *Submission 301*, pages 1–3; Dr Ingold, private capacity, *Committee Hansard*, 16 June 2032, p. 1; Ms Wendy Black, Head of Policy, Business Council of Australia (BCA), *Committee Hansard*, 11 August 2023, p. 16.

public employment service is job brokering and filling vacancies. Some OECD countries are also looking to enhance their services for employers via a combination of online and face-to-face channels.[32] During its European delegation, the Committee heard that in France, the public employment service supports employers by certifying that vacancies comply with labour laws and works with employers to identify issues which may be limiting their ability to fill vacancies.

4.20 Stakeholders also emphasised that businesses require support to find candidates with skills, experience, and knowledge which match to vacancies.[33] The Australian Chamber of Commerce and Industry (ACCI) asserted that employment services need to support a greater range of employers and should take a more proactive approach to filling vacancies.[34] NESA similarly noted that the system needs to actively engage with employers to facilitate solutions that address local needs.[35]

4.21 The evidence pointed to a range of fundamental changes that must be implemented to ensure that employers engage with employment services. Changes to improve services for employers are discussed in Chapters 5 and 12.

Identifying workforce, skills, and training needs

4.22 A critical first step in aligning the employment services system with employers' needs is understanding skills gaps and current and future demand. It was suggested that the Australian Government should play a role in analysing the needs of employers, and creating solutions within the employment services system that generate skills and attributes that are valued by employers.[36]

4.23 Stakeholders also asserted that there would be value in defining and delivering the skills required for specific sectors—including new and emerging industries—and enabling partnerships between providers, employers, and industry to identify and respond to skills gaps and ensure a 'pipeline' of workers with in-demand skills.[37]

4.24 Being able to identify skill and labour needs for various roles also links to the notion of assisting jobseekers to find suitable, sustainable work. Industries and occupations where there will be demand for skills in the future are more likely to offer ongoing

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32 Dr Nevile, *Submission 136*, p. 5.

33 See, for example, Mr Colin Williams, *Submission 64*, p. [1]; CVGT, *Submission 106*, p. 5; Name Withheld, Submission 164, p. [7]; NYCA, Submission 166, p. [2]; The Salvation Army Employment Plus (SAEP), *Submission 199*, p. 6; VERTO, *Submission 202*, p. [16]; NESA, *Submission 260*, p. 17.

34 ACCI, *Submission 236*, pages 2, 3.

35 NESA, *Submission 260,* pages 8, 14, 18, 38.

36 See, for example, The Multicultural Professional Network Inc (MPN), *Submission 99*, p. 3; Per Capita, *Submission 252*, p. 10; Australian Retailers Association (ARA), Submission 175, p. 2; SAEP, *Submission 199*, p. 7; VERTO, Submission 202, p. [13].

37 See, for example, Mr Williams, *Submission 64*, p. [2]; Regional Development Australia (RDA) Gold Coast, *Submission 96*, p. 2; MPN, *Submission 99*, p. 3; Dr Nevile, *Submission 136*, p. 6; SRJA, *Submission 145*, p. 9; Australian Centre for Career Education (ACCE), *Submission 149*, pages 11-12; SSI, *Submission 193*, p. 13; Dr Ingold and Mr Carr, *Submission 216*, pages 3, 5–6.

employment.[38] Identification of skill and labour needs also helps to ensure jobseekers are matched with positions that align with skills, qualifications, and career goals.[39]

4.25 Jobs and Skills Australia (JSA) highlighted ongoing work to categorise occupations according to skills shortages, and to understand and address the key reasons for those shortages. JSA also noted that they have been undertaking work on how to estimate the efficiency of the labour market in matching people to jobs, on the basis that labour markets function most effectively when people are matched to jobs that suit their individual preferences and characteristics and meet employers' needs for productivity and output.[40]

4.26 Other countries are also undertaking work mapping skills to support job mobility. For example, during its European delegation the Committee heard that the Netherlands is developing a skills taxonomy with a focus on inter-sectoral mobility. This initiative seeks to match skills and competencies to possible career pathways and has a focus on skillsets rather than qualifications and work experience. Once identified, skills are documented to create a Skills Passport that is a combination of a traditional resume and skills outline. The public employment service is a partner on the initiative.

4.27 Numerous stakeholders observed that the current system does not effectively adapt to regional and local labour market conditions and needs, asserting that a reformed system should include a much greater sense of place with services driven by regional needs and supply and demand aligned at the regional and local levels.[41] Issues to be addressed in this regard include 'thin markets', coverage of larger geographies, the lack of infrastructure and services (including employment services), and limited job opportunities. Jobseekers in regional and remote areas may also have lower levels of literacy, numeracy, and digital competency, and be at higher risk of disengagement from work or training.[42]

4.28 There was also support for place-based solutions as a means of addressing the discrete needs and challenges of local labour markets, as well as coordinating employment pathways for local jobseekers.[43] The National Indigenous Australians Agency (NIAA) asserted that place-based approaches are key to building

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38 See, for example, Greater South East Melbourne (GSEM), *Submission 155*, p. [7]; ALGA, *Submission 172*, p. [2].

39 See, for example, MPN, *Submission 99*, p. [3]; Campbell Page, *Submission 150*, pages [8–9]; Generation Australia, *Submission 154*, pages 2, 6–7.

40 Mr David Turvey, First Assistant Secretary, Jobs and Skills Australia (JSA), *Committee Hansard*, 20 September 2023, pages 63, 64.

41 See, for example, GSEM, *Submission 155*, pages [5–6]; WISE Employment, *Submission 169*, p. 10; yourtown, *Submission 198*, pages 9; APM, *Submission 213*, p. 19; Mr Jay Connan, Co-coordinator, Research and Policy, Antipoverty Centre, *Committee Hansard*, 19 September 2023, p. 16.

42 See, for example, Tasmanian Government, *Submission 174*, p. 6; Management Governance Australia, *Submission 183*, p. 2; SAEP, *Submission 199*, p. 27; VERTO, *Submission 202*, p. [6]; North Burnett Community Service (NBCS), *Submission 268*, p. [1].

43 See, for example, ACCE, *Submission 149*, p. 6; WDEA Works, *Submission 168*, p. 6; yourtown, *Submission 198*, pages 11–12; APM, *Submission 213*, p. 19; VCCI, Submission 259, p. 5; Antipoverty Centre, *Submission 276*, p. [4]; Social Enterprise Australia, *Submission 305*, p. [10].

relationships between government and First Nations communities and enabling employment outcomes for First Nations jobseekers.[44]

4.29 A key example of where employment services might respond to workforce and skills needs is the transition to clean energy and green economy.[45] JSA are undertaking work to analysis jobs that will be in demand with the transition to clean energy, disaggregated by region.[46] The OECD has advised that employment services are uniquely positioned to support jobseekers in securing employment in the green economy. Employment services can facilitate access to training and education to meet the demand for green skills, assist those at risk of displacement to maximise their chances of re-employment, and facilitate matching of workers to businesses that require these skills.[47] The Committee heard of a number policies being implemented by OECD countries to build jobseekers' skills to meet demand in the clean energy sector.

Increasing productivity

4.30 Several stakeholders asserted that employment services should increase workforce productivity and contribute to economic growth.[48] This was echoed in evidence from some providers, who stated that they wanted to contribute to building a labour force that meets the nation's skills needs.[49]

4.31 Some stakeholders also indicated that the continuing work first focus of the system is contrary to a goal of increasing productivity. For example, Social Ventures Australia (SVA) noted the importance of giving younger people the opportunity to grow and deploy their skills in quality work as part of a longer-term strategy to address skill and labour shortages.[50] During its European delegation, the Committee discussed the approach taken Danish public employment service, which has explicit objectives relating to up-skilling unemployed people and ensuring businesses have qualified labour. Activation policy in Denmark also focuses on educational attainment for unemployed people aged under 30, with the notion that this will help make the best use of people's potential in the labour market.

4.32 The Productivity Commission advised that matching skills and jobs is critical to a productive labour market, also noting that productivity growth can be enhanced by

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44 National Indigenous Australians Agency (NIAA), *Submission 176*, p. 4.

45 See, for example, DEWR, *Submission 254*, pages 12–13, 97; BSL, CPD and UniMelb, *Submission 256,* pages 5–6.

46 Mr Turvey, JSA, *Committee Hansard*, 20 September 2023, pages 60–61.

47 OECD (2023), *Job Creation and Local Economic Development 2023: Bridging the great green divide,* pages 124, 134–136, 149–155, https://doi.org/10.1787/21db61c1-en, viewed 20 November 2023.

48 See, for example, Name Withheld, *Submission 164*, p. [7]; Professor Borland, *Submission 171*, pages 2–4; NESA, *Submission 260*, pages 1, 3, 8; Steven de Vroom, *Submission 279*, p. [2].

49 See, for example, CVGT, *Submission 106*, p. 6; Enterprise and Training Company (ETC), *Submission 133*, p. 2; SRJA; *Submission 145*, p. 6; atWork, *Submission 210*, p. 2; Yilabara Solutions, *Submission 231*, p. 7.

50 Dr Fowkes, SVA, *Committee Hansard*, 17 May 2017, p. 32.

supporting adults to upskill, and reskill.[51] DEWR similarly emphasised that investment in training and education for participants in employment services—from foundational skills to higher education—is required if the system is to address skill mismatches.[52]

Reducing inequity and disadvantage

4.33 Being unemployed, underemployed, or disconnected from the labour market comes with a range of personal and social costs to the individual and represents a loss to the community and the economy. For the vast majority of people, unemployment is not a choice, and many people face structural barriers to work. Addressing barriers to social and economic participation contributes to a stronger, more inclusive economy.

4.34 Part of reducing inequity is encouraging workforce participation by those who are under-represented in the labour market. Employment services have a key role to play in this effort, including lifting workforce participation and helping to improve employment opportunities for people at disproportionate risk of unemployment and underemployment.[53] Some stakeholders raised concern as to current eligibility for employment services, calling for broader access for cohorts who may have the capacity to benefit.[54] More detail in relation to eligibility for services is included in Chapter 5. However, examples of cohorts that may benefit include those who are underemployed, those who are in low-income or insecure work, and those who are most at risk during industry transitions.

4.35 Another part of reducing inequity is the role employment services play in working with businesses to adapt recruitment and work practices to the needs of disadvantaged jobseekers and enable safe, inclusive, and sustainable jobs.[55]

4.36 Working with employers in this fashion was described as 'activation' of employers. The Committee heard that a first step in this process is finding employers who are willing to build pathways for disadvantaged cohorts and who see operational or social value in helping people with barriers to employment.[56]

4.37 Very strong evidence was received via site visits and the Committee's European delegation as to the need to work with employers in this way—especially as regards

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51 See Productivity Commission (2023), *5-year Productivity Inquiry: Advancing Prosperity,* Inquiry Report No. 100*,* vol 1: pages 14, 16, 75, vol 7: pages 1, 4, vol 8: pages 85–88, 92, www.pc.gov.au/inquiries/completed/productivity/report, viewed 20 November 2023.

52 DEWR, *Submission 254*, pages 11–12.

53 See, for example, Professor Borland, *Submission 171*, p. 4; Nirrumbuk Aboriginal Corporation (NAC), Submission 180, p. [6]; Workskil, *Submission 196*, p. 4; Minderoo Foundation Trust - Generation One, *Submission 222*, p. 1; SVA, *Submission 232*, p. 4; PRF, *Submission 304*, pages 12–13; Ms Julie-Ann Guivarra, Deputy CEO—Policy and Programs, NIAA, *Committee Hansard,* 17 May 2023, p. 15.

54 See, for example, Youth Projects, *Submission 141*, p. 15; Multicultural Australia, *Submission 182*, pages 7–8; Refugee Council of Australia (RCOA), *Submission 226*, p. 12; BSL, *Submission 249*, p. 61.

55 See, for example, SYC Ltd (SYC), *Submission 189*, p. 11; APM, *Submission 213*, p. 4; Per Capita, *Submission 252,* pages 10, 11; Antipovertry Centre, *Submission 276*, p. [7].

56 See, for example, Professor Mark Considine, private capacity, *Committee Hansard*, 14 March 2023, p. 12; Dr Michael McGann, private capacity, *Committee Hansard*, 14 March 2023, p. 13. Dr Travers McLeod, Executive Director, BSL, *Committee Hansard,* 14 March 2023, p. 19; Ms Kendra Banks, Managing Director—Australia and New Zealand, SEEK, *Committee Hansard,* 11 August 2023, p. 4.

adapting workplaces and practices and providing post-placement support to people with disability, First Nations peoples, younger people in disadvantage, and people from culturally and linguistically diverse (CALD) backgrounds. Many employers and advocates reported that financial incentives are often less important than wrap-around support for businesses employing LTU people, also noting that very few LTU people transition straight to full time work. Instead, this cohort often requires more graduated transitions and flexibility in workplace and job design.

4.38 Recruitment and HR support, particularly for small and medium enterprises (SMEs), is explored in further detail in Chapter 12.

A national, coordinated employment service system

4.39 As identified in Chapter 2, the employment services system and broader social and human service ecosystem are fragmented. Evidence before the Committee indicated that addressing this concern requires establishing a single national employment services system, with better coordination and integration of Commonwealth programs, State and Territory Government services, and local actors. For example:

- NESA stated that an integrated service model provides the strongest basis on which to ensure the effectiveness of employment services, and to maximise the impact of services and return on investment.[57]
- BSL asserted that a single system would be easier to navigate for jobseekers and employers and would reduce duplication effort and administrative costs.[58]
- SVA noted that a 'more coherent approach' would help address service gaps in the current system and improve consistency across existing programs.[59]
- The Australian Council of Social Service (ACOSS) supported a simplified system—flexible enough to meet diverse needs—to ensure resources were distributed equitably according to need and allow for build in or scaling up of supports as new requirements are identified.[60]

4.40 Stakeholders also encouraged the integration of state, territory and local programs, including through the creation of a national register, as well as building a diverse network of providers to support clients in their pathway to employment.[61] Professor Borland observed that there are an increasing number of programs in the not-for-profit sector focused on building skills and addressing vocational and non-vocational barriers to employment, stating that integration of such programs could help improve the culture of employment services.[62] Navitas asserted that the employment services

57 NESA, *Submission* 260, p. 15.
58 BSL, *Submission 249*, p. 43.
59 SVA, *Submission 254 Attachment 2*, p. [1].
60 Australian Council of Social Service (ACOSS), *Submission 203*, pages 27–28.
61 See, for example, IntoWork, *Submission 156*, p. 3; Joblink Plus, *Submission* 157, p. 10; Mission Australia, *Submission 190*, p. 2; ACOSS, *Submission* 203, p. 29; Per Capita, *Submission* 252, pages [20–21]; NESA, *Submission 260*, p. 16; Ms Brown, CPD, *Committee Hansard,* 14 March 2023, p. 19; Ms Emma Dawson, Executive Director, Per Capita, *Committee Hansard*, 14 March 2023, p. 30.
62 Professor Borland, *Submission 171*, p. 14.

system should acknowledge and ensure clients can be referred to external programs, but indicated that such programs should not form part of Workforce Australia.[63]

4.41 The Centre for Policy Development (CPD) told the Committee that collaboration will be key to a reformed employment services system, stating that employment services function most effectively when there are genuine partnerships between community leaders, employers, training providers, service providers, and government officials.[64]

Administration under one portfolio

4.42 There are multiple government agencies responsible for the various programs within Australia's employment services system. These include DEWR, the Department of Social Services (DSS), and the NIAA—in addition to various agencies which deliver complementary programs under several portfolios.

4.43 A common theme in evidence was that artificial silos exist between employment services for people with disability, people in remote communities, and people who are in mainstream employment services, as well as between skills and employment programs. In addition, contracts are invariably complex to administer and require significant government investment. Stakeholders asserted that there would be value in consolidating the administration of employment services within one department to improve policy and program design, governance, and evaluation.[65]

4.44 The Victorian Government recommended consolidating employment services under one portfolio, noting that to do so would result in less duplication, greater impact, and a system which is easier to navigate.[66]

4.45 The BSL also recognised the importance of a whole-of-government approach for programs to address pre-vocational or specialist needs and expressed support for more effective cross-portfolio governance and programs administered by a single portfolio.[67] The BSL also indicated that, over time, there may be value in consolidating pre-vocational and employment services under a single department.[68]

4.46 This was not a universally held view. The Settlement Council of Australia (SCoA) noted that a 2019 review of services for refugees and humanitarian entrants concluded that employment services are not equipped to support these cohorts.[69] The 2019 review proposed that oversight of all programs designed to support refugees and migrants should be within a single government agency and supported a targeted program of labour market integration—or settlement hub—incorporating settlement support, English language learning, and employment services for

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63 Navitas, *Submission 262*, p. 12.
64 Ms Brown, CPD, *Committee Hansard*, 14 March 2023, p. 18.
65 See, for example, Workskil, Submission 196, p. 5; Per Capita, *Submission 252,* p. [22]; Professor Mallett, BSL, *Committee Hansard*, 14 March 2023, p 26; Dr Fowkes, SVA, *Committee Hansard,* 17 May, p. 35.
66 Government of Victoria, *Submission 278*, p.
67 BSL, *Submission 249*, p. 45.
68 Professor Mallett, BSL, *Committee Hansard*, 14 March 2023, p 26.
69 SCoA, *Submission 211*, p. 8.

refugees and migrants.[70] The Department of Home Affairs noted in this respect that their responsibilities for migrants and humanitarians entrants begin before arrival in Australia, also stating that they work closely with DEWR.[71]

4.47 There was also conflicting evidence in relation to the administration of DES, with some stakeholders noting during in site visits and related discussions that DSS should retain full or partial responsibility for that program. It was put to the Committee that either DSS should be responsible for policy relating to employment services for people with disability while the program itself should be delivered by DEWR, or that DSS should retain administration of the Employment Support Services (DES-ESS) while DEWR should gain administration of the Disability Management Services (DES-DMS). DSS confirmed that the key different between DES-DMS and DES-ESS is the degree of ongoing support in the workplace to keep a job.[72]

4.48 There was little evidence as to whether the NIAA was best placed to administer the Community Development Program (CDP) or its replacement, with the NIAA stating that it works to influence First Nations policy across government. The CDP targets all citizens in remote areas of Australia, but the majority of participants are First Nations peoples.[73] During site visits, it was emphasised that CDP and Workforce Australia both must meet the needs of First Nations jobseekers and contribute towards Closing the Gap targets. There was also some tension in relation to the boundaries between the two programs. This is explored in further detail in Chapter 9.

Coordination across all levels of government

4.49 As identified in Chapter 3, there are a range of employment programs funded at the state, territory and local government level that operate in parallel to and complement the Commonwealth services. Stakeholders emphasised that there is a need to improve coordination between jurisdictions and to better integrate other government and local programs into a coherent national model, noting that these programs have historically operated outside the 'official' employment services system.[74]

4.50 Most state and territory employment service programs aim to enhance skills development and labour supply for business.[75] Local governments are also taking

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70 Department of the Prime Minister and Cabinet (2019), *Investing in Refugees, Investing in Australia: The findings of a Review into Integration, Employment and Settlement Outcomes for Refugees and Humanitarian Entrants in Australia*, pages 5–6, 27–28; www.homeaffairs.gov.au/reports-and-pubs/files/review-integration-employment-settlement-outcomes-refugees-humanitarian-entrants.pdf; viewed 20 November 2023.

71 Department of Home Affairs, *Submission 302*, pages 3, 9.

72 Ms Robyn Shannon, Acting Deputy Secretary—Disability and Carers, Department of Social Services (DSS), *Committee Hansard*, 26 May 2023, pages 1–2, 3.

73 NIAA, *Submission 176,* p. 2; See also Ms Guivarra, NIAA, *Committee Hansard*, 17 May 2023, p. 13.

74 See, for example, Joblink Plus, *Submission* 157, p. 10; SYC, *Submission 189*, p. 8; Workskil, *Submission 196*, p. 12; atWork, Submission 210, p. 4; ARA, *Submission 175*, p. 2; SVA, *Submission 232*, p. 12; BSL, *Submission 249*, pages 24, 43; Ms Annabel Brown, CPD, *Committee Hansard*, 14 March 2023, pages 19, 27.

75 See, for example, Tasmanian Government, *Submission 174*, p. [3]; Queensland Department of Employment, Small Business and Training (DESBT), *Submission 243*, pages 4, 5–10; Ms Lill Healy, Deputy Secretary—Skills and Employment, Victorian Government: Department of Jobs, Skills, Industry and Regions (DJSIR), *Committee Hansard*, 20 September 2023, p. 15.

action to change local business practices and commonly have employment goals in their action plans.[76] As outlined in Chapter 3, state governments also noted that their services are a response to perceived gaps or failures in the Commonwealth system that perpetuate entrenched disadvantage and workforce shortages.[77] This evidence was reflected during site visits and through direct engagement with state government departments, with stakeholders also noting that state programs respond directly to labour market variations, geographic isolation, and seasonal employment patterns.

4.51 DEWR noted that interactions between jurisdictions take a range of forms, including engagement enabled by the Local Jobs Program (Local Jobs and Skills Taskforces and Employment Facilitators), meetings between DEWR and its Commonwealth and state or territory counterparts, and informal relationships, networks and on-the-ground engagement.[78] Stakeholders highlighted that formal arrangements for engagement can be beneficial as they set political expectations and support better alignment of programs, including funding, service design, evaluation strategies, and sharing of research and best practices.[79]

4.52 NESA asserted that there is a strong role for the Commonwealth to facilitate a shared understanding of the role, functions, and benefits of employment services, as well as to support connections with state and territory governments with a view to improving integration across programs and services. NESA stated that this approach enables complementary design of initiatives and avoid unnecessary duplication.[80]

4.53 The BSL stated that one option to strengthen arrangements between different levels of government is negotiation of a National Agreement to specify responsibilities for service delivery within the employment services system. The BSL also expressed support for a series of bilateral agreements for implementation of and co-investment in place-based approaches that align with Commonwealth programs.[81]

4.54 In discussions with state and territory government departments, the Committee noted general support for inter-governmental collaboration to achieve mutual goals. This was supported by formal evidence. For example, the Western Australian Department of Training and Workforce Development (DTWD) stated:

> We think it's vitally important that Commonwealth employment services do work collaboratively with state services, and we'd like to see that really embedded and baked into the design of services going forward.[82]

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76 See, for example, Ability Works, *Submission 147*, pages [1-2] (information provided on the City of Greater Dandenong Council); GSEM, *Submission 155*, p. [9]; ALGA, *Submission 172*, p. [1].

77 See, for example, Tasmanian Government, *Submission 174*, p. [4]; Government of Victoria, *Submission 278*, p. 1; Ms Karen Ho, Director General, Western Australian Government: Department of Training and Workforce Development (DTWD), *Committee Hansard*, 1 February 2023, p. 22.

78 DEWR, *Submission 254*, pages 39, 47-48, 96, 165, 175.

79 See, for example, Dr Nevile, Submission 136, p. 7; IntoWork, *Submission 156*, p. 2; Mission Australia, Submission 190, p. .2; Getting Welfare to Work Research Team, *Submission 191*, p. 5; SSI, *Submission 193*, p. 7; BSL, *Submission 249*, p. 24.

80 NESA, *Submission 260*, p. 37.

81 BSL, CPD and UniMelb, *Submission 256*, pages 27, 28.

82 Ms Ho, DTWD, *Committee Hansard*, 1 February 2023, p. 22. See also, Ms Healy, DJSIR, *Committee Hansard*, 20 September 2023, p. 12.

4.55 The Tasmanian Government similarly observed that a more connected employment service system—if formalised and subject to robust governance arrangements—will minimise cost-shifting between governments, enable providers to leverage shared networks and resources, and enable more holistic, wrap-around supports.[83]

4.56 The Committee also heard that a truly national system would enable better market insights and the gathering of intelligence on the types of supports needed in specific areas and for specific cohorts—preventing duplication of effort.[84] NESA welcomed the formal establishment of JSA in this regard, noting that JSA will be able to provide independent labour market advice to catalyse coordinated action.[85]

Consolidation of existing programs

4.57 A common theme in evidence was that while pathways to employment can be similar for a range of cohorts, individuals will be at different points on their journey and will need supports of varying intensity, with support needs mediated by various factors such as personal characteristics, age, experience, and reasons for unemployment.[86]

4.58 Several stakeholders indicated that jobseekers and employers would be better served by a system that consolidates Workforce Australia, DES, and CDP (or any service which replaces CDP).[87] This was consistent with views expressed by NESA and Per Capita, who told the Committee that the caseload must be re-aggregated if the system is to effectively support employers and industry, and that services within a national system must be clear, cohesive, and complementary.[88]

4.59 Workskil Australia (Workskil) observed that the service offered in DES are essentially the same as those offered in Workforce Australia Services.[89] DSS agreed that the programs share several key features and are broadly consistent in their approach to preparing individuals for work. Nevertheless, DSS asserted that it is appropriate to have a service targeted to people with disability.[90]

4.60 Regional Development Australia (RDA) Kimberley observed that in some regions the design of CDP aligns with the support needs of people in Workforce Australia.[91] The NIAA noted that it is important that there is at least some alignment between the two programs.[92]

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83 Tasmanian Government, *Submission 174*, p. [11].

84 See, for example, Per Capita, *Submission 78*, pages 7, 19–20; GSEM, *Submission 155*, pages [6–7]; ALGA, *Submission* 172, p. [2]; ACOSS, *Submission 203*, pages 34–35; Antipoverty Centre, *Submission 276*, p [14].

85 NESA, *Submission 260*, p. 40.

86 See, for example, Professor Borland, *Submission 171*, pages 1, 7–8; BSL, CPD and UniMelb, *Submission 256*, pages 13, 23; Mrs Castley, Multicultural Australia, *Committee Hansard*, 6 June 2023, p. 4.

87 See, for example, Workskil, *Submission 196*, p. 5; BSL, *Submission 249*, p. 43; Per Capita, *Submission 252*, p. 11; NESA, *Submission* 260, pages 15–16.

88 NESA, *Submission 260*, p. 14; Dr May Lam, Senior Fellow, Per Capita, *Committee Hansard*, 14 March 2023, p. 30.

89 Workskil, *Submission 196*, p. 7.

90 Ms Shannon, DSS, *Committee Hansard*, 26 May 2023, pages 1–2, 3.

91 RDA Kimberley, *Submission 105*, p. [4].

92 Ms Guivarra, NIAA, *Committee Hansard*, 17 May 2023, p. 13.

4.61 Other stakeholders supported consolidating services targeted to employers, noting that employers see a clear need for a one-stop shop for recruitment and workforce development needs.[93]

4.62 The Committee also heard that there are multiple programs which support self-employment, for entrepreneurs, and for small businesses. These are administered by several Commonwealth agencies and include Self-Employment Assistance (S-EA) under Workforce Australia,[94] targeted programs to assist small SMEs administered by Treasury,[95] and small business advice delivered through the Department of Industry, Science and Resources' AusIndustry programs.[96]

4.63 Stakeholders also identified other program areas that would benefit from improved coordination or consolidation, noting that:

- pre-apprenticeship, apprenticeships and traineeships should be better integrated, as the various providers (employment service providers, Apprenticeship Support Network providers, Group Training Organisations (GTOs), Registered Training Organisations (RTOs) and TAFEs) are competing to engage with young people and employers. Communication must be more consistent in terms of presenting apprenticeships as an option for jobseekers and giving employers information about supports;[97]
- there should be better connections between providers of employment assistance, providers of foundation skills (for example, the Adult Migrant English Program (AMEP)), and settlement services to improve outcomes for participants;[98] and
- effective services for current and former members of the Defence Force can be enabled by collaboration. The Department of Veterans' Affairs are currently working with DEWR to implement capacity-building activities with employment service providers.[99]

Access to career advice

4.64 Stakeholders asserted that access to career advice can be critical to job search efforts and career progression. NESA asserted that employment services should:

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93 See, for example, VCCI, *Submission 259*, pages 2, 4; Dr Nevile, *Submission 136*, p. 7; Dr Ingold and Mr Carr, *Submission 216*, p. 3.

94 See National Self-Employment Association (NS-EA), *Submission 225*, pages 3; DEWR, *Submission 254*, pages 28–29, 170–172.

95 The Treasury, *Submission 307*, pages 1–2. Treasury stated that they do not consider there to be any overlap between their programs with the employment services system.

96 Department of Industry, Science, and Resources, *AusIndustry,* https://business.gov.au/expertise-and-advice/AusIndustry, viewed 20 November 2023.

97 See, for example, Youth Projects, *Submission 141*, p. 13; SVA, *Submission 232*, pages 11–12, 16; SVA, *Submission 232 (Attachment 2)*, pages [1–2].

98 See, for example, Department of Home Affairs, *Submission 302*, p. 8; SCoA *Submission 211*, p. 10; Navitas, *Submission* 262, p. 4.

99 Department of Veterans' Affairs, *Submission 306*, p. 9.

> …[i]ncrease participants' likelihood of employment by guiding, encouraging, and supporting meaningful and effective job search efforts.[100]

4.65 The Career Development Association Australia (CDAA) and Australian Centre for Career Education (ACCE) noted the benefits of career development interventions can have in improving employment outcomes.[101]

4.66 The Committee heard that access to career advice is less than ideal, with many Commonwealth-funded career guidance programs 'patchy and under-resourced'.[102] The Productivity Commission's review of the former National Agreement for Skills and Workforce Development confirmed this view, finding that career guidance can be difficult to access outside of the employment and education systems.[103]

4.67 The Productivity Commission also identified overlap between programs administered at the Commonwealth, state, and local levels which offer career advice—notably the Skills Checkpoint for Older Workers and Employability Skills Training (EST). The Productivity Commission recommended the evaluation of existing approaches with a view to greater consolidation.[104]

4.68 The Committee heard that the quality of advice which jobseekers receive from their providers (which should be one of a provider's core services) was variable, with many individuals receiving poor quality advice or no advice at all.[105] The AUWU stated that participants want to receive expert career and job search advice.[106]

4.69 Career guidance and support is considered in more detail in Chapters 5 and 11.

Access to education and training

4.70 Several stakeholders asserted that better integration and coordination across the employment services and vocational education and training (VET) sectors is critical, noting that VET is primarily administered at the state and territory level. Stakeholders indicated that a 'joined-up' approach would mean better information flows, alignment of services, simpler funding arrangements, and better employment outcomes.[107]

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100 NESA, *Submission 260*, pages 8, 14.

101 See Career Development Association Australia (CDAA), *Submission 101*, pages 3–6; ACCE, *Submission 149*, pages 4–5, 8.

102 See, for example, ACOSS, *Submission 203*, p. 28. See also ACCE, *Submission 149*, p. 3.

103 Productivity Commission (2020), *National Agreement for Skills and Workforce Development Review*, pages 191, 199, 212.

104 Productivity Commission (2023), *5-year Productivity Inquiry: Advancing Prosperity,* vol. 8: p. 89.

105 See, for example, Name Withheld, *Submission 93*, pages 4, 5; Name Withheld, *Submission 123*, p. [1]; Name Withheld, *Submission 137*, p. [3].

106 AUWU, *Submission 253*, pages [3, 12].

107 See, for example, Dr Ingold and Mr Carr, *Submission 216*, pages 3-4; SSI, *Submission 193*, p. 7; SRJA, *Submission 145*, pages 6, 8; CVGT, *Submission 106*, pages 4-5; Navitas, *Submission 262*, p. 3.

4.71 Stakeholders also asserted that a suite of accredited and non-accredited training should be available to jobseekers, supported by effective referral pathways.[108] Associate Professor Jo Ingold and Mr Tony Carr (Dr Ingold and Mr Carr) observed that there may be scope to enable a full pathway from pre-employment and training to work placement and further career development.[109]

4.72 In discussions during site visits and the delegation to Europe, the Committee heard that work experience and internships play a significant role in the pathway to further education and training. The Netherlands in particular placed a high value on paid work experience, with evaluations indicating that employment which follows from such placements more secure than employment on the open market.

4.73 The role of Active Labour Market Programs (ALMPs), including training and paid work placements, is explored in Chapter 13.

Wrap-around support for those with non-vocational barriers

4.74 A range of stakeholders expressed support for embedding employment services in the human services ecosystem, and for measures to build jobseekers' capacity over time rather than moving them into employment and off income support as quickly as possible. The Committee heard that this must involve connections with other human services such as health, mental health, and housing—including on a short-term basis to assist with immediate needs.[110]

4.75 During site visits, the Committee heard from several providers that clients frequently need to access human services that offer intensive assistance to find employment and to access services that primarily focus on addressing non-vocational barriers. Providers also told the Committee that it was common for individuals to present at their sites needing immediate support to address issues such as housing insecurity and family violence.

4.76 Stakeholders highlighted key benefits that flow from better integration of wrap-around supports. WISE Employment stated that partnerships between human services and employment services could enable better use of often very limited resources to help disadvantaged cohorts.[111] yourtown provided the specific example of mental health specialists embedded within employment service providers.[112] An alternative put forward by the Western Australia Association for Mental Health (WAAMH) was embedding vocational specialists in other human services.[113]

4.77 Wrap-around support services are explored in more detail in Chapter 5.

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108 See, for example, CVGT, *Submission 106*, p. 5; MAX, *Submission 146*, p. 36; Generation Australia, *Submission 154*, p. 1; Ms Ho, DTWD, *Committee Hansard*, 1 February 2023, p. 28.

109 Dr Ingold and Mr Carr, *Submission 216*, pages 3-4.

110 See, for example, Name Withheld, *Submission 187*, p. [1]; Australian Services Union (ASU), *Submission 205*, p. [3]; Professor Ramia, *Committee Hansard*, 14 March 2023, p. 6.

111 WISE Employment, *Submission 169*, pages 4-5.

112 yourtown, *Submission 198*, p. 5.

113 Western Australia Association for Mental Health (WAAMH), *Submission 248*, pages 22–23, 24.

A stronger role for Government

4.78 Government currently plays a limited, very passive role in the employment services system, and there has been significant loss of capacity in the public service in terms of delivering services and understanding frontline service delivery issues.

4.79 Stakeholders noted a loss of professional expertise within DEWR, with DEWR staff increasingly focused on contract management.[114] Dr Michael McGann stated:

> [W]e simply don't know what a good service model actually looks like in a lot of cases because we've been out of the game for so long.[115]

4.80 Several stakeholders characterised DEWR as a purchaser that stands at a distance from suppliers, and raised concerns that this leads to a loss of crucial expertise and understanding of the operation of the employment services system.[116] MAX Solutions (MAX) asserted that given the length of time spent away from direct service provision (at least for jobseekers who are further from the labour market), the Australian Public Service (APS) is likely unaware of the practical and operational challenges of service delivery.[117] This concern was reflected in international research conducted in 2015, which found that the contracting out of employment services creates challenges in terms of government's ability to hold system actors accountable.[118]

4.81 Later international research indicated that other jurisdictions have rolled back levels of outsourcing and marketization in favour of greater government involvement in the system. For example, high demands for public regulation of tendering processes and monitoring of services were cited as key reasons for rolling back marketization in the Netherlands. The Dutch model can now be characterised as a hybrid: public employment services have been re-established, with private providers still authorised to deliver supports.[119]

4.82 The BSL, CPD and University of Melbourne (UniMelb) observed that a significant uplift in public sector capability will be required to deliver on government's enhanced role as co-producer of services (discussed further below) and to ensure government has the capacity to coordinate policy, services, and funding across the public and private sectors, to create and support new governance arrangements, and to curate a capable, responsive, and diverse network of providers.[120]

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114 See, for example, BSL, *Submission 249*, p. 18; Per Capita, *Submission 252*, p. [18]; BSL, CPD and UniMelb, *Submission 256*, pages. 5, 23; Ms Dawson, Per Capita, *Committee Hansard*, 14 March 2023, pages 29–30.

115 Dr McGann, *Committee Hansard*, 14 March 2023, p. 15.

116 See, for example, Mr Williams, *Submission 64*, p. [5]; CoAct, *Submission 151*, p. 6; Professor Borland, *Submission 171*, pages 14-15; BSL, *Submission 249*, p. 18; Community and Public Sector Union (CPSU), *Submission 255*, pages [9–10]; Professor Considine, *Committee Hansard*, 14 March 2023, p. 8.

117 MAX, *Submission 146*, p. 11.

118 See, for example, K Breidahl and F Larsen (2015), 'The Developing Trajectory of the Marketization of Public Employment Services In Denmark – A New Way Forward or the End of Marketization?', *European Policy Analysis,* 1(1), p. 92.

119 K Breidahl and F Larsen (2020), *Marketization of employment services – Historical insights and inherent dilemmas*, Aalborg University, pages 5–8.

120 BSL, CPD and UniMelb, *Submission 256*, p. 33.

4.83 The Productivity Commission's 2017 inquiry into competition and user choice in human services made similar findings, stating that there are 'sound efficiency and equity reasons for government involvement in human services'. This is particularly the case where the service generates benefits beyond those which accrue to the service user.[121] For employment services, these may include an overall uplift in rates of employment and upskilling the Australian workforce to respond to future challenges and opportunities.

4.84 A 2015 Capability Review of the (then) Department of Employment highlighted a strong 'can-do' attitude among staff with a focus on program delivery. However, the review also found that the department had a tendency to operate in established patterns and paradigms, leading to a culture of following 'default' behaviours and adopting iterative policy solutions rather than examining issues from first principles.[122] No evidence was provided to suggest that this conclusion did not remain accurate in the present day.

Active stewardship

4.85 Stakeholders emphasised that the Australian Government must take a more active role in the system as an active steward or custodian, rather than continuing current 'set and forget' arrangements.[123] The Committee heard that a key part of active stewardship at the national level is facilitating better connections between the Commonwealth, States, Territories, and local governments, with stakeholders noting that this would help create an enabling environment for integration of programs across jurisdictions, leveraging collective resources, and supporting the development and implementation of place-based responses.[124]

4.86 Several providers supported the Australian Government adopting a stewardship role. IntoWork Australia (IntoWork) told the Committee that a more transparent, proactive approach by DEWR would help providers to work collectively with government to improve performance.[125] The BUSY Group (BUSY) observed that engagement with DEWR should focus on service improvement, innovation, and place-based support.[126]

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121 Productivity Commission (2017), *Introducing Competition and Informed User Choice into Human Services: Reforms to Human Services*, p. 61.

122 Australian Public Service Commission (APSC) (2015), *Department of Employment: Capability Review*, p. 20, www.apsc.gov.au/sites/default/files/2021-06/department-of-employment-capability-review.pdf, viewed 22 August 2023.

123 See, for example, Professor Borland, *Submission 171*, pages 14–15; BSL, CPD and UniMelb, *Submission 256*, pages 17, 33; Antipoverty Centre, *Submission 276*, pages [13–14]; Professor Borland, *Committee Hansard*, 14 March 2023, p. 2; Ms Brown, CPD, *Committee Hansard,* 14 March 2023, p. 19.

124 See, for example, SSI, *Submission 193*, pages 3, 8–9; Dr Ingold and Mr Carr, *Submission 216*, p. 2; BSL, *Submission* 249, pages 22–23; BSL, CPD and UniMelb, *Submission* 256, pages 7, NESA, *Submission 260*, pages 9, 37, 38; Navitas, *Submission 262*, p. 9; Dr McGann, *Committee Hansard*, 14 March 2023, pages 14, 22.

125 Mrs Nicole Mattsson, National Services Design and Integration Leader, IntoWork, *Committee Hansard*, 14 March 2023, p. 67.

126 BUSY, *Submission 227*, p. 3.

4.87 The Committee also heard that active stewardship involves government signalling and driving a culture of collaboration, innovation, experimentation, and improvement through an ambitious research, development, and evaluation agenda.[127]

4.88 The Treasury's 2015 review of competition policy (Harper Review) identified that true stewardship means that government has full responsibility for overseeing the impact of policies on users and providers. This includes co-designing services, fostering a range of service models that meet the needs of users and the community, stimulating innovation and cultural change, and encouraging a diversity of providers.[128]

4.89 A core principle for reforming employment services in the *White Paper: Working Futures* was strong public stewardship.[129] In beginning to implement this principle, government announced changes to the Local Jobs Program to better align it with community need and enhance employment outcomes. Other measures include the deployment of public servants in three regions in WA: Broome, Geraldton, and Kalgoorlie.[130] This follows the 2023–24 Budget decision to provide additional APS support for the delivery of employment services in Broome.[131]

4.90 DEWR explained that it will trial a new approach to employment services in Broome, involving APS personnel working alongside a new First Nations provider. The APS personnel will engage and advocate locally to improve coordination across the landscape of programs and services; help establish more streamlined pathways for people to address barriers to employment; and support the First Nations provider to build capacity and capability.[132]

4.91 During its European delegation, the Committee heard that Australia's approach to the administration of employment services has been an outlier among OECD countries for the last two decades. International examples indicated that stronger relationships between government, providers and other stakeholders are eminently possible within public employment services and can be crucial to the success of the employment services system.

A model for government stewardship and service delivery

4.92 Stakeholders made a range of proposals for the role of government in the delivery of employment services. There was broad agreement that online assistance should

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127 See, for example, BSL, *Submission* 249, p. 6; Professor Borland, *Committee Hansard*, 14 March 2023, p. 2; Professor Ramia, *Committee Hansard*, 14 March 2023, p. 5; Professor Considine, *Committee Hansard*, 14 March 2023, p. 8; Ms Dawson, Per Capita, *Committee Hansard*, 14 March 2023, pages 29–30.

128 The Treasury (2015), *Competition Policy Review: Final Report*, pages 34–37, 223–225, 229, 249–250. See also NESA, *Submission 260*, pages 83–84.

129 Commonwealth of Australia (2023), *Working Future: The Australian Government's White Paper on Jobs and Opportunities*, p. 224.

130 The Hon Tony Burke MP, Minister for Employment and Workplace Relations and the Hon Jim Chalmers MP, Treasurer, *Joint Media Release: Strengthening Australia's employment services*, 25 September 2023.

131 DEWR (2023), *Portfolio Budget Statements 2023–24: Budget Related Paper No. 1.6*, p. 18.

132 DEWR, *Submission 254.8*, p. [11].

remain the remit of government.[133] However, stakeholders took various positions on public versus private delivery of other services for jobseekers and employers.

4.93 Jobs Australia and NESA both supported an outsourced model for the delivery of services, backed by government support, claiming that this model enables greater flexibility and deeper engagement with local communities (assuming appropriate policy settings).[134] BUSY submitted that outsourcing allows government to focus on ensuring the system achieves its objectives without being distracted by service delivery.[135]

4.94 By contrast, other stakeholders called for a model wherein government is entirely responsible for the delivery of employment services and asserted that delivery of services by government raises quality and ensures public investment returns value to the community.[136]

4.95 Stakeholders also put forward a model where government 'co-produces' employment services in partnership with organisations in the community and private sectors,[137] as well as a model where government is one of a number of providers.[138]

4.96 Professor Mark Considine observed that a quasi-market approach to employment services has the potential for positive outcomes if the role of government is clearly defined and effectively performed. The role of government in this regard includes ensuring a culture of collaboration and sharing of best practice and insights within the employment services system.[139] Analysis by the OECD similarly indicated that while a quasi-market system has potential benefits, these benefits will depend on whether the system is appropriately designed and implemented. There are also inherent and significant transaction and overhead costs to consider.[140] In essence, competition is not an end in itself.

4.97 Professor Gaby Ramia told the Committee that a model in which the Commonwealth is one of a number of providers would allow government to understand how services operate and how they are perceived by jobseekers. Under such a model, government could also act as a model service provider—setting the standard for best practice.[141]

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133 See, for example, Mr Con Kittos, Executive Chairman, Asuria, *Committee Hansard*, 26 May 2023, p. 20; Mr Mark Van Lith, Managing Director, ABS Institute of Management, *Committee Hansard*, 26 May 2023, p. 22.

134 Jobs Australia, *Submission 185*, p. 6; NESA, *Submission 260*, pages 24–25. See also SRJA, *Submission 145*, p. 10; MatchWorks, *Submission 263*, p. 10.

135 BUSY, *Submission* 227, p. 4.

136 See, for example, Dr Victor Quirk, *Submission 209*, p. 2; AYAC, *Submission 238*, p. 2; GetUp!, *Submission 251*, pages 3, 4; CPSU, *Submission 255*, pages [9–10, 13–14].

137 See, for example, Getting Welfare to Work Research Team, *Submission 191*, p. 4; BSL, CPD and UniMelb, *Submission 256*, pages 17–18, 20–21; Name Withheld, *Submission 264*, p. [10]; Dr McGann, Lecturer—School of Social and Political Sciences, UniMelb, *Committee Hansard*, 14 March 2023, p. 22.

138 See, for example, Getting Welfare to Work Research Team, *Submission 191*, p. 4; Dr McGann, UniMelb, *Committee Hansard*, 14 March 2023, p. 21.

139 Professor Considine, *Committee Hansard*, 14 March 2023, pages 7–8.

140 OECD (2022), *Paying for results: Contracting out employment services through outcome-based payment schemes in OECD* countries, Social, Employment and Migration Working Papers No. 267, pages 4, 44–46, https://doi.org/10.1787/c6392a59-en, viewed 20 November 2023.

141 Professor Ramia, *Committee Hansard*, 14 March 2023, p. 5.

However, other stakeholders expressed concern that public providers would be just as likely as contracted providers to engage in inappropriate behaviours such as 'creaming' and 'parking' jobseekers if current policy settings are not adjusted.[142]

4.98 The need for greater public delivery of employment services in at least some areas was reflected in relevant academic research. For example, Dr Bob Davidson argued that a public provider can be a 'powerful and unique policy instrument' at a systemic level in sectors that provide an essential good or service but which have substantial intrinsic market failure. The need for a public provider is especially strong where government is a significant source of purchasing power for a good or service. This is the case within the employment services system. Dr Davidson stated:

> Public providers are not perfect, but they have an important role to play, at both an individual and a systemic level, in human service markets. Governments have a range of other instruments with which to address the problems of human service markets, but too often these instruments are limited in their impact, costly and even counterproductive. The revitalisation of public providers is thus an important element in building future social infrastructure. They should not be the only or a privileged player in a market, but they should be used as an essential policy instrument to ensure a basic level of services for all and to assist the broader service systems and markets to work better.[143]

4.99 Dr Davidson emphasised that this is not some utopian view of public providers, nor a proposal for a public monopoly. Rather, it is a contemporary twenty-first century view that absorbs the lessons and failures of both the welfare state and neoliberalism and builds on the strengths and limits of markets and the state.[144]

4.100 In describing a co-producer model, the BSL asserted that government should take joint responsibility for the delivery of services and assume financial and performance risks, stating that this would leave local and community-based organisations free to deliver a suite of tailored supports.[145]

4.101 The BSL, CPD and UniMelb iterated and built on this proposal. They put forward a model (**Figure 4.1**) under which a government agency such as DEWR would be responsible for funding and stewarding the system, with a new entity—Employment Services Australia (ESA)—created within DEWR to manage contracts and deliver services to job ready participants who self-manage as part of a hybrid, digital-first service. DEWR would also be responsible for facilitating vertical alignment between Commonwealth, State and Territory Governments and local policy and programs. Service delivery would be supplemented by oversight by a new regulatory entity: the Employment Services Quality Commission.[146] This entity is discussed in more detail in Chapter 7, in the context regulatory arrangements for employment services.

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142 See, for example, Professor Borland, *Submission 171*, p. 12; NESA, *Submission 260*, pages 25–26; Ms Annette Gill, Principal Policy Advisor, NESA, *Committee Hansard*, 14 March 2023, p. 39.

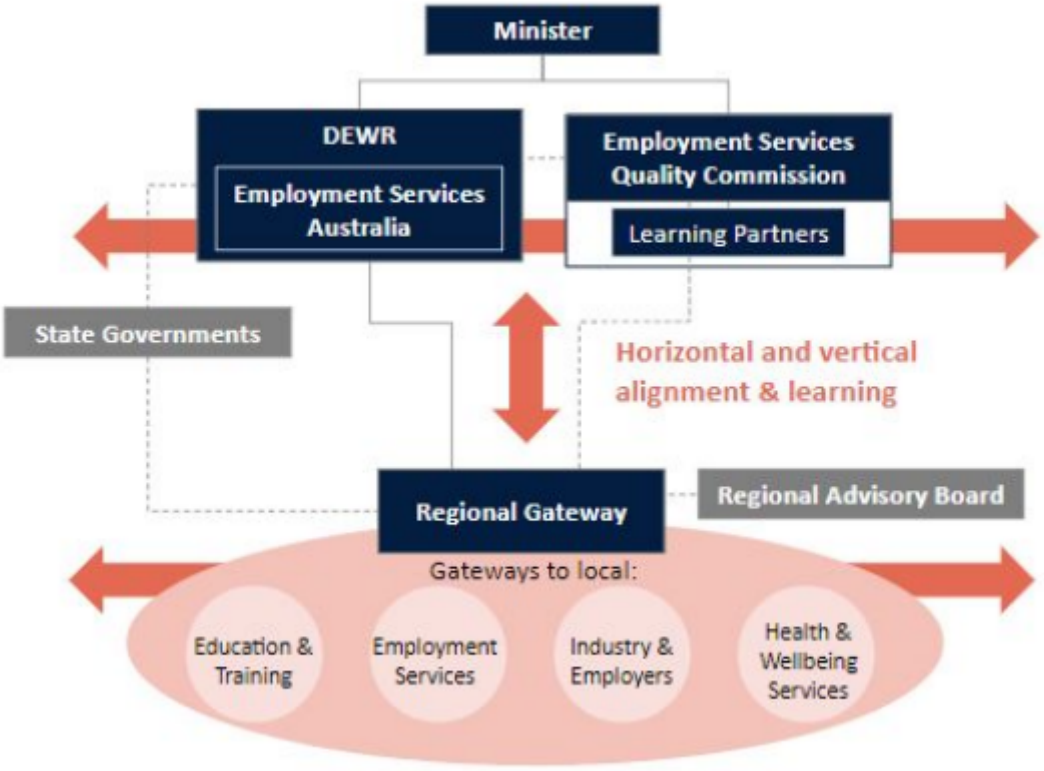
143 Dr Bob Davidson and Dr Dianna Perche, *Submission 273 (Attachment 2)*, pages [37–39]

144 Dr Davidson and Dr Perche, *Submission 273 (Attachment 2)*, p. [39].

145 BSL, CPD and UniMelb, *Submission 256*, pages 20–22.

146 BSL, CPD and UniMelb, *Submission 256.1*, p. 5.

Figure 4.1: Proposed employment services government delivery



Source: BSL, CPD, and UniMelb, *Submission 256.1*, p. 5.

4.102 In the proposal outlined in **Figure 4.1**, ESA would also oversee regional hubs which would operate as a gateway to services and be responsible for mapping the local service system, coordinating training, and engaging with employers. This service would be responsible for client assessment and referrals as detailed in Chapter 9. Regional hubs or gateways would have an enduring physical presence in the local community and be able to refer jobseekers to a range of services, including local employment services providers, health and wellbeing supports and training. Hubs would also facilitate direct connections to employers, including delivering a brokerage service to match jobseekers to vacancies. Hubs would not be restricted to supporting jobseekers on income support but would also be able to support jobseekers on a 'walk in' basis.[147] Regional hub or gateway-type models were contemplated by the BSL's 2017 submission to the Productivity Commission's inquiry into choice and contestability in human services:

> [T]he commissioning of truly responsive, locally tailored services will require government to devolve some decision-making power to agencies that, because they are 'on the ground', are better placed both to fund small-scale local initiatives and to adapt other programs to local conditions or even individual

147 Ms Cara Nolan, Senior Adviser, BSL, *Committee Hansard*, 20 September 2023, p. 2. See also BSL, CPD, and UniMelb, *Submission 256.1*, pages 5, 9.

> circumstances. Some degree of devolution could also streamline stewardship of the community sector by allowing the department to delegate procurement and day-to-day management to an agency able to build a closer, collaborative relationship with individual providers.[148]

4.103 Dr Nevile envisaged the creation of entities similar to regional hubs in a reformed employment system—albeit referring to them as 'Departmental Regional Offices'. According to Dr Nevile, the overarching responsibility of these regional offices would be to develop and maintain productive working relationships with providers and employers in the region, including by:

- developing a good understanding of the needs of major employers in the region;
- using this knowledge to assist local providers to develop effective strategies to engage with employers;
- using their knowledge of local providers to connect employers directly to agencies which are best-placed to meet their needs;
- using their knowledge of local providers across a range of programs to facilitate collaborative working arrangements; and
- developing and maintaining a repository of good practice and lessons learned to be accessed by all service providers—including in the local area and across Australia.[149]

4.104 Dr Nevile's proposal for the functions of regional offices were informed by the employment services system in Austria. In that jurisdiction, the Public Employment Service operates as an autonomous body and is supported by nine regional and more than 100 local offices which deliver services in local areas. Offices are subject to routine performance assessments to support ongoing quality improvement. Lessons and examples of best practice are also shared across the system.[150] The Committee's discussions with representatives of Austria during its European delegation highlighted key elements of the Austrian system, including the focus on collaboration, learning, and local approaches to service delivery.

4.105 The Committee heard that the French public employment service takes a similar 'performance through trust' approach, with each Pôle emploi office having its own performance objectives and KPIs. Individual offices are given freedom to design and deliver interventions adapted to the local labour market. The Committee also heard that ongoing reforms to the French employment services will include mapping local service ecosystems with a view to ensuring the employment service is able to coordinate supports for jobseekers and employers.

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148 BSL (2017), *Reforms to human services: response to the Productivity Commission*, p. 31, https://library.bsl.org.au/bsljspui/bitstream/1/9385/1/BSL_subm_Prod_Comm_Reforms_to_human_services_2017.pdf, viewed 17 November 2023.

149 Dr Nevile, *Submission 136.1*, pages [4–5].

150 Dr Nevile, *Submission 136,* pages 1–3.

Social procurement

4.106 Several stakeholders informed the Committee there would be merit in government leveraging tender and procurement processes to enhance employment outcomes for jobseekers, stating that this may be an effective way to enable employment for disadvantaged cohorts and respond to an increasing lack of entry-level jobs.[151]

4.107 Stakeholders also suggested leveraging and expanding on existing procurement policies and implementing targeted quotas.[152] Dr Ingold and Mr Carr emphasised that any targets or quotas must be supplemented with initiatives to drive systemic change to enhance recruitment, retention, and career progression.[153]

4.108 The Victorian Government drew attention to its own Social Procurement Framework, noting that the framework governs procurement of goods, services, and construction. The Victorian Government noted that the framework has driven strong demand for suppliers to government to employ people facing disadvantage, and highlighted key elements of the framework which are key to driving this demand, including:

- flexibility to prioritise different social objectives suited to the project, taking into account matters such as geographic location, social issues, demographics, and workforce challenges specific to the relevant industry;
- recognition of the support delivered by Work Integrated Social Enterprises (WISEs), with social enterprises prioritised as suppliers to government;
- application of social procurement as a weighted evaluation criterion in tenders;
- setting targets during tender processes; and
- robust oversight and assurance processes.[154]

4.109 The Committee discussed the NSW Government's approach to social procurement during site visits. The NSW Government highlighted the Infrastructure Skills Legacy Program, which seeks to address skills shortages and build diversity within the construction industry through training and diversity target for infrastructure projects.

4.110 Social Traders stated that the Indigenous Procurement Policy is a key example of how social procurement can be done at Commonwealth level, noting that the policy has generated over $6.9 billion in opportunities for First Nations businesses since it was implemented in 2015.[155]

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151 See, for example, Anglicare WA, *Submission 127*, p. [5]; ACCE, *Submission 149*, p. 11; Name Withheld, *Submission 160*, p. [25].

152 See, for example, Joblink Plus, *Submission 157*, p. 15; WISE Employment, *Submission 169*, p. 16; Justice Reform Initiative (JRI), *Submission 178*, pages 12–13; atWork, *Submission 210*, p. [10]; APM, *Submission 213*, p. 18; MatchWorks, *Submission 263*, pages 5, 31; Name Withheld, *Submission 264,* p. [16]; White Box Enterprises, *Submission 274*, p. [4]; Mrs Mattsson, IntoWork, *Committee Hansard*, 14 March 2023, p. 71.

153 Dr Ingold and Mr Carr, *Submission 216*, p. 4.

154 Government of Victoria, *Submission 278*, pages 23–24. See also Social Traders, *Submission 297*, pages 8–9.

155 Social Traders, *Submission 297*, p. 8.

4.111 NESA stated there must be more integration and coordination in social procurement initiatives across government, noting that such initiatives have proven effective in delivering quality employment outcomes. NESA also noted that poor coordination can mean that there is insufficient time to align skills development with project timelines, leading to employer dissatisfaction and negative impacts on jobseekers.[156]

4.112 Per Capita emphasised that social procurement initiatives as a means of job creation must be better regulated, noting that the commercial enterprises which enact social procurement clauses and individuals who claim the benefits of social procurement are often poorly documented.[157]

Government job creation

4.113 Some stakeholders indicated that government should require public sector agencies to hire from the employment services caseload.[158] SVA noted in this regard that the public service has an 'enormous capacity' to equip people with the skills needed for current and future work—for example through the creation of additional entry-level and traineeship roles. The public sector could also function as an 'anchor' for the broader traineeship sector and enable the development of new training pathways.[159]

4.114 AMES Australia (AMES) observed that in the past (in a very different socioeconomic environment) large government entities created entry-level positions and employed people from diverse backgrounds, often with limited skills and experience. AMES stated that these entry-level jobs offered an opportunity to gain experience in the workplace, but also offered pathways to higher-level positions or to further training.[160]

4.115 The NIAA identified a need to 're-broker' roles back into communities, noting that in trials relating to the CDP providers have started to identify community-based roles and to link jobseekers to them, supported by a wage subsidies or other mechanisms. The NIAA noted that such a 're-brokering' effort would likely involve some disruption to service delivery which must be factored into applicable strategies.[161] The Coalition of Peaks similarly observed that there is little skills transfer into remote First Nations communities and called for this to be addressed, noting that there are examples of good practice in the early childhood sector.[162]

4.116 The Committee also heard that there may be a role for employment strategies to support historically disenfranchised jobseekers. The Mindaroo Foundation Trust – Generation One (Mindaroo) called for large employers to implement First Nations employment plans, including targets and reporting requirements. Mindaroo also called on government to implement legislation similar to the *Workplace Gender*

156 NESA, *Submission 260*, p. 37.
157 Dr Lam, Per Capita, *Committee Hansard*, 19 September 2023, p. 30
158 See, for example, SAEP*, Submission 199*, p. 55; atWork, Submission 210, p. [10].
159 Dr Fowkes, SVA, *Committee Hansard*, 17 May 2023, p. 39.
160 AMES, *Submission 148*, p. 7.
161 Mr Carl Binning, Group Manager—Economic Empowerment, NIAA, *Committee Hansard*, 17 May 2023, p. 14.
162 Mrs Bamblett, Coalition of Peaks, *Committee Hansard*, 17 May 2023, p. 24.

Equality Act 2012 to increase transparency and set meaningful targets for First Nations employment.[163]

Social enterprises and place-based approaches

4.117 Stakeholders observed that social enterprises—particularly WISEs—and other non-government, philanthropically-funded programs can and should play a significant role in the employment services system.[164]

4.118 The Committee heard that incorporating smaller and local initiatives and social enterprises into the employment services system will require active government support, including through fit-for-purpose policy settings, financial support, and robust evaluation and feedback mechanisms.[165] During its European delegation, the Committee heard that other countries have faced challenges connecting employment services with social initiatives, with issues often relating to funding and investment and challenges in scaling social enterprises to support a greater number and range of clients.

4.119 Evidence indicated that social enterprises are effective at assisting jobseekers to obtain employment. The Victorian Government stated that investment in social and micro-enterprises delivers strong employment outcomes for jobseekers with complex barriers to employment.[166] Several social enterprises, charities and other community organisations also provided evidence on how they are able to secure employment for people who experience barriers.[167] This evidence was echoed in discussions during site visits. The enterprises with which the Committee engaged also raised concern that they were not being appropriately recognised—financially or otherwise—for the very significant efforts they make in securing employment for jobseekers.

4.120 A similar theme was increasing the role of place-based programs within the system. Several stakeholders noted that the diversity of labour markets across Australia and the heterogeneity of both the population of unemployed people and the employment services caseload mean that place-based supports are crucial to better employment outcomes for jobseekers and to meeting employers' needs.[168] The Committee's delegation to Europe highlighted work being undertaken in other countries to map local services and support partnerships with local actors.

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163 Mindaroo Foundation Trust – Generation One, *Submission 222*, pages 4–5.

164 See, for example, BSL, *Submission 249*, pages 23, 58; White Box Enterprises, *Submission* 274, p. [1]; PRF, *Submission 304*, pages 3–4; Social Enterprise Australia (SEA), *Submission 305*, pages [4–5].

165 See, for example, Professor Green et al, *Submission 120*, p. [5]; ETC, *Submission 133*, pages 3–4; National Foundation for Australian Women (NFAW), *Submission 135*, p. [7]; Ability Works, *Submission 147*, p. [2]; White Box Enterprises, *Submission 274*, pages [3–4]; Social Traders, *Submission 298,* p. 7; Dr Peter Davidson, Principal Adviser, ACOSS, *Committee Hansard*, 19 September 2023, p. 34.

166 Government of Victoria, *Submission 278*, pages 21–23, 24.

167 See, for example, Success Works, *Submission 139*, p. [1]; Ability Works, *Submission 147*, pages [2]; The Holland Foundation, *Submission 167*, p. [1]; Good Cycles, *Submission 237*, p. 6; White Box Enterprise, *Submission 274*, p. [1]; Social Traders, *Submission 298*, pages 3, 5–6.

168 See, for example, CVGT, *Submission 106*, p. 10; Professor Green et al, *Submission 120,* p. [4]; ACCE, *Submission 149*, p. 6; GSEM, *Submission 155*, pages [4–5]; NAC, *Submission 180*, p. [5]; Multicultural Australia, *Submission 182*, p. 6, p. 19; Yilabara Solutions, *Submission 231*, p. 15.

4.121 Stakeholders also emphasised that government must create the conditions to enable place-based solutions, including by ensuring there is sufficient flexibility in the system to respond to changing market conditions and by empowering DEWR's state and regional offices to support decision-making and co-design.[169] SYC noted that partnerships with local government can be critical to place-based solutions, stating that local governments have a strong understanding of community needs.[170]

4.122 There was also support for demand-led solutions which establish partnerships with businesses and industry.[171] The Committee heard that providers are well placed to offer these services to SMEs, but there are issues with scale and the ability to meet the needs of large businesses and industries. Stakeholders observed that the Australian Government needs to foster models of collaboration or public sector co-delivery of demand-led solutions.[172] Some organisations also provided case studies on work they are undertaking to partner with businesses to assist them to hire from disadvantaged cohorts as part of their social responsibilities.[173]

4.123 Workforce Australia and DES both include programs that support job creation and aim to fill identified entry-level vacancies. DEWR reported that initial evaluations of the Local Jobs Program and Launch into Work illustrate how facilitation programs can have a positive impact for jobseekers, employers and the local community.[174] DSS told the Committee about the National Disability Recruitment Coordination Officer program, which provides demand-led support for large employers to build their confidence and capability to provide opportunities to people with disability.[175] However, many of the place-based and demand-led programs highlighted in evidence and observed during site visits were programs that operated outside of the employment services system.

4.124 Issues associated with social enterprise and place-based programs are explored further in Chapters 5, 12 and 13.

Committee comment

4.125 As outlined in Chapter 2, there are multiple critical issues in the design and delivery of the employment services system which are preventing it from delivering a high-quality service to jobseekers and employers. These issues cannot be addressed by minor adjustments to policies or programs, but demand wholesale reform to rebuild a

169 See, for example, Dr Nevile, *Submission 136*, p. 4; Queensland Government: Department of Employment, Small Business and Training, *Submission 243*, pages 10–11; Tasmanian Government, *Submission 174*, p. 4.
170 SYC, *Submission 178*, p. 7.
171 See, for example, ALGA, *Submission 172*, p. [2]; MatchWorks, *Submission 263*, p. 9; Prospert, *Submission 301*, pages 1 and 2; Ms W Black, BCA, *Committee Hansard*, 11 August 2023, p. 16.
172 See, for example, Workskil, *Submission 196*, pages 24–25; Asuria, *Submission* 246, pages 12–14; Mr Matthew Clarke, CEO, Yilabara Solutions, *Committee Hansard*, 26 May 2023, p. 47; Mr Kieran Kearney, CEO, Workways Australia Ltd (Workways), *Committee Hansard*, 6 June 2023, p. 26.
173 See BSL, *Submission 249*, pages 30, 57; PRF, *Submission 304*, p. 17.
174 See DEWR, *Submission 254*, pages 46–48, 163–164, 165–166.
175 See Ms Shannon, DSS, *Committee Hansard*, 26 May 2023, p. 6; DSS, *Submission 191.1*, pages [5-6].

very different system with a far more determined approach to tackling entrenched and unacceptably high rates of long-term unemployment.

4.126 This report sets out an ambitious blueprint to rebuild employment services over the coming months and years and to design and implement a new Commonwealth Employment Services System. Serious reform takes time, and to the greatest extent possible a rebuilt system should be designed in close consultation with stakeholders including jobseekers, employers, unions, peak bodies, and all levels of governments, utilising mechanisms for ongoing stakeholder and client input alongside co-design of appropriate aspects.

4.127 A genuinely national rebuilt system must include far greater integration—or vertical alignment—of state, territory, and local programs, noting that many such programs currently overlap with or duplicate Commonwealth services. Greater integration of, or at least coordination with, local programs and services will be critical to ensuring access to a full range of supports—including social enterprises, social support and allied health services, and non-government programs—that are needed to respond effectively to the diversity of jobseeker needs. A rebuilt system should also facilitate explicit collaboration and flexible and periodic co-investment by State and Territory Governments at a jurisdictional, regional, or local level. However, it should never be dependent on such investment given the Commonwealth's responsibilities and the inevitable variations over time of State and Territory Government policy and financial commitments.

4.128 Formal Commonwealth-state agreement(s) should be developed to underpin a rebuilt Commonwealth Employment Services System and to enable coordination and collaboration across all levels of government. Ideally, this would be in the form of a National Agreement adopted by National Cabinet, but if that is not achievable then bilateral agreements between the Commonwealth and other jurisdictions willing to collaborate should be pursued. A National Agreement or bilateral agreements should ensure that the Commonwealth retains control over the quality of services in which it invests, and those services in which a person may participate to receive income support. Priority should be given to leveraging and aligning co-investment by other jurisdictions to tackle long-term unemployment and place-based disadvantage as well as supporting industry transitions.

4.129 Building a new Commonwealth Employment Services System should involve the Commonwealth reviewing and—where appropriate—consolidating services which are administered by different departments and agencies, with a view to reducing duplication and competition for its own sake, streamlining service delivery, and enabling easier access by jobseekers, employers, and other stakeholders.

4.130 The Committee has also reached an in-principle conclusion that, over the longer term, DES should ultimately be integrated into the Commonwealth Employment Services System, acknowledging there are a number of ways in which this could occur. The Committee identified four options for Government's future consideration with a likely preference for the third or fourth option below:

- both policy and delivery for DES remain with DSS;

- both policy and delivery for DES sit with DEWR;
- DSS retains responsibility for policy and funding, with DEWR as delivery agency for DES; or
- a combination of the above: DES-DMS policy and delivery sits with DEWR and DES-ESS remains with DSS.

4.131 The Committee considers that CDP should remain separate as a standalone service administered by the NIAA, subject to recommendations elsewhere in this report to review boundaries and broadly align mutual obligations requirements.

4.132 Achievement of these proposals—and generally the reforms outlined in this report—will require strong and sustained Commonwealth leadership and preferably broad cross-party Parliamentary consensus. The Committee hopes that this can be achieved, noting the non-partisan way in which this inquiry has been conducted and the fact the Committee's conclusions align strongly with those of the previous review while tackling issues that were not then examined.

4.133 As discussed below, the Commonwealth must, as a matter of urgency, move away from being an 'arm's length' purchaser and contract manager and take on the role of active steward in the rebuilt employment services system including some aspects of service delivery as outlined in this report.

Recommendation 1

4.134 The Committee recommends that a new Commonwealth Employment Services System be developed and implemented in line with the recommendations of this report and informed by close and ongoing consultation with experts, stakeholders, and service users. This should be underpinned by formal intergovernmental agreement(s) setting out roles and responsibilities for coordination with skills, training and related human services, service delivery, and arrangements for implementation and funding including co-investments to tackle long-term unemployment, place-based disadvantage, and industry transitions.

4.135 The Australian Government has a responsibility, consistent with our international obligations, to maintain a free public employment service which promotes full, productive, freely chosen employment. Within this broad remit, employment services should have multiple policy objectives that reflect the needs of the labour market and the future economy alongside societal and value judgements resolved through the political process.

4.136 The Committee is concerned that the current Australian employment services system does not emphasise critical matters such as productivity, workforce participation, economic security, human capital, or secure work. Rather, the only objective of the system appears to be to kick people off welfare at any and every given moment, driven by the pernicious myth that all people on income support are lazy and have no intrinsic motivation to seek work. As a result, Australia's employment services system

has focused on conditioning the supply of workers under an excessive and self-defeating ‘work first’ approach which is largely disconnected from the demand side of the labour market.

4.137 The focus of the system on forcing people off income support is apparent from service eligibility criteria: only people receiving a social security payment are eligible for support (with limited exceptions for youth employment and career transition support). Once a person obtains any job, they are not eligible for ongoing support to help them to progress in their careers or secure sustained, quality, well paid work.

4.138 The Committee is strongly of the view that supporting people living on social security and who can work to rejoin the labour market as quickly as possible and reducing related reliance on income support are critical and primary goals. However, Australia must also take a broader view of the core functions employment services, as many countries have already done. A rebuilt system should be guided by a refreshed vision and a broader set of mutually reinforcing objectives to guide policy and program design and implementation, accompanied by broader service eligibility criteria to help more unemployed and underemployed people into sustainable work.

4.139 The Committee proposes that the guiding vision for a rebuilt Commonwealth Employment Services System should be for all people in Australian to enjoy decent, secure employment and economic and social participation, regardless of who they are or where they live.

4.140 The system should focus on supporting individuals to build their economic and social capabilities, including increasing the likelihood of sustainable employment, reducing risks of long-term unemployment, and addressing vocational and non-vocational barriers to social and economic participation. There should also be a greater focus on career progression for those in lower-income jobs, recognising that temporary, contract, and ‘gig’-type jobs may be part of a jobseeker’s pathway to long-term, more secure employment.

4.141 While perhaps not practical as a formal objective, a broader system would have the benefit of increasing incomes and tax revenue rather than just a narrow focus on trimming the welfare bill, thus providing greater societal benefit.

4.142 A rebuilt system should also respond more effectively to the skills and workforce needs of the Australian economy, with jobseekers given greater opportunity to obtain in-demand qualifications and skills relevant to their regional labour market as part of their pathway to employment—supported by industry insights. This is critical to a system which helps to increase productivity, and which responds effectively to dynamic labour markets and industry transitions.

4.143 In addition, the system should focus on the demand side of the labour market and systematically ensure much higher levels of employer engagement. Employers must be supported to access job-ready candidates to meet their current and future needs, provided with effective HR support and job matching services, and incentivised and supported to hire LTU people.

4.144 The diversity of jobseekers must also be better acknowledged, recognising that employment may not be the most appropriate immediate goal for every person. To continue to pretend otherwise is to deny the reality of the lived experience in every human society. Participation and Jobs Plans and mutual obligations (discussed later in this report) should be tailored ensuring these individuals have access to alternative services focused on addressing non-vocational barriers and maintaining social and community connections.

4.145 The Committee strongly endorses the view that the objectives of the employment services system must be clear, cohesive, and consistent across all services. The broad objectives for a reformed system may be expressed as follows:

- Support the wellbeing and economic security of individuals and their families through engagement in sustainable employment, preventing and addressing long-term unemployment and intergenerational disadvantage.
- Respond to the workforce needs of business and industry and provide adaptive and flexible responses to energy and industry transitions.
- Grow the skills and capabilities of the Australian workforce and advance the productivity of the Australian economy.
- Build human capability and social capital to connect people with the full range of social and economic opportunities available within communities.

4.146 The system will also have to manage trade-offs between competing objectives. Employment services can have multiple objectives. However, there is no system design that can balance all objectives equally, and the balance will ultimately reflect political and value judgements of the Australian Government.

4.147 Obviously, the objectives that Government ultimately adopts will depend on policy and funding decisions, but the Committee strongly encourages a much broader conception of employment services to guide short- and long-term reforms.

4.148 These broader objectives will necessitate changes to service eligibility over time, including changes to extend support to unemployed or underemployed people who are citizens, permanent residents, or temporary partner visa holders. Broader eligibility criteria would likely capture those stuck in casual and insecure work or trying to survive in the gig economy; those who want to up-skill or improve their economic security; people facing job loss; and people working in industries and regions facing economic transition. It is also important that eligibility for services consider people who are not in the labour force, for example because they may have become discouraged from seeking work after a long period of unemployment. Such people may not be captured by official Australian Bureau of Statistics (ABS) or other definitions of ‘unemployed’ and may not be registered to receive income support.

4.149 In addition, the Committee considers it counter-productive that humanitarian entrants are not automatically eligible for employment services for 12 months after their arrival in Australia. The current exemption from mandatory participation should be maintained but there be clear eligibility provided in Workforce Australia and a rebuilt Commonwealth Employment Services System for permanent humanitarian visa

holders to access employment services within the initial 12 months if they are ready to seek work and request help. This matter is also considered in Chapter 5, in the context of support for participants from CALD, migrant, and refugee backgrounds.

4.150 The Committee acknowledges that significant adjustments to eligibility criteria for employment services may not be realistic in the short term, particularly noting that such changes could mean significant increases demand for services. Any cost increases need to provide value for money and provide a positive cost-benefit in achieving workforce participation, productivity, and economic security policy objectives. An evidence base needs to be built through trials of broader service eligibility as different cohorts will likely have very different needs and circumstances.

Recommendation 2

4.151 The Committee recommends that the Australian Government work with key stakeholders to develop a refreshed vision, objectives and service eligibility for a rebuilt Commonwealth Employment Services System as follows:

- **The proposed guiding vision is that all Australians can enjoy decent, secure employment and economic and social participation, regardless of who they are or where they live.**
- **The proposed objectives are:**
  - **support the wellbeing and economic security of individuals and their families through engagement in sustainable employment and preventing and addressing long-term unemployment and intergenerational disadvantage;**
  - **grow the skills and capabilities of the Australian workforce and advance the productivity of the Australian economy;**
  - **respond to the workforce needs of business and industry and provide adaptive and flexible responses to energy and industry transitions; and**
  - **build human capability and social capital to connect people with the full range of social and economic opportunities available in communities.**

Subject to service design and fiscal constraints, desirable adjustments to service eligibility which should be trialled are to extend support to all people who are citizens or permanent residents and who are: unemployed, not in the labour force, or underemployed; stuck in casual and insecure work or trying to survive in the gig economy; wanting to up-skill or improve their economic security; facing job loss; or working in industries and regions facing economic transition.

4.152 The Committee also considers it critical that formal mechanisms be instituted to enable ongoing input and feedback by jobseekers, advocacy organisations, stakeholders, and experts. This is critical to a client-informed approach to the design and delivery of employment services policy and programs.

4.153 The Committee's proposed approach, which should be subject to further consultation and refinement, is to institute one or more Client Councils to ensure client input from all states and territories, accompanied by a Coordinating Council.

- The Client Council(s) would be responsible for advising ESA, the Commonwealth Government and participating State and Territory agencies on the systematic and lived experiences of jobseekers to inform continuous improvement to the system. They would not be a forum for individual complaints to be resolved. Consideration should be given to whether a Client Council should be established for each State and Territory or whether one or fewer Client Councils is desirable.
- The Coordinating Council would be a high-level group of key stakeholders and experts with an Independent Chair as a standing forum for input into policy and program design and delivery, with a clear line of sight to the Client Council(s).

4.154 Councils could be modelled on the Netherlands' Client Councils, which advise the Dutch government on policies and practices, including matters which impact service quality.

Recommendation 3

4.155 The Committee recommends that the Australian Government work with State and Territory Governments and key stakeholders to establish permanent mechanisms for client, stakeholder, and expert input into a rebuilt Commonwealth Employment Services System with the following elements:

- **One or more Client Councils tasked with inputting client experiences.**
- **An Employment Services Coordinating Council, responsible for providing stakeholder and expert advice to support continuous improvement to policy and program design and delivery.**

4.156 After more than two decades of outsourced employment services the Australian public sector has little corporate memory or experience of the complexities of service delivery. DEWR—the department with primary responsibility for policy and program design and implementation—is largely detached from regional labour markets and local communities and the day-to-day reality of supporting unemployed people back into work. There is no understanding of what effective service models are or how much it costs to run a quality service, and direct feedback from service delivery into policy development, program design and delivery is woefully inadequate.

4.157 The Committee does not agree with submitters who simplistically (and self-servingly) argue that government should not be 'distracted' by service delivery and concludes instead that government cannot remain a passive puppet master commissioning and contract managing from afar if better outcomes are to be achieved. Instead, the public sector must have a strong stewardship role across a rebuilt employment services system, complemented by some direct delivery of services in appropriate areas. There is no other effective human service where government does not have an active role in establishing what a quality service is and how much it costs: public hospitals are the core of the health system; public schools are the core of the school

system; and public universities and TAFEs are the core of the tertiary education system. In these systems, public delivery of services is complemented by a rich ecosystem of private and not-for-profit services.

4.158 The Committee does not propose the creation of a giant bureaucracy that does everything, nor the recreation of the old monolithic Commonwealth Employment Service (CES). Contestability and choice should remain part of the system. However, it is critical that government play a much more active role, including as a co-producer of services, the coordinator of policy, services, and funding across the public and private sectors, and the curator of a capable, responsive, and diverse network of providers. The skills and capabilities needed for each of these functions may be very different, and the organisational form of the responsible department and regulator (if adopted) will need careful thought.

4.159 A more active role for government in service delivery and system stewardship should involve the creation of a new or reformed entity within DEWR which the Committee proposes be known externally as 'Employment Services Australia' (ESA). Whatever 'brand' Government adopts should be comprehensible to citizens and business and endure over a longer term, rather than being regularly changed according to tendering cycles or machinery of government processes.

4.160 Proposed service delivery functions to be undertaken by ESA are explored in more detail later in the report but in summary include:

- supporting jobseekers who are closest to the labour market through the provision of hybrid supports for those who will largely self-manage via digital services, complemented by a greater capacity for pro-active engagement and some lighter touch case management. This would incorporate the functions of the current Digital Services Contact Centre (DSCC) and requires that DEWR accept that they are a service provider—indeed the largest provider—and that the department be resourced appropriately. This would be in stark contrast to the current situation wherein the DSCC is only resourced to provide minimal ad-hoc or reactive advice and IT call centre support;
- overseeing ESA Regional Hubs which include service gateways (detailed below), institutionalising service system mapping, assessment, referral and other core coordinating and enabling functions under the public sector;
- case management for certain cohorts including:
  - people undertaking approved participation activities (such as mental health or 'life first' activities or intensive English language study) prior to job search and referral to an appropriate service and provider;
  - jobseekers furthest from the labour market, including those who have not succeeded in contracted services, those for whom employment is not a realistic current goal, and those who do not require or warrant 'Job Coach' services; and
  - jobseekers exhibiting the most challenging behaviours and those who are persistently non-compliant with their obligations. This small minority would be subject to legitimate and more intensive activation and compliance activities;
- case management in thin markets (a provider of last resort); and

- case management in a limited number of other regions explicitly in order for the public sector to re-establish direct experience of service delivery in different settings—for the reasons set out later in this report.

4.161 The ESA Regional Hubs are to be the public face of ESA, and should exercise the following functions:

- local service system coordination and mapping, including analysis of local labour market data from sources such as JSA and the ABS;
- assessments of jobseekers and referral to services. This is discussed in further detail in Chapter 9, in the context of an enhanced assessment framework;
- industry and employer engagement and support. This is discussed in more detail in Chapter 12, in the context of an enhanced service for employers;
- administration of government support and grants for social enterprise and local projects. This is discussed in more detail in Chapters 12 and 13; and
- the delivery of industry transition and place-based projects for Commonwealth or State Governments where relevant.

4.162 ESA Regional Hubs should be able to support registered jobseekers and should also have capacity to support people on a 'walk in' basis. The hubs should be an enduring physical presence in the community, with their footprint determined according to local and community need. Where appropriate hubs should offer digital and outreach services to thin markets and rural and regional areas.

4.163 As outlined in Chapter 15, it is proposed that employment regions be reduced in size to reflect labour markets and communities of interest (likely doubling the number of regions) while maintaining viable mainstream caseloads for efficient provider servicing by dialling back unnecessary competition and fragmentation in each area. Enabling functions and mainstream case management would be complemented by a richer ecosystem of organisations with specialist expertise or functions and local community services.

4.164 While in theory ESA Regional Hubs could be delivered by a contracted not-for-profit partner as an 'enabling organisation' in each region, given the nature of the functions and the importance of continuity they would be better delivered by the public sector as the core or spine to a rebuilt system. One of the major problems that has been identified during this inquiry is service fragmentation and a lack of continuity, and it makes little sense to contract out the core coordinating functions and continue with the pretence that the private sector is always more efficient or innovative in the delivery of human services. There is no compelling evidence to support such a view internationally or domestically, nor is there evidence that extrinsic motivations and threats are necessary to deliver a quality enabling service.

4.165 Some functions currently performed for DEWR by Services Australia, some functions undertaken via the Local Jobs Program, and some of the functions of DEWR's State and Territory offices could also be rolled into the ESA Regional Hubs. ESA's gateway services may also undertake Employment Services Assessments (ESAts) for DSS.

The Committee is not proposing to design in detail the split of responsibilities and staffing between ESA, Services Australia, and DSS, and acknowledges this needs further refinement.

4.166 The Committee is attracted to co-locating ESA Regional Hubs with Services Australia offices or sites where human services or other government services are delivered. Different models could be trialled while other reforms to the employment services system are progressed.

4.167 Each hub would be supported by a regional governance mechanism (a Regional Advisory Board as a working title) to guide each region's strategy and activities. Membership should be determined by the DEWR Secretary and should not be political in nature. Ideally, advisory boards would comprise influential trusted local experts and people who bring resources and local networks, such as TAFE CEOs, major public and private local employers, local government CEOs, people with lived experience, and service organisations. Commonwealth and State Government agencies may also be represented.

4.168 This regional governance mechanism would be responsible for the identification of place-based, person-centred initiatives that respond to local needs and opportunities, supported by local data and knowledge. It would also focus on demand side (that is, job creation) opportunities and building the capacity of the local service ecosystem while maintaining a strategic view of investments coming into the region and economic shocks and opportunities. This may entail leveraging or absorbing existing regional governance structures such as the Tasmanian Job Hubs network, Jobs Victoria (in regions where it continues to operate) and similar employment and skills coordinating entities that exist in other jurisdictions. The adoption of elements of existing state-based systems is discussed in more detail in Chapter 16.

Recommendation 4

4.169 The Committee recommends that the Australian Government implement the following measures to enhance its role in stewarding the employment service system and increase the direct delivery of services by government:

- **Establish Employment Services Australia (ESA) as a new entity within the Department of Employment and Workplace Relations to undertake specified activities including core enabling functions in regions, be a large hybrid provider for those closest to the labour market, and some case management activities as outlined in this report.**
- **Establish a network of regional hubs and service gateways delivered by ESA. The regional hubs should be co-located where possible with existing services and include the following core-enabling functions:**
  - **local service system coordination and mapping;**
  - **jobseeker assessment and referrals to services;**
  - **industry and employer engagement and support;**

- **administration of government support for social enterprise and local projects; and**
- **delivery of industry transition and place-based projects for Commonwealth and State Governments.**

4.170 The primary focus of a rebuilt system must be on supporting jobseekers to prepare for, find, and maintain employment in the open labour market. However, a critical part of a system that has a greater focus on demand is the role that governments at all levels can play in creating work opportunities to help LTU and disadvantaged people back into the labour market. This can include modest, sensible increases in direct employment, as well as leveraging Commonwealth spending via social procurement and greater investment in active labour market programs to require, incentivise and support the private sector to give disadvantaged people a go.

4.171 In many other nations it is part of the social fabric that government actively and visibly leads by example in employing or giving paid work experience and training to disadvantaged jobseekers. However, Australia has lost focus on this in the misplaced belief that somehow the market will solve all problems if only we condition and activate the supply of labour. This has been proven not to be sufficient. If we do not focus more on demand, we will continue to see similar outcomes and long-term unemployment will remain structurally high. Some government agencies in Australia offer internships and traineeships to cohorts of jobseekers. These could be reinvigorated to accommodate additional entry-level and paid work experience positions with linkages to training and skills development.

4.172 Direct action by government agencies is far easier in countries where community, human, and property-related services are not as extensively contracted out. Given that Australia operates a largely outsourced system, leveraging the procurement spend of Commonwealth, State, Territory, and local governments will be critical.

4.173 Social procurement is not a magic bullet. However, there is clearly scope to better leverage government spending on major government projects and large service contracts to create more opportunities for LTU and disadvantaged jobseekers on the employment services caseload. Indeed, social procurement probably offers more in terms of opportunities than direct job creation in government agencies given the extent of outsourcing in Australia.

4.174 The Committee therefore recommends that Government develop and implement a holistic Social Procurement Framework broadly modelled on existing Commonwealth and state approaches. This should include considering measures such as targets for apprenticeships on major projects and take particular account of the Victorian Social Procurement Framework. The Commonwealth should also encourage all State and Territory Governments to develop and implement social procurement frameworks, which should be integrated with the Commonwealth framework to the extent possible. Governments at all levels should consider the potential contribution that publicly owned utilities and corporations could make, and local governments could consider social procurement obligations over time given the extent of outsourcing in Australia of council services with high numbers of entry level jobs.

4.175 The Committee acknowledges that there will likely be at least some opposition from central agencies to an expanded approach to social procurement to secure more employment opportunities for disadvantaged jobseekers and does not propose this be overdone—it has to be realistic. However, if government is serious about making inroads to entrenched disadvantage, social procurement can and should play a part.

4.176 To ensure that the Social Procurement Framework is coherent for business and does not result in excessive red tape, the framework will need to be integrated with or preferably incorporate existing approaches, including the Commonwealth Indigenous Procurement Policy and the Buy Australia Plan. A broader strategy should include options for businesses receiving large government contracts to either directly employ LTU or disadvantaged jobseekers or meet their obligations by increased purchasing from certified social enterprises which support people with disability, LTU people, disengaged youth, single parents, migrants and refugees, and workers in transition. For major projects or contracts undertaken in regions with entrenched disadvantage, support for job readiness and employment opportunities for local people could be positively weighted in procurement processes.

4.177 A proposal for certification of social enterprises (in essence adopting the established Social Traders Framework) is discussed in Chapter 13. This is a critical enabler to an effective and efficient Social Procurement Framework.

4.178 The Committee also recommends the Australian Government create and fund one permanent administrative traineeship position for disadvantaged jobseekers in each Member of Parliament's electorate office to lead by example. Given the episodic nature of these traineeship positions and the need for staff supervision, these would complement the existing electorate office staffing arrangements. While only a modest aggregate contribution to job creation for people at risk of sustained disconnection from the labour market, such a position would help to dispel negative stereotypes and usefully expose all members to the lived experiences of disadvantaged people. Placements would last for between nine and 18 months and provide paid work integrated with a VET qualification while the trainee undertakes supported job search. Candidates could be drawn from priority cohorts including young or mature aged people, people from CALD backgrounds, First Nations peoples, or people with disability. Taking account of election timing, at least two trainees per electoral cycle could be accommodated.

Recommendation 5

4.179 The Committee recommends that the Australian Government develop and implement a Commonwealth Social Procurement Framework to leverage Commonwealth spending on major projects and large service contracts to create more employment and training opportunities for long-term unemployed and disadvantaged jobseekers. The Framework should align with and complement existing approaches in the Commonwealth at the State and Territory level and be developed with input from key sector enablers such as Social Traders, National Disability Services, Fair Work, and Supply Nation.

All States and Territories should be encouraged to adopt a similar approach. This should include greater commitment to employing local people when Commonwealth, State, and local government services are delivered in local and regional areas and to improving gender outcomes in certain sectors such as construction.

Recommendation 6

4.180 The Committee recommends that the Australian Government work with State, Territory, and local governments to develop and implement strategies to provide long-term unemployed people with job opportunities, including targets for the creation of entry-level jobs, paid internships and traineeships in Commonwealth, State, and Territory agencies and consideration of the role that State owned utilities and corporations could play. This should include greater commitment to employing local people when Commonwealth, State, and local government services are delivered in local and regional areas.

Recommendation 7

4.181 The Committee recommends that the Government create a permanent administrative traineeship position for disadvantaged jobseekers in the electorate office of each Member of Parliament. Each placement would last between nine and 18 months, and include paid work integrated with a vocational education and training qualification and allow for a subsequent period of work while undertaking supported job search.

5. Supporting jobseekers and employers

This chapter outlines the key services that should be provided within a rebuilt Commonwealth Employment Services System to support jobseekers and employers.

As noted in Chapter 2, despite its goal to deliver tailored services the current system largely takes a one-size-fits-all approach which does not account for the many and varied differences between individuals nor the need for wrap-support across the human services ecosystem.

Profiling and services for jobseekers need to recognise that people are at different points on their pathway to employment and will progress to work at different speeds depending on the extent of their vocational and non-vocational barriers. The system must also acknowledge that employment will not be a realistic outcome for some participants at a particular time, and for a small minority of people will never be a realistic outcome. Current profiling that classifies jobseekers based on their risk of long-term unemployment does not provide sufficient recognition of capability and needs.

The service model for jobseekers under a rebuilt Commonwealth Employment Services System should be based on tailored pathways to employment reflecting clients' distance from the labour market and individual barriers and aspirations. Policy and program design needs to ensure that mainstream services are adaptable to the needs of discrete cohorts, including access to specialist support services where required.

Clients closest to the labour market who can self-manage their job search or who need relatively limited assistance should be supported and overseen by the new Employment Services Australia (ESA) under a hybrid servicing approach that encompasses existing online services as well as face-to-face supports. This is to optimise services for clients, employers, and other stakeholders. Other clients would be referred to the appropriate form of case management in a network of service partners, including 'Job Coaches'. Clients may access employment, pre-employment, pre-vocational or non-vocational supports from these partners, in accordance with their current capacity and aspirations. Case management services would also be complemented by bespoke local programs and social enterprises.

Job Coaches would be able to refer jobseekers to other services, as this is critical to a wrap-around service model for clients with higher needs. An enduring view of the service ecosystem in each region would be maintained by ESA and made available to all partners and services, as required.

A broader range of options for people with limited capacity for employment is required, such as services focused on wellbeing and social participation rather than employment.

Clients who access these services may be better managed by ESA via regional hubs than supported by external partners.

Within a rebuilt Commonwealth Employment Services System, adaptions to service design and commissioning arrangements will also be required to ensure that the case management approach is appropriate for all cohorts.

Within the network of delivery partners, the Committee envisages a model under which there is one generalist Job Coach service partner in each area, as well as specialist Job Coach service partners engaged to support particular cohorts. This should include:

- An ex-offender specialist in regions with a prison in order to deliver integrated pre-release, on-release, and post-release support. This service should be underpinned by a robust intergovernmental agreement to enable organisations which delivers the service to enter prisons and deliver support, noting that existing providers who support ex-offenders are often hamstrung by State- and Commonwealth-level bureaucracy.
- A culturally and linguistically diverse (CALD) specialist in each region with high CALD caseloads, or one specialist operating across multiple regions where there are lower CALD caseloads. There may be a need to procure case management on a more flexible basis depending on viability in some regions. CALD specialist services could be supported via competitive 'reverse auction' grants to determine the efficient price for outcomes as Jobs Victoria has done or could be procured as a specialist provider.
- An Aboriginal Community Controlled Organisation (ACCO) to provide services to First Nations jobseekers in regions with a high First Nations population, noting that ACCOs are proven to deliver better results on average for this cohort. ACCOs may need to be supported via co-delivery or additional financial backing, as is already the case in Yarrabah and Broome.
- A specialist for people with disability, modelled on the current Disability Employment Services (DES) program.

Evidence also supports a youth specific service for all jobseekers under 25 years. This Youth Employment Service would incorporate the existing Transition to Work (TtW) program as a service for clients with higher support needs, as well as support options for young people who are currently excluded from TtW or who do not need that level of support. There would be one youth specialist in each area. Similar to the 'mainstream' service, services for youth would vary in intensity according to the needs of the client and provide for wrap-around support as necessary.

Under a rebuilt Commonwealth Employment Services System, services for employers should also be expanded. The system should include supports which enable employers to access a pool of talent via a single point of contact and create partnerships—for example with the education and training sector and with individual employers—that ensure jobseekers possess skills and qualifications aligned with industry need. There are also opportunities to provide other value add services to business, including more general advice on labour market conditions and recruitment practices.

Profiling of jobseekers

5.1 Statistical profiling of jobseekers has been a feature of the Australian employment services system since the early 1990s. Jobseekers are classified based on their risk of becoming long-term unemployed (LTU).[1] Profiling is also a key feature of labour market programs in other jurisdictions, with the Organisation for Economic Co-operation and Development (OECD) noting that efficient and effective service delivery involves profiling and grouping jobseekers based on their needs.[2]

5.2 Stakeholders indicated that jobseekers should be categorised by their distance from the labour market rather than grouped by cohort as occurs under the current service model.[3] For example, the Brotherhood of St Laurence (BSL) stated:

> The division of services by cohort is often arbitrary, or at best inconsistent, failing to recognise the intersectional nature of disadvantage and identity, and denying access to effective programs for some who might benefit … [T]he employment service system [also] fails to take a coherent life-stage approach that recognises the challenges and opportunities that people navigate at key transition points.[4]

5.3 Stakeholders also observed that no model will ever fully capture the diversity of the employment services caseload and cautioned against creating too many or two few categories or service streams.[5] Professor Jeff Borland asserted that a system with too many categories risks making funding arrangements complex and increases the likelihood of misclassification, while systems with too few will fail to recognise the diversity of jobseekers and may lead to providers focusing on jobseekers who are easiest to support (’creaming’) while neglecting the needs of (‘parking’) others.[6]

5.4 Effective profiling will also rely on a reliable and accurate assessment framework.[7] The Institute of Employability Professionals (IEP) stated that accurate assessment ensures jobseekers receive the supports they need and limits over-servicing.[8] The National Employment Services Association (NESA) emphasised that the failure to recognise jobseekers’ personal circumstances, service needs, job readiness and capacity to participate in the labour market contributes to poor outcomes for individual jobseekers, reduced program effectiveness, and higher long-term costs.[9]

5.5 The importance of reliable, person-centred assessment is discussed in Chapter 9.

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1 See Department of Employment and Workplace Relations (DEWR), *Submission 254*, pages 56–57, 79, 83.
2 Organisation for Economic Co-operation and Development (OECD) (2018), *Policy Brief on Activation Policies: Profiling tools for early identification of jobseekers who need extra support*, p. 1, www.oecd.org/els/emp/OECD-Profiling-policy-brief-DEC-18.pdf, viewed 20 November 2023.
3 See, for example, Professor Jeff Borland, *Submission 171*, pages 5, 7; Bamara, *Submission 214,* p. 9.
4 Brotherhood of St Laurance (BSL), *Submission 249*, p. 41.
5 See, for example, Professor Borland, *Submission 171*, p. 7; National Employment Services Association (NESA), *Submission 260,* p. 42.
6 Professor Borland, *Submission 171*, pages 7–8.
7 See, for example, IntoWork Australia (IntoWork), *Submission 156*, p. 3; Access Care Network Australia (ACNA), *Submission 179*, p. 1; atWork Australia (atWork), *Submission 210*, p. 5.
8 Institute for Employability Professionals (IEP), *Submission 291*, p. [13].
9 NESA, *Submission 260,* pages 26, 42, 46–47.

Continuum of services

5.6 Two core principles have underpinned employment services since significant outsourcing commenced in 1996: that support should be tailored to the needs and capabilities of jobseekers; and that support should be delivered through a range of mechanisms.[10] Stakeholders indicated that the current system does not adequately reflect those principles, and is characterised by policy and program silos across multiple levels of government and service fragmentation that prevents the system from responding to the interconnected factors that impact a person's social and economic participation.[11]

5.7 As noted in Chapter 4, several stakeholders called for a single, national employment services system. Stakeholders also asserted that services within the system should be differentiated by labour market attachment and intensity of support and must ensure that people's needs and circumstances are addressed via tailored, person-centred practice.[12] For example, NESA noted that jobseekers need different supports depending on their distance from the labour market—irrespective of whether these supports are delivered through complementary programs or within one mainstream system.[13] Professor Borland observed that both work first and capacity-building approaches may be appropriate depending on the individual's circumstances and their pathway to employment.[14]

5.8 Some stakeholders made detailed proposals for an employment services system of this type. For example, the Australian Council of Social Service (ACOSS) proposed that there be five key services:

- An online service.
- An 'improved' core provider service.
- A professional career counselling and support service.
- Specialised local partnership services for people facing entrenched disadvantage.
- Complementary programs to help people overcome their barriers to employment including work experience and training programs.[15]

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10 Commonwealth of Australia (1996), *Reforming Employment Assistance: Helping Australians into Real Jobs – Ministerial Statement by Senator the Hon Senator Amanda Vanstone, Minister for Employment, Education, Training and Youth Affairs*, p. 11.

11 See, for example, BSL, *Submission 249*, p. 35. Ms Sally Sinclair, CEO, NESA, *Committee Hansard*, 14 March 2023, pages 39–40.

12 See, for example, AMES Australia (AMES), *Submission 148*, p. 3; Australian Centre for Career Education (ACCE), *Submission 149*, p. 2; Multicultural Australia, *Submission 182*, p. 5; Jobs Australia, *Submission 185*, pages 4, 14; Australian Council of Social Service (ACOSS), *Submission* 203, pages 19–20; Yilabara Solutions, *Submission 231*, pages 18–19; BSL, *Submission* 249, p. 43.

13 Ms Sinclair, NESA, *Committee Hansard*, 14 March 2023, pages 39–40.

14 See Professor Borland, *Submission 171*, p. 2. See also BSL, Centre for Policy Development (CPD) and University of Melbourne (UniMelb), *Submission 256.1*, p [10].

15 ACOSS, *Submission 203*, pages 27–31.

5.9 According to ACOSS, this model would be sufficiently flexible to meet the needs of diverse cohorts without being unduly complex or inefficient. In addition, jobseekers would be able to move between services, and access multiple services, according to their circumstances and needs.[16]

5.10 The BSL, Centre for Policy Development (CPD), and the University of Melbourne (UniMelb) proposed a system that includes a flexible 'mainstream' program for working age adults, as well as a youth specialist program. Services would be divided according to intensity and adjusted over time depending on a jobseeker's needs and aspirations. The proposal included the following key design elements:

- Two cohorts: young people and adults of working age.
- Three levels of intensity within employment services:
  - Optimised digital servicing, focused on supporting people to engage with local networks rather than solely on job matching.
  - Low intensity face-to-face support, including support with issues such as debt relief and licenses and a focus on employment guidance and job matching.
  - High intensity face-to-face supports for individuals needing to build their employability through skills and training to enter or re-enter the labour market, recognising that some jobseekers face multiple barriers. Within this stream, there would be a strong focus on building trust and rapport.
- Capability pathways for people for whom employment may not be the first priority, and who would benefit from participation in social, health, and wellbeing services.
- All pathways are underpinned by vocational and pre-employment education and support that tailored to labour market needs.[17]

5.11 This model would involve different blends or packages of support within each service, capacity for participants to move between services depending on needs at points in time, and variations in support according to individual circumstances. For example, parents returning to the workforce might benefit from a mix of supports that responds to caring responsibilities and focuses on moving toward employment, while people with experience of the justice system may benefit from a mix of education and training, employment, and community participation.[18] An outline of the service model is at **Figure 5.1** below.

16 ACOSS, *Submission 203*, p. 31.
17 BSL, CPD, and UniMelb, *Submission 256*, pages 12–14.
18 BSL, CPD, and UniMelb, *Submission 256*, p. 13. See also BSL, CPD, and UniMelb, *Submission 256.1*, pages [9–10]. See also Dr Michael McGann, Senior Lecturer in Political Science, UniMelb, *Committee Hansard*, 20 September 2023, p. 3.

Figure 5.1 Example service model: Spectrum of supports within flexible packages

Source: BSL, CPD, and UniMelb, *Submission 256.1*, p. 12.

5.12 The spectrum of supports outlined in **Figure 5.1** is broadly consistent with the Danish approach to supporting clients. During its European delegation, the Committee heard that in Denmark clients are categorised into service levels according to their needs and circumstances (see the 'Participation Ladder' discussed in Chapter 3). Services then focus on moving participants into less intensive services over time as they make progress towards employment.

5.13 Jobs Australia proposed a model comprising online service delivery and the following three 'tiers' of provider-led support:

- An employment preparation tier, where barriers are addressed, quality training and effective tools are acquired by participants, and mutual obligation is targeted to attending appointments and support sessions but not to job seeking.
- An employment service tier, including more intensive and assisted job searches, employment programs and employment-focused activities. Mutual obligations would be similar to current arrangements.
- An ongoing support tier post-job placement, to ensure new employees are able to adapt to the work environment. This would be supported by changes to income support taper rates to ensure new workers are not left without financial support.[19]

[19] Jobs Australia, *Submission 185*, p. 4, 12–14, 15.

5.14 Stakeholders also emphasised that jobseekers must be able to access a tailored mix of vocational and non-vocational supports via a holistic, wrap-around service model.[20] Some stakeholders indicated that certain features would exist irrespective of the tier or stream to which a jobseeker is allocated. For example, all participants might have access to employment, personal development supports, career advice, mentoring, networking, advice on rights and responsibilities in the workplace, skills development, and access to education and training. All people registered for income support would have access to the Employment Fund (EF) for work-related goods and services.[21]

5.15 Public employment services in several international jurisdictions offer tailored and individualised support. During its European delegation the Committee heard that the Estonian public employment service allows case managers to draw upon a range of services, include career services, job coaching, access to training and education, and counselling. Case managers are supported by data-driven support tools that help determine the right mix of services based on the person's probability of finding work. The Estonian employment service also supports those who are employed, including addressing risks of becoming unemployed and enabling career progression.

5.16 Another common theme was that services must take a people- or client-centred approach that builds upon skills and personal strengths rather than focusing on the deficits of the jobseeker.[22]

5.17 Services for jobseekers with different capacity to participate in the labour market and different pathways to employment are discussed below. Also discussed are supports for jobseekers in specific cohorts, and how these would operate within a system that is differentiated by intensity. Further detail on operationalising a new employment services model is included throughout Chapters 6 to 15.

Support for participants with an employment-focused pathway

5.18 Stakeholders indicated that jobseekers who are closest to the labour market require limited assistance to maintain capability and motivation. For many members of this cohort, self-management through online services may be appropriate. Others may benefit from support targeting their job search efforts, access to education and

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20 See, for example, Sarina Russo Job Access (SRJA), *Submission 145*, p. 18; MAX Solutions (MAX), *Submission 146*, pages 3, 18; Name Withheld, *Submission 187*, p. [1]; The Salvation Army Employment Plus (SAEP), *Submission 199*, p. 40; Australian Services Union (ASU), *Submission 205*, p. [3]; Australia's National Research Organisation for Women's Safety (ANROWS), *Submission 212*, p. [8]; GetUp!, *Submission 251*, p. 3.

21 See, for example, Social Ventures Australia (SVA), *Submission* 232, pages 4, 13; Steven de Vroom, *Submission 279*, p. [3], Professor Shelley Mallett, Director—Social Policy and Research Centre, BSL, *Committee Hansard*, 14 March 2023, p. 25. The Employment Fund (EF) is discussed further in Chapter 11.

22 See, for example, National Youth Commission Australia (NYCA), Submission 166, p. [5]; Tasmanian Government, *Submission 174*, p. 3; SSI, *Submission 193*, pages 3, 5-7; Australian Unemployed Workers' Union (AUWU), *Submission 253*, p. [10]; NESA, *Submission* 260, p. 45; Name Withheld, *Submission 264*, p. [3]; IEP, *Submission* 291, pages [4, 7, 13]; Mr Mark Glasson, CEO, Anglicare WA, *Committee Hansard*, 1 February 2023, pages 2-3; Dr Cassandra Goldie, CEO, ACOSS, *Committee Hansard*, 17 May 2023, p. 4.

training opportunities, services which broker job opportunities with employers, and post-placement support and mentoring.[23]

5.19 Evidence received during this inquiry aligns with findings of the Employment White Paper that an employment-focused approach for those closer to the labour market has the benefit of minimising risks of labour market scarring.[24]

Online or digital employment assistance

5.20 Several stakeholders supported retaining online employment assistance, noting that not every jobseeker requires face-to-face support, that many jobseekers prefer self-management, and that online servicing is often the most appropriate approach for those who are able to satisfy their mutual obligation requirements with part-time work. Stakeholders also observed that online services can broaden the geographic reach of employment support.[25]

5.21 Other stakeholders supported a hybrid service model incorporating both digital and face-to-face supports.[26] International experience observed and examined by the Committee indicates an increasing shift towards supporting jobseekers closer to the labour market via online services delivered by the public sector with some face-to-face service options either by a public or contracted provider.

5.22 Despite support for online services, the evidence also raised a range of concerns regarding the current service. For example, data on Workforce Australia Online indicates that less than half of those who commenced and exited digital services in 2022–23 did so for work-related reasons.[27] Stakeholders identified several issues with the current online service, including insufficient engagement with participants in that program, the 'default' length of time for which a jobseeker remains in online services, and challenges moving between online and provider-led services.

5.23 Issues with the current online service and proposals for improvement—including the adoption of a hybrid approach—are discussed in more detail in Chapter 10.

Provider-led employment assistance

5.24 The Committee heard that provider-led services are appropriate for some jobseekers with fewer barriers to employment, including those who have expressed a preference to be supported by a provider rather than to self-manage online. This cohort may

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23 See, for example, Professor Borland, *Submission 171*, p. 16; Jobs Australia, *Submission 185*, pages 13–14; SYC Ltd (SYC), *Submission 189*, p. 9; BSL, CPD and UniMelb, *Submission 256*, pages 12–13.

24 Commonwealth of Australia (2023), *Working Future: The Australian Government's White Paper on Jobs and Opportunities*, pages 153, 154.

25 See, for example, Name Withheld, *Submission 118*, p. [1]; CoAct, *Submission 151*, p. 11; ACOSS, *Submission 230*, pages 8, 16, 31; Bamara, *Submission 214*, p. 3; BSL, *Submission 249*, pages 9, 44, 48 NESA, *Submission 260*, p. 52. MatchWorks, *Submission 263*, p. 2.

26 See, for example, VERTO, Submission 202, p. [20]; ACOSS, *Submission 203*, pages 27–31; APM, *Submission 213*, p. 10; NESA, *Submission 260*, pages 52–54.

27 DEWR, *Submission 254.5*, pages 34–36. 'Employment-related' exits are exits that are strongly correlated with a participant being in employment three months later, according to responses to post-program monitoring surveys.

benefit from low intensity assistance within a case management model focused on brokering employment opportunities. Jobseekers with an interest in or an aptitude for a specific industry or field may also benefit from being directly connected with training or employment opportunities.[28]

5.25 Evidence also indicated that online services will not be suitable for everyone who is considered close to the labour market.[29] For example, DEWR observed that during the New Employment Services Trial (NEST), certain cohorts such as older people, those with lower levels of English proficiency, First Nations peoples, people with disability, and those who have difficulty navigating labour markets are less likely to benefit from an 'online only' service approach. This is notwithstanding that at least some members of these cohorts could reasonably be considered 'job ready'.[30]

Support for participants with a pathway focused on building human capital

5.26 Stakeholders proposed a range of services and supports for those who need greater support to gain employment. These varied in type and intensity depending on the jobseeker's needs and personal circumstances. Examples included:

- interventions to ensure jobseekers remain confident in their own abilities and motivated to continue searching for work;[31]
- pre-vocational support to identify educational and employment goals;[32]
- pre-employment support to increase employability and job-specific skills;[33]
- support to consider self-employment or entrepreneurship;[34]
- opportunities to access work opportunities coupled with training;[35]
- opportunities to connect with employers;[36]
- help with structural barriers like obtaining a driver's licence and digital literacy;[37]
- ongoing monitoring and support once in employment;[38] and

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28 See, for example, Jobs Australia, *Submission 185*, pages 14–15; BSL, CPD and UniMelb, *Submission 256*, pages 12–13; NESA, *Submission 260*, pages 52-53; Antipoverty Centre, *Submission 276*, p. [17].

29 See, for example, National Foundation for Australian Women (NFAW), *Submission 135*, p. [3]; SRJA, *Submission 145*, p. 19; SSI, *Submission 193*, p. 3; Navitas, *Submission 262*, p. 13.

30 DEWR, *Submission 254.5*, pages 5–6.

31 See, for example, Dr Ann Nevile, *Submission 136*, p 11; Jobs Australia, *Submission 185*, p. 13.

32 Yilabara Solutions, *Submission 231*, p. 18;

33 See, for example, Professor Borland, *Submission 171*, pages 3, 16; Jobs Australia, *Submission 185*, p. 14; Australian Youth Affairs Commission (AYAC), Submission 238, p. 2 BSL, *Submission 249*, p. 49; BSL, CPD and UniMelb, *Submission 256*, p. 11.

34 See, for example, National Self-Employment Association (NS-EA), *Submission 225*, p. 3; The ASE Group (ASE), *Submission 258*, pages 4–5, 6.

35 See, for example, Professor Borland, *Submission 171*, pages 16; Per Capita, *Submission 252*, p. 52.

36 BSL, *Submission 249*, p. 49.

37 See, for example, Youth Projects, *Submission 141*, p. 16; Training Alliance Group (TAG), *Submission 195*, p. [4].

38 See, for example, Dr Nevile, private capacity, *Committee Hansard*, 11 August 2023, p. 10; Ms Diana Amato, CEO, AYAC, *Committee Hansard*, 11 August 2023, p 38.

- referrals to other resources within the human services ecosystem.[39]

5.27 These broadly reflect the findings of the Employment White Paper, which highlighted the role of employment services in building capability and broadening opportunities for jobseekers through work experience and training opportunities. Another finding of the Employment White Paper was that investment in people and the development of skills delivers better labour market outcomes in the long term.[40]

5.28 Stakeholders also supported a 'stepping-stone' approach which enables jobseekers to build confidence and capability during the transition to employment. This would involve integrating all supports for jobseekers into a single model that recognises and responds to a variety of pathways to social and economic participation.[41]

5.29 A key theme in evidence was the role employment services could play in building and maintaining jobseeker motivation and confidence (which influences job success). Several providers noted that a service approach that allows for positive collaboration between frontline staff and jobseekers, greater tailoring of services to an individual, and better recognition of jobseekers' engagement, should help to harness, build, and maintain the intrinsic motivation of jobseekers.[42] For some people, supports may initially focus on confidence, resilience and motivations as a way to build capacity.[43]

5.30 The Committee heard that jobseekers who are a 'medium distance' from employment would benefit from a strengths-based case management model which seeks to build capacity and skills aligned to the jobseekers' abilities and interests.[44] Meanwhile, jobseekers further from the labour market—including those who are LTU—would benefit from intensive case management by skilled consultants which takes a holistic approach to addressing multifaceted and intersectional barriers.[45]

5.31 Stakeholders further argued that many cohorts would benefit from a trauma-informed response and environments, structures and processes that facilitate trust and connection.[46] The experiences shared with the Committee by LTU jobseekers suggested that a significant number have experienced trauma or have been scarred

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39 See, for example, yourtown, Submission 141, p. 4; AYAC, Submission 238, p. 2; NESA, *Submission 260*, p 21; Navitas, *Submission 262*, pages 15–16.

40 Commonwealth of Australia (2023), *Working Future: The Australian Government's White Paper on Jobs and Opportunities*, pages 53, 89.

41 See, for example, Mrs Natalie Fitzgerald, General Manager—Business Excellence, atWork, *Committee Hansard*, 1 February 2023; pages 17–18; Mr Ben Gales, Chief Delivery Officer, Paul Ramsay Foundation (PRF), *Committee Hansard*, 11 August 2023, p 29.

42 See, for example, MAX, *Submission 146*, p. 24; CoAct, *Submission 151*, p. 20; MTC Australia (MTC), *Submission 164*, p. 4; SAEP, *Submission 199*, pages 40, 42, 59. See also, NESA, *Submission* , p. 82.

43 See, for example, IntoWork, *Submission 156*, p. 1; SAEP, *Submission 199*, pages 8, 12.

44 See, for example, AMES, *Submission 148*, p. 3; Multicultural Australia, *Submission 182*, p. 8; Western Australian Association for Mental Health (WAAMH), *Submission 248*, p. 5; Relationships Australia, *Submission 280*, p. 7.

45 See, for example, Youth Projects, *Submission 141*, p. 8; Jobs Australia, *Submission 185*, p. 12; Getting Welfare to Work Research Team, *Submission 191*, p. 10; NESA, *Submission* 260, p. 45; Mr Gales, PRF, *Committee Hansard,* p. 28.

46 See, for example, Youth Projects, *Submission 141*, pages 7, 19; Joblink Plus, *Submission 157*, pages 5, 8–9; Multicultural Australia, *Submission 182*, p. 8; Dr Katherine Curchin, *Submission 197*, pages 1, 4; Good Cycle, Submission 237, p. 4; WAAMH, *Submission 248*, p. 5.

by extended periods of social isolation, economic insecurity, and disconnection from the labour market. In some cases, particularly though not exclusively among First Nations communities, intergenerational trauma issues also need to be addressed.[47]

5.32 CoAct asserted that local and community-based organisations must be enabled to participate in the employment services system to provide effective pre-employment and wrap-around support for disadvantaged jobseekers.[48] South-East Community Links (SECL) stated that rebuilding trust requires place-based organisations who understand community needs—highlighting the Community Employment Connectors program as an example of a successful place-based initiative.[49] Other stakeholders asserted that larger organisations should be enabled and encouraged to collaborate with smaller organisations. Larger organisations could provide support and resources to help other local organisations connect with the system and scale their services.[50] Professor Green et al stated:

> While it is possible to imagine ways in which grass-roots organisations could be brought to work together in a scalable manner, a more sustainable option is to work as partners with such organisations to refine hopes and expectations within the context of a [revised] workforce strategy and then ask the organisations themselves to suggest pathways to scale.[51]

5.33 The Committee heard about, and had the opportunity to visit, multiple examples of smaller organisations delivering programs outside of the Commonwealth system which appeared to be of more benefit to jobseekers who needed assistance on their pathway to suitable employment. Examples (some of which are outlined in the Committee's interim report and in Chapter 3 of this report), included:

- delivery of Jobs Victoria services by local community organisations, with targeted supports for jobseekers with challenges finding employment in order to boost their participation levels and link them to meaningful employment;[52]
- the Tasmanian Government's network of Regional Jobs Hubs, which function as a neutral jobs broker in their local region and focus on job-matching services that deliver long-term employment outcomes;[53]
- the BSL's Sustaining Economic Empowerment and Dignity (SEED) and Stepping Stones projects, focused on empowering women to achieve economic security through education and employment;[54]

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47 Ms Julie-Ann Guivarra, Deputy CEO—Policy and Programs, National Indigenous Australians Agency (NIAA), *Committee Hansard*, 17 May 2023, p. 15.

48 See, for example, CoAct, *Submission 151*, p. 8.

49 SECL, *Submission 38.1*, pages 3–4. See also Government of Victoria, *Community Employment Connectors Program*, www.vic.gov.au/community-employment-connectors-program, viewed 20 November 2023.

50 See, for example, CVGT Employment (CVGT), *Submission 106*, p. 10; WISE Employment, *Submission 169*, p. 10; SYC, *Submission 178*, p. 7; Good Cycles, *Submission 237*, p. 5.

51 Professor Leila Green, Dr Kylie Stevenson, Dr Kelly Jaunzems, Ms Claire Hanlon and Mr Arthur Hanlon (Professor Green et al), *Submission 120*, p. [5].

52 Government of Victoria, *Submission 278*, p. 5.

53 Tasmanian Government, *Submission 174*, pages [5, 6, 10].

54 See BSL, *Submission 59*, p. 9; Ms Rebecca Pinney Meddings, Senior Manager—Financial Inclusion, BSL, *Committee Hansard*, 11 November 2022, p. 28.

- WomenCAN's Placement Circle model, a which focuses on women living in disadvantage. The program offers community outreach to identify women who have a desire to reengage with the workforce; a peer support framework including regular discussions and study sessions; place-based vocational training with partner TAFE providers; and skills-relevant work placements;[55]
- the Thrive Refugee Enterprise, which is dedicated to assisting refugees and people seeking asylum to start and grow their own businesses—responding to a perceived gap in eligibility for the S-EA program;[56]
- Work Integrated Social Enterprises (WISEs) that are participating in a pilot run by the Department of Social Services (DSS) that looks at the effectiveness of WISEs in securing long-term employment outcomes for disadvantaged jobseekers;[57]
- social enterprise cafes that provide hospitality training and employment opportunities to individuals who face barriers to entering the workforce; and
- labour hire firms operating as not-for-profit or social enterprises.[58]

Pre-vocational support

5.34 Stakeholders indicated that some unemployed people (who may not be appropriately classified as 'jobseekers') may benefit from pre-vocational support, with a focus on rediscovering strengths and skills and increasing confidence.[59]

5.35 Pre-vocational support was also discussed during the Committee's examination of the ParentsNext program. The Council of Single Mothers and their Children (CSMC) noted that pre-vocational support involves 'taking a step back from pre-employment' to focus on a client's circumstances and individual needs.[60]

5.36 Yilabara Solutions proposed a work preparation phase that aligns with the concept of pre-vocational support, and which would involve participants undertaking activities such as vocational profiling, self-esteem building, and goal setting over the first few months with a provider. This would help to build a rapport between provider and participant and result in a practical understanding of the participant's needs.[61]

5.37 VERTO referred to a 'non-vocational' phase that would focus on providing support to jobseekers with multiple barriers to employment prior to delivering pre-employment or

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55 WomenCAN Australia, *Submission 319*, p. 2. See also WomenCAN*, Submission 319* (Attachment 3), p. 3.

56 Thrive Refugee Enterprise, *About Us,* www.thriverefugeeenterprise.org.au/about-us, viewed 20 November 2023. See also Ms Miranda Lauman, First Assistant Secretary—Workforce Australia for Business, DEWR, *Committee Hansard*, 20 September 2023, p. 55.

57 See Department of Social Services (DSS), *Submission 192.1*, p. [6]; Per Capita, *Submission* 252, p. 42; White Box Enterprises, *Submission 274*, p. [3]; Mr Luke Terry, CEO, White Box Enterprises, *Committee Hansard*, 16 June 2023, p. 17.

58 See, for example, BSL, *Submission* 249, p. 57; Per Capita, *Submission* 252, p. 43.

59 See, for example, Dr Nevile, *Submission 136*, p 11.

60 Ms Jenny Davidson, CEO, Council of Single Mothers and their Children (CSMC), *Committee Hansard*, 6 December 2022, p. 3.

61 Yilabara Solutions, *Submission 231*, p. 18.

employment assistance. Those who have been 'stuck in the system'—becoming very-LTU—may also be given the option to receive this form of support.[62]

5.38 Bounce Global noted that the current employment services system is often focused on using compliance and punitive measures to compel clients to find work, stating that these measures are largely ineffective—particularly when attempting to support clients living with disadvantage. According to Bounce Global, the two pressing issues in the employment services sector are that people experiencing multiple barriers to employment require significant support, and that frontline workers lack the specific skills, knowledge, and energy to connect with their clients, build trust, and help them to create autonomy and self-efficacy to set achievable goals.[63]

5.39 Bounce Global proposed the adoption of a Hope Activation Framework within the employment services system, focused on supporting the wellbeing of both clients and frontline workers and giving both parties more autonomy and agency, and on staff working with clients within a strengths-based frame to change clients' self-perception and encourage to develop goals and aspirations. Bounce Global made the following recommendations to underpin such as framework:

- Implement a 'relationship first' approach to service delivery by providing frontline staff and managers with the appropriate skills and knowledge to support their clients. By reducing the administrative load and focusing less on compliance, frontline staff will have more time to build relationships that get better outcomes.
- Introduce a measure of wellbeing into the employment services system and provide LTU people with the tools and resources they need to make positive changes and move towards their goals. Providers and staff should be rewarded for helping clients improve their wellbeing.
- Incorporate a wellbeing-to-work approach into employment services. Providers should support their clients to increase their social, emotional, and physical wellbeing before focusing on achieving employment outcomes.
- Trial the efficacy of a wellbeing approach for both staff and clients using evidence-based training and professional development strategies. Employ proven wellbeing and hope intervention approaches alongside measures of subjective wellbeing, satisfaction with life, and job satisfaction to contribute to longitudinal data around staff, client, and social outcomes.[64]

Pre-employment assistance

5.40 The Committee heard that pre-employment assistance has an important function in addressing barriers to labour force participation before an individual begins applying for work. Pre-employment assistance gives a jobseeker access to activities and programs that build confidence and motivation; equips the jobseeker with core

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62 VERTO, *Submission 202*, p. [20].

63 Bounce Global (2023), *Activating Hope in Employment Services,* pages 2, 8, https://bounceglobal.net/activating-hope-in-employment-services, viewed 20 November 2023.

64 Bounce Global (2023), *Activating Hope in Employment Services,* pages 21–26.

foundational, employability and technical skills; and assists participants to upskill and re-skill. It can also help build aspirations to engage in and return to work.[65]

5.41 Stakeholders emphasised that providers should be enabled to design tailored pre-employment assistance which responds to local workforce need and aligns with and provides access to training opportunities.[66]

5.42 DEWR noted that providers are expected to assist participants to improve foundation and employability skills. This may include referral to complementary programs such as Employability Skills Training (EST) and Career Transition Assistance (CTA).[67]

5.43 Stakeholders highlighted examples of successful public and non-government pre-employment programs. For example, the Queensland Government observed that the Skilling Queenslanders for Work program increased participants' likelihood of finding employment by 21 percentage points.[68]

Work experience

5.44 As outlined in Chapter 1, common barriers to securing work for unemployed people include gaps in the person's employment history and lack of work experience.[69] A lack of local work experience is also a key barrier to employment for migrant and refugee jobseekers.

5.45 Work experience, volunteering, and programs that help link jobseekers to paid job opportunities (for example, apprenticeships, traineeships, and social procurement for major projects) are learning opportunities that enable the jobseeker to demonstrate their value in a work setting. This in turn can reduce perceived risks to the employer of engaging a candidate via employment services.[70]

5.46 Stakeholders also noted that for some jobseekers, career pathways involve taking on temporary or part-time jobs to gain experience or use as a 'stepping-stone' to longer-term employment.[71] Other jobseekers may prefer or need to quickly gain employment to meet immediate needs and goals.[72]

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65 See, for example, Success Works, *Submission 139*, p. [1]; WDEA Works, *Submission 168*, pages 4, 6; ACOSS, *Submission 203*, pages 30–31; NESA, *Submission 260*, p. 65; Ms Wendy Black, Head of Policy, Business Council of Australia (BCA), *Committee Hansard*, 11 August 2023, pages 16–17.

66 See, for example, Per Capita, *Submission 78*, p. 7, 19–20; Professor Borland, *Submission 171*, p. 16; yourtown, *Submission 198*, p. 7, 8; Ms Black, BCA, *Committee Hansard*, 11 August 2023, pages 18–21.

67 DEWR, *Submission 254.4*, p. [6]. See also DEWR, *Submission 254*, pages 71–72, 91.

68 Queensland Government: Department of Employment, Small Business and Training (DESBT), *Submission 243*, pages 7–8.

69 See, for example, MAX, *Submission 146*, p. 25; AMES, *Submission 148*, p. 3; HOST International (HOST), *Submission 188*, p. 1; NESA, *Submission 260*, p. 43.

70 See, for example, Name Withheld, *Submission 137*, p. [3]; ACCE, *Submission 149*, p. 8; Professor Borland, *Submission 171*, p. 16; TAG, *Submission 195*, pages [4–5]; Asuria People Services (Asuria), *Submission 246*, p. 32.

71 Professor Mark Considine, private capacity, *Committee Hansard*, 14 March 2023, p. 2. See also WISE Employment, Submission 169, p. 15; Per Capita, *Submission 252*, p. [24].

72 NESA, *Submission 260*, p. 64.

5.47 The employment services system must also respond to changing labour markets, noting that modern markets increasingly feature part-time and casual positions, non-traditional or flexible work arrangements, and roles in the 'gig' economy. The Committee heard that temporary and flexible work arrangements may be appropriate for jobseekers who are unable to commit to regular, full-time work, and often reflect jobseekers' preferences.[73]

5.48 Stakeholders also argued against assuming that the only appropriate or 'secure' work is full-time, ongoing and involves direct engagement by an employer. For example, the Recruitment, Consulting and Staffing Association (RCSA) asserted that it must be the individual who defines 'secure' and 'insecure' employment, and that there should be no move to restrict access to a jobs or employment pathways on the basis that they does not reflect bureaucratic definitions of 'secure' employment.[74]

5.49 The Committee heard that placements into shorter-term jobs—and jobs that do not align with jobseekers' aspirations—may be appropriate as a means of gaining work experience, developing skills, and building confidence. These jobs can act as 'stepping-stones' to sustainable, career-driven employment opportunities.[75] In this regard, The Salvation Army Employment Plus (SAEP) advocated an approach that:

- enables jobseekers to find work which allows them to acquire experience and confidence before applying for jobs which align with their goals, noting temporary jobs may also be a source of income while a jobseeker develops other skills;
- offers the jobseeker the opportunity to develop and build on transferable skills, such as communication, dependability, teamwork, and technology skills, which are highly valued by employers; and
- enables jobseekers to apply for other positions while in a job, noting that holding current employment is often seen as a positive by employers even where the job is in an unrelated field.[76]

5.50 During site visits, clients in employment services and other human services indicated that short-term or less desirable jobs can be appropriate, so long as they form part of a longer-term strategy to build a client's competencies and move them towards meaningful work in the future. One client made the poignant observation that 'it's easier to start with the horrible little job you can do if that's part of getting on your way to what you really want to do and they [the provider] keep helping you'.

5.51 ACOSS stated that providers are often reluctant to risk their own resources investing in work experience and training for people who are detached from the labour market. Accordingly, there is a need for complementary programs which provide training and work experience, and for these programs to be expanded so they are more widely

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73 See, for example, WISE Employment, *Submission 169*, p. 16; SAEP, *Submission 199*, p. 46; NESA, *Submission 260*, p. 59; MatchWorks, *Submission 263*, p. 30.

74 Recruitment, Consulting and Staffing Association (RCSA), *Submission 201*, p. 7.

75 See, for example, CVGT, *Submission 106*, p. 18; VERTO, *Submission 202*, p [6].

76 SAEP, *Submission 199*, p. 45.

available. ACOSS drew attention to wage subsidies and the Launch into Work program as examples of initiatives the government should continue to support.[77]

5.52 Evidence also indicated that there is significant value in 'place and train' models of support which connect individuals with employers who are willing to provide a work opportunity that includes on-the-job training and support.[78] Some stakeholders also noted that self-employment may be a pathway to employment on the open market—in creating their own job, individuals build many transferrable skills that increase their chances of later finding work with an employer.[79]

5.53 Work experience is discussed in further detail in Chapter 11.

In-employment assistance

5.54 Stakeholders indicated that support for jobseekers should not end once they are in employment, and that effective support for businesses and employees can be critical to ensuring that a new employee can adapt to a role, remain in the role over the long term, and progress in their career.[80] As noted in Chapter 4, assisting employers—and particularly small businesses—with creating inclusive workplaces and developing strategies to support cohorts of workers with higher needs can also help to create opportunities for more disadvantaged jobseekers.

5.55 Post-placement support is considered a core service within Workforce Australia and is funded through the existing outcome-based payment model.[81] Workforce Australia Services and Transition to Work (TtW) providers receive 4-, 12-, and 26-week outcome payments. Several providers indicated they had staff dedicated to providing post-placement support.[82] Some also noted improvements that could be made to ensure post-placement support for jobseekers. This is explored in Chapter 11.

5.56 During site visits and the Committee's European delegation, stakeholders asserted that best practice in the context of post-placement support is to offer mentoring to the business and worker for up to 12 months after a job placement, to maximise the chance of a sustainable employment outcome.

5.57 Dr Ann Neville and Jobs Australia both indicated that there would be merit in the 'mainstream' employment services system adopting the model of support used in

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77 ACOSS, *Submission 203*, p. 31.

78 See, for example, The Multinational Professional Network Inc (MPN), *Submission 99*, p. 7; MAX, *Submission 146*, p. 21; SAEP, *Submission 199*, pages 8–9; BSL, *Submission 249*, p. 55; Per Capita, *Submission 252*, p. 40, 53–55; NESA, *Submission 260*, p. 64.

79 See, for example, NS-EA, *Submission 225*, pages 3; SUDD Foundation, *Submission* 257, pages 2–3; Switch Start Scale, *Submission 286*, pages [7, 8]; Australian Enterprise Alliance (AEA), *Submission 289*, p. [6].

80 See, for example, Youth Projects, *Submission 141*, p. 4; SYC, *Submission 189*, p. 14; Name Withheld, *Submission 264*, p. [5]; Ms Felicite Black, CEO, Women's Health and Family Services (WHFS), *Committee Hansard*, 1 February 2023, p. 6; Ms Amato, CEO, AYAC, *Committee Hansard*, 11 August, p. 38.

81 See NESA, *Submission 260*, p. 64.

82 See, for example, Mr Brendan Bourke, Head of Client Services, yourtown, *Committee Hansard*, 6 June 2023, p. 19; Mr Mark Berlese, Chief Operating Officer, SRJA, *Committee Hansard*, 6 June 2023, p. 19; Mr Kieran Kearny, CEO, Workways Australia (Workways), *Committee Hansard*, 6 June 2023, page 19–20.

Disability Employment Services (DES).[83] DES providers may deliver post-placement support for up to 12 months. The program recognises (and funds) 4-, 13-, 26-, and 52-week outcomes, and there is a formalised process for identifying the need for and delivering support to ensure a participant is able adapt to a new work environment.[84] The National Youth Commission Australia (NYCA) stated that the Sustainability Outcome Payment available under TtW should be extended from 26 weeks to 52 weeks.[85]

5.58 Evidence presented to the Committee and discussions during site visits highlighted the importance of longer-term or more extensive support for particular cohorts of jobseekers. SYC noted the critical role of post-placement support—including tailored workplace mentoring—to achieving sustainable outcomes for LTU jobseekers, First Nations peoples, people with disability, and people with episodic mental health issues.[86] The Coalition of Peaks noted that work must be done with employers to breakdown stereotypes impacting First Nations peoples and to ensure workplaces are adapted to the needs and working arrangements of First Nations employees. The Coalition of Peaks noted that peer networks have enjoyed considerable success in this regard.[87] Multicultural Australia and HOST International (HOST) both noted the role that post-placement support can have in addressing cultural issues that may arise for refuges and migrants, as well as its role in reducing the risk of worker right violations amongst those with limited awareness or familiarly with Australian systems and laws.[88] Other stakeholders that observed young people and employers benefit from post-placement support that troubleshoots issues and creates an environment that will see both parties benefit in the long term.[89]

5.59 The Committee also heard that in-work support should be scaled to enable better career planning and progression—particularly for employees in entry-level, lower-skilled, and precarious jobs.[90] This is explored in more detail in Chapters 11 and 12.

Wrap-around support

5.60 Some jobseekers require employment assistance that is integrated with other social and health supports such as allied health services, drug and alcohol counselling, and education and training providers.[91]

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83 Jobs Australia, *Submission 185*, p. 9; Dr Nevile, *Committee Hansard*, 11 August 2023, p. 10.

84 DSS, *DES Ongoing Support Guidelines*, www.dss.gov.au/freedom-of-information-operational-information-disability-employment-and-carers-group/des-ongoing-support-guidelines, viewed 20 November 2023.

85 NYCA, *Submission 166*, p. [6].

86 SYC, Submission 189, p. 14.

87 Mrs Muriel Bamblett, Committee Member, Coalition of Aboriginal and Torres Strait Islander Organisations (Coalition of Peaks), *Committee Hansard*, 17 May 2023, p. 26.

88 See Multicultural Australia, *Submission 182*, pages XX, XX ; HOST, *Submission 188*, p. 4.

89 See, for example, BSL, *Submission 249,* p. 50; Youth Projects, *Submission 141*, pages 6–7;

90 See, for example, Campbell Page, *Submission* 155, p. [8–9]; NESA, *Submission 260*, pages 64–65.

91 See, for example, ACOSS, *Submission 203*, p. 28.

5.61 Stakeholders asserted that co-locating employment services with or embedding them in other human services can be critical to fostering genuinely person-centred case management.[92] For example, MatchWorks observed:

> [A] a 'one stop shop' enable[s] the most disadvantaged participants to benefit from collaboration. We see greater engagement in interventions and reduced fear, particularly by priority cohorts, through the provision of joined up services delivered in a familiar setting. On site services also aid participants to build stronger relationships … [with employment consultants]. This fosters improved disclosure and information sharing … resulting in better and quality progression for participants with supports occurring in real time where required.[93]

5.62 The Committee heard that that wrap-around servicing does not necessarily require that services be collocated, provided there is a coordinating entity with strong links to other services.[94] However, some stakeholders also expressed a view that collocated (hub-based) services are likely to deliver better outcomes.[95] SAEP observed that there is a clear difference between referring a jobseeker to an external service and physically introducing them to an embedded one, noting that the latter often involves a personal introduction from which a relationship can be built.[96]

5.63 The Committee also heard that under the current model there are issues in referring participants to external services, particularly where a provider cannot reliably predict that a referral will result in an employment outcome.[97] The Getting Welfare to Work Research Team stated:

> While addressing non-vocational barriers such as homelessness, poor mental health, and drug addiction promotes employability and leads to positive individual outcomes in the long-run, employment services providers only receive payments for employment and educational outcomes. Accordingly, there are few incentives for providers to invest time or money to address complex non-vocational barriers beyond referring clients to external support services that are funded by local or state governments.[98]

5.64 Stakeholders also noted that hub-based models may be of greater value to certain cohorts. Youth Projects asserted that these models are critical to supporting younger jobseekers, and particularly who are facing challenges such as poor mental health, substance abuse, and homelessness.[99]

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92 See, for example, Multicultural Australia, *Submission 182*, p. 15; Enterprise and Training Company (ETC), Submission 133, p. 6; Ms Taryn Harvey, CEO, WWAMH, *Committee Hansard*, 17 May 2023, p. 50; Mr Terry, White Box Enterprises, *Committee Hansard*, 16 June 2023, p. 17.

93 MatchWorks, *Submission 263*, p. 11.

94 See, for example, NYCA, *Submission 166*, p. [4]; WISE Employment, *Submission 169*, pages 4–5, 9.

95 Joblink Plus, *Submission 157*, pages 8, 10. See also S Mallick et al (2022), 'The impact of co-location employment partnerships within the Australian mental health service and policy context, a systematic review', *International Journal of Mental Health Nursing,* 31(5), p. 1125.

96 SAEP, *Submission 199*, p. 19.

97 See, for example, CoAct, *Submission 151*, p. 8.

98 Getting Welfare to Work Research Team, *Submission 191*, p. 16.

99 Youth Projects, *Submission 141*, p. 4.

5.65 The Antipoverty Centre were among those that felt employment services should not be part of a one-stop-shop. Instead, they advocated for jobseekers to be given information about what is available, freedom to choose what they need, and access to community-controlled organisations and cooperatives that provide services.[100]

Support for participants with a pathway which builds social capacity

5.66 Evidence confirmed that there are a proportion of individuals on the caseload who face a range of interrelated vocational and non-vocational barriers to employment and for whom employment is unlikely to be appropriate—at least in the short to medium term.[101] There are also individuals for whom work may never be a realistic prospect.[102]

5.67 Anecdotal evidence suggests that the proportion of people from whom work is not a realistic prospect—at least in the near future—is anywhere from 10 to 15 per cent of the overall caseload, with the reasons for this including disability, sickness or mental illness, major personal crisis, and medically diagnosed substance abuse disorders. Under the current model, some in this cohort may be exempt from participating in employment services.[103] Using the number with a temporary exemption as a proxy, around 11.8 per cent of the Workforce Australia caseload may not be able to benefit from employment services at any specific point in time.[104] Evidence from providers indicated that the proportion of the caseload who would be better assisted through alternative services ranges from 10 to over 20 per cent.[105]

5.68 Evidence indicated that this cohort would benefit from referrals to other human services, community work and social enterprises (instead of referral to employment services), as well as an underlying approach to support which focuses on social rather than economic participation. There was also recognition of the importance of a strength-based support approach with realistic goals and timeframes.[106] This was reflected in discussions during the Committee's European delegation. For example, the Committee heard that services in the Netherlands take a 'life first' approach to

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100 Antipoverty Centre, *Submission 276*, pages [6, 16].

101 See, for example, ACOSS, *Submission* 203, p. 28; Per Capita, *Submission 252*, p. [32]; NESA, *Submission 260*, pages 43–44.

102 See, for example, ACCE, *Submission 149*, p. 8; AKG, *Submission 208*, p. [3].

103 DEWR, *Submission 254*, p. 103.

104 DEWR, *Submission 254.*7, p. [12]. The *White Paper: Working Future* cites that 35.7 per cent of those on income support have an exemption, but that figure includes both temporary exemptions from looking for work and those with caring-related exemptions. Commonwealth of Australia (2023), *Working Future: The Australian Government's White Paper on Jobs and Opportunities*, p. 146.

105 See, for example, APM, *Submission 213*, p. 12; Workways Australia Ltd (Workways), *Submission 239.2*, p. 7.

106 See, for example, CVGT, *Submission 106*, pages 4–5; Professor Green et al, *Submission 120*, pages [9–10]; Jobs Australia, *Submission 185*, p. 13; AKG, *Submission 208*, p. [3]; APM, *Submission 213*, pages. 12–13; BSL, CPD and UniMelb, *Submission 256*, p. 13; BSL, CPD and UniMelb, *Submission 256.1*, p. [9]; Social Enterprise Australia (SEA), *Submission 305*, pages [4–5]; Dr Travers McLeod, Executive Director, BSL, *Committee Hansard,* 14 March 2023, page 23-24; Ms Annette Gill, Principal Policy Adviser, NESA, *Committee Hansard*, 20 September 2023, p. 18.

supporting jobseekers further from the labour market, focused on overcoming non-vocational barriers such as addiction before considering employment.

5.69 The Committee also heard that the French public employment service delivers a 're-mobilisation' package to LTU and very-LTU people. This includes an intensive assessment progress and a package of supports tailored to the client's needs. Providers of the service also work with employers to help them tailor vacancies to clients. Supporting clients in this program requires a significant investment. However, there is a substantial return on investment if and when clients move into work.

5.70 The Antipoverty Centre explained that support should be offered to ensure that this cohort can access resources and develop a longer-term plan which helps the individual become ready, willing, and able to enter work.[107] Activities or services that build up capacity and utility to work in the future that could be part of social participation pathways are explored more in Chapters 11 and 13.

5.71 Discussions with stakeholders raised questions as to whether DEWR—as a hybrid provider—would be better placed to approve Participation and Jobs Plans and case manage people whose goals are social participation or community work (and who require less intensive case management). This would leave provider-led services to focus on preparing and supporting people with realistic prospects of employment to secure work. ACOSS suggested a lead agency should be appointed to oversee case management for jobseekers with a social participation pathway,[108] while the CPD told the Committee that there are a range of different ways to support this cohort, noting that effective support should commence with regional gateways undertaking initial assessment and referral.[109] This is explored in more detail in Chapters 9 and 14.

5.72 Academic and policy research indicated that Intermediate Labour Markets (ILMs) may also be harnessed to support clients who are further from the labour market. ILMs are typically (though not always) small businesses with a focus on helping the most disadvantaged clients—often by offering employment in a workplace for up to 12 months. This provides the client with a wage, close supervision, guidance, and support.[110] The job may offer a combination of accredited training and development of workplace skills, improving the client's general employability via practical on-the-job experience. Also provided are job search assistance and ongoing support after the completion of a placement. In addition, there is often strong involvement by local government and non-government organisations to reduce the risk of displacement.[111]

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107 Mr Jay Connan, Co-coordinator—Research and Policy, Antipoverty Centre, *Committee Hansard*, 19 September 2023, p. 14.

108 ACOSS, *Submission 203*, pages 28–29.

109 Ms Annabel Brown, Deputy CEO, CPD, *Committee Hansard*, 20 September 2023, p. 5.

110 Intermediate Labour Markets (ILMs) can also operate in private firms, government and not for profits. See BSL (2012), *Exploring success for intermediate labour market social enterprises A literature review*, p. 3, https://library.bsl.org.au/jspui/bitstream/1/6185/1/Nockolds_Exploring_success_intermed_labour_market_soc_enterprises_lit_review_2012.pdf, viewed 20 November 2023.

111 See, for example, BSL (2007), *Investing in People: Intermediate Labour Markets as Pathways to Employment*, https://library.bsl.org.au/bsljspui/bitstream/1/6208/1/investing_in_people_ILMs_print.pdf, viewed 20 November 2023; Joseph Rowntree Foundation (2000), *The intermediate labour market*, https://www.jrf.org.uk/report/intermediate-labour-market, viewed 20 November 2023.

5.73 A BSL study found that ILMs typically deliver good outcomes, notwithstanding that benchmarking success against other Active Labour Market Programs can be challenging.[112] This is supported by analysis of the prior New Deal for Communities program in the UK which experienced lower drop-out rates than other programs as well as longer retention in better quality jobs. However, critics suggested that these programs may come with high costs per job outcome.[113]

5.74 During its international delegation, the Committee observed examples of ILMs, including the Territories with Zero Long-Term Unemployment project and the Royal Philips employment scheme. These are discussed in Chapter 3.

Other human services

5.75 The Committee heard that individuals with complex personal challenges should be able to access supports in the broader human services ecosystem—including health, drug and alcohol, and housing services—before being connected to employment services. Supporting participants in this pathway requires time and flexible funding.[114]

5.76 MatchWorks noted that there is also a small group of individuals who are temporarily restricted from accessing Centrelink or employment services due to abusive or violent behaviour. According to MatchWorks, this cohort may benefit from being connected to other human services instead of being entirely excluded.[115]

5.77 Stakeholders also indicated that there would be value in embedding employment-related supports in social care services.[116] WAAMH expressed strong support for the Individual Placement and Support (IPS) model and explained the model as follows:

> Two full-time vocational specialists …[are] embedded in 50 headspace sites across Australia. The vocational specialists are part of the multidisciplinary team. Their specialist skills set is assistance into employment or linking into education, depending on the person's wants and needs …
>
> A vocational specialist in IPS works with a maximum of 20 people at [a] time so that they can get out and engage with their local community and local employers … [I]t is not about vacancy searching; it's about building relationships with employers, looking at what their business needs are, finding some of the hidden job market that you might not see just on the surface, keeping that relationship up and then, hopefully, having a spot for someone at any point in time.[117]

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112 BSL (2012), *Exploring success for intermediate labour market social enterprises A literature review*, p. 5.

113 UK Government: Department for Communities and Local Government (2004), *Intermediate Labour Markets: Final Report*, https://extra.shu.ac.uk/ndc/downloads/reports/RR63.pdf, viewed 20 November 2023.

114 See, for example, Professor Green et al, *Submission 120*, p. [6]; Multicultural Australia, *Submission 182,* pages 13-14; SYC, *Submission 189*, p. 5; Workskil Australia (Workskil), *Submission 196*, pages 4-5, 14; Centre for Excellence in Child and Family Welfare (CECFW), *Submission 200*, p. 6; The BUSY Group Ltd (BUSY), *Submission* 227, p. 3; Ms Kathryn Mandla, CEO, NESA, *Committee Hansard*, 20 September 2023, p. 18.

115 MatchWorks, *Submission 263*, p. 20.

116 See, for example, CoAct, *Submission 151*, p. 8; NESA, *Submission 260*, p. 29; Orygen, *Submission 270*, p. 4.

117 Ms MacDonald, WAAMH, *Committee Hansard*, 17 May 2023, p. 51.

5.78 WAAMH noted that while IPS model is primarily used in the mental health system, it is adaptable to other contexts including veterans' services, homelessness services, criminal justice settings, drug and alcohol rehabilitation services, and the Aboriginal Community-Controlled sector. Accordingly, the IPS approach could inform or at least be experimented with in a rebuilt employment services system. Within a rebuilt system, the focus of a Participation and Jobs plan for certain vulnerable jobseekers may be to maintain connection with their primary human service agency through which they receive intensive wrap-around support including vocational guidance.[118]

5.79 In its 2020 inquiry into Mental Health, the Productivity Commission recommended that governments extend IPS model beyond its (then) current application to the health sector via a staged rollout to ambulatory and mental health services.[119]

Social participation

5.80 Some stakeholders called for a dedicated service for individuals who are unlikely to benefit from vocational or pre-vocational support. A common theme was that this cohort would benefit from support that helps to build motivation, communication skills, self-confidence, and resilience in a supportive group environment.[120]

5.81 AMES Australia (AMES) highlighted a range of community-based activities which might suit jobseekers with less capacity to benefit from employment services. These included volunteering, community 'working bees', joining a men's shed or a women's activity group, contributing to a community garden, connecting with a faith group, or participation in non-vocational programs that address physical or mental health.[121]

5.82 The BSL, CPD, and UniMelb proposed a Work for Community program that would be a 'stepping-stone' to labour market reintegration for some individuals or give social participation opportunities for those distant from the labour market. Placements would be in diverse social enterprise and community service settings and of varying duration.[122] Parallels can be drawn between this proposal and Ireland's longstanding Community Employment programs which the Committee examined in detail.

5.83 The Australian Government previously funded wrap-around support programs for jobseekers with multiple barriers. One example is the Personal Support Programme (PSP) which was administered and funded by a former iteration of DEWR. PSP ran from 2002 until 2009, when it was rolled into the core service under Job Services Australia. PSP provided intensive case management over a two-year period to jobseekers facing multiple non-vocational barriers who were unable to benefit from mainstream employment services. An evaluation of the PSP conducted in 2005 by the BSL found that the program was a crucial and well-designed initiative to support people facing multiple barriers. The effectiveness of the program was hamstrung by a

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118 WAAMH, *Submission 248*, p. 24. See also Ms Harvey, WAAMH, *Committee Hansard*, 17 May 2023, p. 53.

119 Productivity Commission (2020), *Mental Health*, Inquiry Report No. 95, pages 925–926, www.pc.gov.au/inquiries/completed/mental-health/report, viewed 20 November 2023.

120 See, for example, Professor Green et al, *Submission 120*, p. [10]; WDEA Works, Submission 168, p. 4.

121 AMES, *Submission 148*, p.4.

122 BSL, CPD and UniMelb, *Submission 256.1*, p [11].

failure to provide funding to deliver the intensive supports participants required, as well as by a cap on participants which meant that many people were 'waitlisted'.[123] The Committee also heard that, over time, the PSP had increasingly focused on employment.[124]

5.84 Some providers asserted that government should give consideration to a program like the PSP for jobseekers who have significant barriers, stating that such a program would provide a more graduated approach to servicing and allow people to work on overcoming personal barriers without the pressure of searching for jobs.[125]

Addressing wilful non-compliance

5.85 A very small proportion of the employment services caseload are persistently and deliberately noncompliant, despite having the capacity to work and to benefit from employment services.[126] The Committee heard that members of this cohort should be referred to Services Australia for intensive case management and compliance enforcement as a last resort, with a view to encouraging re-engagement.[127] This issue is discussed in more detail in Chapter 14, in the context of mutual obligation and compliance arrangements.

Supporting particular cohorts

5.86 The continuum of services set out above is predicated on a unified Commonwealth Employment Services System differentiated by need and service intensity—not primarily by cohort. This is consistent with a system which enables flexible, person-centred support. Evidence also suggested that there was a need for a youth-specialist service which responds to the unique needs of younger jobseekers.[128]

5.87 Within these two service streams (youth and working age), stakeholders indicated that providers should be required and enabled to target and tailor their services to support certain groups. There would continue to be a need for specialist services and supports—for example for First Nations peoples, people with disability, people from culturally and linguistically diverse (CALD) backgrounds, and ex-offenders—to ensure providers deliver a service that is tailored to cultural and community needs.[129]

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123 BSL, *Personal Support Programme evaluation: interim report*, pages 50–51, www.bsl.org.au/research/publications/personal-support-programme-evaluation-interim-report/, viewed 20 November 2023.

124 Ms Sinclair, NESA, *Committee Hansard*, 14 March 2023, p. 41.

125 See, for example, CoAct, *Submission 151*, p. 11; SAEP, *Submission 199*, p. 30; APM, *Submission 213,* p. [13].

126 DEWR, *Submission 254*, p. 217.

127 See SSI, Submission 193, p. 4; BSL, CPD and UniMelb, *Submission 256.1*, p. [9].

128 See, for example, BSL, CPD and UniMelb, *Submission 256*, pages 12–14.

129 See, for example, CoAct, *Submission 151*, p. 3; St Vincent de Paul Society, *Submission 170*, p. 3; Professor Borland, *Submission 171*, pages 5, 16; SYC, *Submission 189*, p. 5; Workskil, *Submission 196*, p. 19; APM, *Submission 213*, p. 9; Dr Simone Casey, Senior Advisor—Employment, ACOSS, *Committee Hansard*, 17 May 2023, p. 6; See Dr Lisa Fowkes, Director—Employment, SVA, *Committee Hansard*, 17 May 2023, p. 35.

5.88 NESA noted that there are current examples across generalist services where the provider's service model incorporates dedicated staff or activities targeting particular cohorts.[130] Other stakeholders indicated that there is a need for specialist providers, stating that this is demonstrated by the specialist licencing model under Workforce Australia and models in other human services.[131]

5.89 Supports for specific cohorts are discussed below. The focus here is on the service delivery model, including the application of mutual obligation requirements, and the nature of the organisation which delivers the service. The role of specialist licenses is discussed in Chapter 14, in the more general context of commissioning, licensing, and procurement. Lowering barriers to access for specialised providers (which may be smaller or community-based organisations) is discussed in Chapters 7 and 14.

Recognising 'life stage'

Supporting youth

5.90 Young people, particularly those from disadvantaged backgrounds, often experience greater barriers to finding and maintaining employment than other jobseekers. This is reflected in higher rates of youth unemployment across most if not all jurisdictions.[132] The Queensland Government department asserted that targeted support for young people is vital to enhancing employment outcomes, noting that this cohort face the same systemic barriers as other jobseekers, compounded by lack of experience, low confidence, and limited professional networks.[133] The NYCA noted that most young jobseekers need the support of individually tailored employment assistance to help them effectively transition into the labour market.[134]

5.91 A 2013 paper on the discontinued Youth Connections program emphasised that young people who do not transition successfully from school to employment are the most vulnerable demographic in society, stating that this cohort 'face[s] a bleak future of financial distress, increased likelihood of health and mental health issues, long-term welfare dependence and increased likelihood of involvement in the criminal justice system'. The paper emphasized that it is fiscally and socially responsible to resource this cohort with support that is easily and universally accessible to prepare them for the future. It also asserted that specialist services for youth were needed as the 'mainstream' employment services system (then Job Services Australia) did not

130 Ms Gill, NESA, *Committee Hansard*, 20 September 2023, p. 23.
131 See, for example, CoAct, *Submission 151*, p. 3; St Vincent de Paul Society, *Submission 170*, p. 3; Professor Borland, *Submission 171*, pages 5, 16; SYC, *Submission 189*, p. 5; Workskil, *Submission 196*, p. 19; APM, *Submission 213*, p. 9; Dr Casey, ACOSS, *Committee Hansard*, 17 May 2023, p. 6; See Dr Fowkes, SVA, *Committee Hansard*, 17 May 2023, p. 35.
132 Mission Australia, *Submission 190*, pages 3–4.
133 DESBT, *Submission 243,* p. 11.
134 NYCA, *Submission 166,* p. [2].

offer the kind of specialist assistance that young people need to create a career pathway and to transition to secure employment.[135]

5.92 The Employment White Paper observed that effective employment services can be critical to building young people's capacity and supporting entry into the workforce. The paper also highlighted that young people may need support to finish school and with access to and attainment of post-school qualifications, as well as the transition from education to employment, particularly if skill shortages are to be addressed and future workforce demands are to be meet.[136]

5.93 TtW is a core Workforce Australia program. It is designed to assist eligible young people aged 15 to 24 to obtain and keep employment, access training, and improve work readiness.[137] Among the stakeholders who discussed services for youth, there was support for retaining TtW—or at least a similar specialist youth service—within the employment services system.[138] The Committee heard that youth have distinct support needs and that neither Workforce Australia nor DES as currently designed are considered suitable or optimal for this cohort.[139]

5.94 The Committee had the opportunity to visit with organisations supporting youth both within and outside of the Commonwealth system. A core focus of these organisations was building aspirations, both personal and career goals. Some provided greater assistance to students in secondary education to help with their transition to the skilled workforce—either via further education, apprenticeships, traineeships, and internships, or finding a desired job. One example was the Dubbo Opportunity Hub. This is part of a New South Wales Government's initiative that supports First Nations communities from Year 8 until one year post-school (referred to as Year 13).[140] Some jurisdictions also have programs whereby employers interact directly with schools.[141]

5.95 Evidence and discussions during site visits reinforced that some young people need more intensive support than others. Discussions indicated that the TtW program aligns to the concepts of medium intensity, strength-based support for those who have a pathway focused on building human capital as outlined earlier in this chapter. Youth who require a lighter approach will currently be in the online service but may have access to a single Youth Advisory Session with a TtW provider. The Committee was told that there would be value in TtW or a new youth service providing more ongoing, 'light touch' support, as this is something some youths have requested but been unable to access or have received with mix success as part of their EST short courses. Lower intensity brokerage case management would aim to ensure that

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135 Youth Connect (2013), *'The Space In-between': Future Policy Directions for Youth at Risk,* pages 1, 5–6, https://youthconnect.com.au/wp-content/uploads/2013/03/Space-in-between-4web.pdf, viewed 14 November 2023.

136 Commonwealth of Australia (2023), *Working Future: The Australian Government's White Paper on Jobs and Opportunities*, pages Ix–x, 161, 212, 216.

137 DEWR, *Submission 254*, p. 179.

138 See, for example, NYCA, *Submission 166*, p. [5]; WDEA Works, *Submission 168*, p. 6; Mission Australia, *Submission 190*, p. 4; Workskil, *Submission 196*, p. 21.

139 Orygen, Submission 270, p. 3. See also Mission Australia, Submission 190, p. 4.

140 See Bamara, *Submission 214*, p. 7.

141 SVA, *Submission 232*, p. 10.

youths move into suitable jobs and result in better long-term outcomes. It was also put to the Committee that youth with more complex barriers should be able to receive more intensive case management support by a youth specialist.[142]

5.96 During the Committee's European delegation, stakeholders similarly indicated that younger people often require different support than other clients. This is expressly recognised within employment services in other countries. For example, as set out in Chapter 3, Danish Job Centres have specific streams for youth. These focus on education outcomes, consistent with the general view in Denmark that the primary goal for people under 30 is education rather than employment. The Committee also heard that trials of activation policy for youth jobseekers did not yield positive results.

5.97 Several stakeholders made suggestions for the role and functions of a specialist youth service within the employment services system. These included:

- a single specialist youth service (with age the only eligibility criteria) which would reflect the preferences of young people who want a safe, age-restricted space.[143]
- a short pre-employment program to equip younger people with foundational and employability skills and sets them on a path to achieve their career goals;[144] and
- a broad platform of holistic wrap-around supports targeted to youth, with outreach to connect with disadvantaged youth who would otherwise not seek help.[145]

5.98 Stakeholders—including younger people—also pointed to specific matters that should be captured by a youth-focused service. These included:

- support to build skills and access education and training that will help them to make a successful transition into stable employment;
- support to develop core skills, build confidence, and improve digital literacy;
- information on workplace rights and responsibilities;
- pre-apprenticeships or work experience to give the participant a more concrete understanding of different industries and job roles;
- advice and coaching on jobs and career pathways;
- intensive, face-to-face case management services, delivered by support workers who are not significantly older than the participant; and
- assistance to access wrap-around supports that address mental health and wellbeing issues.[146]

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142 See, for example, Youth Projects, *Submission 141*, pages 8–9; Mission Australia, *Submission 190*, p. 4; Orygen, *Submission 270*, p. 2; Mr Bourke, 6 June 2023, p. 18; yourtown, *Committee Hansard*, 6 June 2023, p. 17; Ms Diana Amato, CEO, AYAC, *Committee Hansard,* 11 August 2023; pages 38, 39–40; Ms Mandla, NESA, *Committee Hansard*, 20 September 2023, p. 23.

143 See, for example, BSL, *Submission* 249, pages 44–45; BSL, CPD and UniMelb, *Submission 256*, p. 11; Professor Mallett, BSL, *Committee Hansard*, 14 March 2023, pages 25–26.

144 ASE, *Submission 258*, p. 5.

145 Youth Projects, *Submission 141*, pages 4, 8–10.

146 See, for example, Youth Projects, *Submission 141*, pages 4–5, 10–14; NYCA, *Submission 166*, pages 2–3; Mission Australia, *Submission 190*, pages 4–6; yourtown, *Submission 198*, pages 5–6, 8–9; Per Capita,

5.99 Young people who gave evidence to the Committee also emphasised that a youth specialist service should focus on empowering young people and delivering support that is tailored to their needs, noting that this may not always be focused on finding employment. They also indicated that a youth specialist service should have broad eligibility criteria to allow as many young people as possible to benefit.[147]

5.100 The limited number of TtW providers in each region was praised and attributed to contributing to service quality and collaboration amongst providers. Some stakeholders highlighted other lessons from the existing TtW program that could be adopted should the program be retained, or a different youth-specialist service be developed. These included the following:

- Extending the existing 24-month timeframe for the service, to enable ongoing provision of services and to give providers additional time to build relationships with their clients.
- Ensuring the program has a strong focus on local collaboration and community engagement—including through incentives and contractual requirements.
- Ensuring that providers are connecting young unemployed people to traineeships specifically linked to employers.
- Committing to exploring financial and non-financial incentives to engagement with the program, noting that younger people often experience financial instability.
- Developing arrangements for managing relationships between providers and local Services Australia centres.
- Providing training and materials to Services Australia staff to ensure the provision of better information about the program to participants at the point of referral.
- Ensuring that the performance framework for the program does not lead to resources being diverted away from participant support.
- Committing to a program of ongoing work to identify and address administrative burdens on TtW providers.[148]

5.101 Another improvement upon the current TtW program noted was that a youth specialist service must be better integrated with the school system to enable greater access for youth experiencing difficulties in the school system and for those who have finished school but are not in education, training, or employment. Young people who have completed Year 12 are not able to access the current TtW program, and the program is not an approved pathway for early school leavers in some jurisdictions.[149]

Submission 252, p. [37, 39–41]; Navitas, *Submission 262*, p. 16; Pia, volunteer, AYAC, *Committee Hansard*, pages 36–37; David, volunteer, AYAC, *Committee Hansard*, p. 37.

147 See, for example, Pia, volunteer, AYAC, *Committee Hansard*, 11 August 2023, p. 40; Fatima, volunteer, AYAC, *Committee Hansard*, 11 August 2023, p. 40.

148 See, for example, Youth Projects, *Submission 141*, pages 6, 12; WDEA Works, *Submission 168*, p. 6; Mission Australia, *Submission 190*, pages 3–4, 13; Workskil, *Submission 196*, p. 21.

149 See, for example, Youth Projects, *Submission 141*, p. 14; Workskil, *Submission 196*, p. 15.

5.102 Youth Projects noted that young people who are disengaged from education and employment face a six-month waiting period to commence in TtW. This period impacts negatively on the motivation of young people and leads to disengagement with the service. Youth Projects asserted that a shorter waiting period would greatly improve engagement and retention.[150]

5.103 Youth Projects noted that some young people are registered in Workforce Australia notwithstanding that they have been identified as eligible for TtW. Others have been mis-identified as ineligible for TtW and streamed to the mainstream program. Youth Projects asserted that mechanisms must be developed to identify young people in Workforce Australia or DES who would be eligible for TtW and support them to transfer to that program.[151]

5.104 The Australian Government previously funded other programs focused on supporting younger people. An example is the former Youth Connections program, which was administered by the (then) Department of Education, Employment, and Workplace Relations. The program comprised a network of community-based providers that assisted disengaged young people aged 13 to 19 to reconnect with education, further training or, in some instances, employment opportunities. The program had a 'two stage' outcome framework, including progressive outcomes that recognised progress in addressing barriers and final outcomes to recognise re-engagement or sustained improvement in engagement with education, training, or employment. The program commenced in 2010, with federal funding ceasing at the end of 2014. An evaluation of the program measured and monitored the psychological wellbeing of participants. It found that the program was successful at addressing several of the barriers which young people faced to successful engagement with education, employment, as well as in building connections with families and communities.[152]

5.105 When Youth Connections ceased, concerns were raised that youth who were not legally old enough to work, but who had disengaged from education, would 'fall through the cracks' and not be able to access any Commonwealth assistance.[153]

5.106 The 2013 Youth Connect paper made the following recommendations for the future directions for programs designed to support at-risk youth. These were made in the context of proposed reforms to education arising out of a 2011 Gonski review of school funding.

- The Commonwealth Government provide a national specialist transition and engagement service for disengaged and disadvantaged young people who need support to successfully transition to employment or further training. This service should sit in-between traditional schooling and employment assistance. It should

150 Youth Projects, *Submission 141*, pages 15–16.
151 Youth Projects, *Submission 141*, pages 6, 15.
152 Department of Education (2014), *The Subjective Wellbeing of young people in Youth Connections*, pages x–xii, xv–xvi, 31, 66, 127–128; www.education.gov.au/school-work-transitions/resources/subjective-wellbeing-young-people-youth-connections; viewed 20 November 2023.
153 Senate Select Committee into the Scrutiny of Government Budget Measures (2015), *First Interim Report*, p. 23.

be youth-focused, building foundational employment skills and capturing and developing the aspirations of young people.

- In addition to a national transition and engagement service for young adults, there needs to be a specialist youth service based in the community, to complement and walk 'side by side' schools. This 'reconnect to education' service needs to be flexible enough to provide services to disengaged young people in the community and support them to re-enter an educational setting.[154]

Supporting mature aged people

5.107 Mature aged jobseekers are at higher risk of disengaging with the labour market and becoming LTU. Evidence indicated that exits from the employment service system for this cohort tend to be the result of moving onto the Age Pension rather than into full-time employment.[155] While there are many and diverse reasons for this, discussions with stakeholders indicated that an overriding factor is age discrimination—a structural barrier that is not the fault of the individual jobseeker.

5.108 One stakeholder observed that due to this higher risk of disengagement, mature age jobseekers often require more intensive, targeted assistance:

> Both voluntary jobseekers and jobseekers with mutual job obligations over the age of 50 years—particularly those who have had no recent access to work or training within the last five years—should get the highest level of support.[156]

5.109 The Committee heard that mature age jobseekers often require a different approach to support than their younger counterparts. WISE Employment stated that mature workers require less focus on physical work, more focus on higher cognitive loads, and short-term training that leverages existing work skills. WISE Employment also emphasised that digital literacy is crucial for this cohort—not only to support pathways to employment but to enable better engagement with everyday activities (as many administrative and financial activities are now conducted online).[157] NESA noted that an approach that recognises the unique needs and the contributions of mature age individuals to the productivity of the nation remains critical.[158]

5.110 In Workforce Australia, the key service targeted to people aged 45 years and over is CTA. This service is accessible to Workforce Australia participants, as well as to people not in receipt of income support who volunteer into the service. CTA is a pre-employment program that aims to help participants improve confidence and build

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154 Youth Connect (2013), *'The Space In-between': Future Policy Directions for Youth at Risk,* p. 17, https://youthconnect.com.au/wp-content/uploads/2013/03/Space-in-between-4web.pdf, viewed 20 November 2023. Citing *Review of Funding for Schooling: Final Report*, available via www.education.gov.au/school-funding/resources/review-funding-schooling-final-report-december-2011, viewed 20 November 2023.

155 DEWR, *Submission 254*, p. 52. See also Australian Government Actuary, *Australian Priority Investment Approach to Welfare: 30 June 2020 Valuation Report*, 2022, page 28, 41, https://aga.gov.au/publications/pia, viewed 4 September 2023.

156 Name Withheld, *Submission 126*, p. 3.

157 WISE Employment, *Submission 169*, p. 16.

158 Ms Mandla, NESA, *Committee Hansard*, 20 September 2023, p. 22.

the skills to become more competitive in the labour market.[159] COTA Australia raised concerns that awareness of CTA was low and the program was offered 'too late'.[160]

5.111 Research by DEWR indicates that CTA participants are generally very satisfied with the program. Participants also reported improvements in digital literacy, resilience and confidence, and job readiness.[161] Positive experiences of the program were also discussed during the Committee's site visits, noting the program appears to have a supportive not coercive approach. Participants told the Committee directly that the program had been instrumental in building confidence, enabling them to make lasting friendships, and increasing their understanding of industry needs and of how their existing skillsets might translate to new opportunities.

5.112 Workforce Australia also permits individuals aged 55 and over to meet their mutual obligations via a combination of paid and voluntary work. Points Based Activation System (PBAS) points targets may also be adjusted to account for individual circumstances and needs, including age-related barriers to engagement.[162]

5.113 Stakeholders raised concern that current mutual obligations requirements are not adapted to the needs of mature aged participants. The Committee heard that it is not always possible to work the required number of paid work hours per week; that in some cases there are no voluntary work opportunities; and that requirements are not always adjusted to account for reduced work capacity.[163]

5.114 A study of mature age individuals with mutual obligations found that existing policy settings worsen the conflict mature age jobseekers experience between obligatory job-seeking and systemic age discrimination. For some mature age participants, the requirement to search for a certain number of jobs was considered unachievable, unreasonable, and not suited to their personal circumstances and capabilities. Those that engaged in volunteering to meet their requirements reported mixed feelings and indicated that volunteering was perceived as a manifestation of the lack of practical assistance within employment services.[164]

5.115 Single Mother Families Australia asserted that the age limit that allows a client to engage in voluntary work to meet their mutual obligations was arbitrary.[165]

5.116 Workskil Australia (Workskil) stated that participation in employment services should be fully voluntary for participants aged 60 and over, stating that 'it is distressing to see the impact of this service on older Australians'.[166] Another stakeholder proposed

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159 DEWR, *Submission 254*, p. 150.

160 Mr Corey Irlam, Acting CEO, COTA Australia, *Committee Hansard*, 19 September 2023, page 41, 43.

161 DEWR, *Submission 254*, p. 150.

162 DEWR, *Submission 254*, pages 99, 102–103.

163 See, for example, Ms Karen Black, *Submission 94*, p, 3; Name Withheld, *Submission 118*, p. [2]; Name Withheld, *Submission 130*, p. [1]; Name Withheld, *Submission 230*, p. [1].

164 ARC Centre of Excellence in Population Ageing Research (2023), *Caught between Obligation and Exclusion: The Plight of Mature Age Jobseekers in Australia's Employment Services System*, Industry Report 2023/1, pages 2, 19, 23–24, www.cepar.edu.au/publications/reports-government-submissions/mature-age-jobseekers-australia-employment-services-system, viewed 6 November 2023.

165 Single Mother Families Australia, *Submission 315*, p. 2.

166 Workskil, *Submission 196*, p.15.

that individuals over 60 be enabled to access the Age Pension at a reduced rate, noting that this would mean this cohort is exempt from mutual obligations.[167]

5.117 The Committee received little evidence on other programs targeted at mature age jobseekers (for example, the Skills Checkpoint for Older Workers and the Skills and Training Incentive). However, the Committee heard that upskilling and re-skilling mature aged jobseekers remains a priority in many jurisdictions.[168] The Australian Human Rights Commission (AHRC) has also implemented research and training programs focused on age discrimination in the workplace and on changing the attitudes of employers and recruiters.[169]

Supporting First Nations peoples

5.118 Stakeholders asserted that employment services must be better adapted to the often-unique needs of First Nations jobseekers, noting that First Nations peoples are over-represented in the employment services system and in compliance activity.

5.119 Very strong evidence was received—which accorded with the Committee's site visits and observations—that Aboriginal Community Controlled Organisations (ACCOs) achieve better outcomes for First Nations jobseekers. The National Indigenous Australians Agency (NIAA) argued that there is a strong demand for greater First Nations service delivery and empowerment of ACCOs, noting that ACCOs often deliver multiple services within a community and have a critical role in coordinating service provision[170] The Coalition of Peaks similarly observed:

> [ACCOs] are best placed to provide services to address barriers to employment and economic participation and to provide community based holistic services and supports to Aboriginal and Torres Strait Islander people. This also means that any new initiative for employment, training or other programs should be Aboriginal-led and controlled, both in design and delivery, and be inclusive of both the workforce and the organisational development needs of ACCOs.[171]

5.120 The NIAA also asserted that a First Nations-specific employment program should be a core part of the employment services market, noting that an evaluation of Indigenous employment programs found that First Nations-specific programs achieved better outcomes than mainstream services.[172]

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167 Name Withheld, *Submission 230*, p. [1].

168 See, for example, Ms Karen Ho, Director General, Government of Western Australia: Department of Training and Workforce Development (DTWD), *Committee Hansard*, 1 February 2023, p. 24.

169 The Hon Dr Kay Patterson AO, private capacity, *Committee Hansard*, 19 September 2023, p. 38.

170 Mr Carl Binnings, Group Manager—Economic Empowerment, NIAA, *Committee Hansard*, 17 May 2023, pages 14, 20.

171 Mrs Bamblett, Coalition of Peaks, *Committee Hansard*, 17 May 2023, p. 22.

172 NIAA, *Submission 176*, p. 3. Evaluation cited is NIAA (2021), *Evaluation of the Indigenous Employment Programs - Final Report,* www.niaa.gov.au/resource-centre/indigenous-affairs/evaluation-indigenous-employment-programs-final-report, viewed 20 November 2020. See also Minderoo Foundation Trust – Generation One, *Submission 222*, p. 3.

5.121 These views are reflected in Priority Reform 2 of the Closing the Gap Agreement, which affirms that ACCOs lead to better outcomes for First Nations peoples. ACCOs are well-placed to design and deliver culturally safe and effective services, not least because they employ more First Nations peoples, have greater cultural expertise, and have stronger ties to communities.[173]

5.122 In the Productivity Commission's review of the Closing the Gap Agreement, it was identified that while ACCOs have the knowledge and expertise to lead service design and delivery, they are not sufficiently valued in decision-making. Governments often treat ACCOs as the passive recipients of funding, rather than essential partners in delivering government and community outcomes. This is reflected in a tendency for government to 'lift and shift' services from the non-First Nations sector into the First Nations sector, and not affording ACCOs to design services and KPIs that align with First Nations community priorities, needs, and measures of success.[174]

5.123 The Productivity Commission identified strong evidence that government must move away from transactional forms of contracting community services and towards relational contracting arrangements which involve government agencies and ACCOs working collaboratively to define service and program outcomes and to ensure that ACCOs have a secure base through appropriate funding:

> If contracting were more relational and commissioning more aligned to shared decision-making, governments would be able to better learn from ACCOs the most effective ways to deliver services for Aboriginal and Torres Strait Islander people. This would help both governments and ACCOs to achieve their mutual aims. Governments could write more contracts that enable ACCOs to deliver the services that the ACCO considers necessary, rather than coming to ACCOs with a fixed idea of what service delivery should reflect. [175]

5.124 The Productivity Commission noted that several state and territory governments have signalled a desire to move towards more relational approach contracting, including by publishing strategies or guidelines to assist agencies to adjust their commissioning approaches. However, these are mostly in the early stages of development.[176]

5.125 Commissioning arrangements for employment services, including further discussion of a relational approach to contracting, are discussed in more detail in Chapter 15.

5.126 Yilabara Solutions raised concern at the limited number of First Nations organisations in the employment services system, noting that they were the only First Nations-led organisation granted an Indigenous specialist license. Yilabara Solutions also raised

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173 Productivity Commission (2023), *Review of the National Agreement on Closing the Gap—Draft Report*, p. 39, www.pc.gov.au/inquiries/current/closing-the-gap-review/draft, viewed 20 November 2023.

174 Productivity Commission (2023), *Review of the National Agreement on Closing the Gap—Draft Report*, pages 40–41.

175 Productivity Commission (2023), *Review of the National Agreement on Closing the Gap—Draft Report*, p. 43.

176 Productivity Commission (2023), *Review of the National Agreement on Closing the Gap—Draft Report*, p. 43.

concern that the funding and performance framework is identical for specialist and generalist providers.[177]

5.127 Several stakeholders emphasised the importance of cultural competency, not only for providers who support First Nations jobseekers but across the whole employment and human services ecosystem.[178] Yilabara Solutions stated that cultural competency and First Nations engagement must go beyond employment services to employers and industry, stating:

> If you look at industry as a whole, there's no body … evaluating industry around their corporate social responsibility. We have these companies winning contracts and saying, 'We're going to employ 10 per cent Indigenous people', but there's nobody actually assessing or monitoring that …
>
> [This] is bigger than what Workforce Australia does … [T]o make a real difference in industry, it's almost like you need a different program with industry around how you embed an Aboriginal employment strategy, how you embed … cultural safety in your organisation and how do you embed that pipeline of candidates not just from the unemployed but through [Vocational Education and Training] VET and the unis.[179]

5.128 The Committee visited several First Nations-owned organisations, as well as employment service providers with a high proportion of First Nation jobseekers. Discussions often highlighted the importance of culturally competent services, frontline staff who share the same cultural background as the clients they support, the need to build connections with local Elders, and the importance of team-based employment. Stakeholders also emphasised the importance of partnerships with other First Nations organisations and referrals to supports that are culturally appropriate and welcoming.

5.129 The Committee heard mixed views on the capacity of employment services to respond kinship arrangements in First Nations communities. Some stakeholders noted that family members of First Nations jobseekers have attempted to discourage the jobseeker from engaging with employment services due to perceived interference with cultural responsibilities, mistrust of government, and negative perceptions of mainstream employment. This highlighted the importance of engaging with Elders and entire families and communities to create aspirations and community support for people to seek and retain work in the mainstream economy, as well as the need to engage with employers to build more inclusive workplaces that can accommodate cultural and kinship responsibilities.

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177 Yilabara Solutions, *Submission 231*, pages 4, 6, 13, 14.

178 See, for example, Nirrumbuk Aboriginal Corporation (NAC), *Submission* 180, pages [2–4]; Yilabara Solutions, *Submission* 231, pages 16–17; Tribal Warrior Talent (TWT), *Submission 233*, p. [2]; Ms Spanos, DEWR, *Committee Hansard*, 17 May 2023, p. 20.

179 Mr Matthew Clarke, CEO, Yilabara Solutions, *Committee Hansard*, 26 May 2023, p. 47.

Supporting people from culturally and linguistically diverse backgrounds

5.130 CALD, migrant, and refugee jobseekers often experience significant barriers to social and economic participation, including a lack of local work experience, limited professional networks, and language barriers.[180] Multicultural Australia stated:

> The cohorts we service often face intersecting structural disadvantages, complex cultural transitions, disrupted education pathways, traumatic past experiences, and system biases in the labour market… [which] all contribute in different ways to exclude diverse communities from participating in the Australian workforce.[181]

5.131 Stakeholders emphasised that providers who support members of these cohorts should be reflective of the ethno-specific diversity of the employment region, be able to provide language support (or effective interpreting services), have appropriate connections with community groups, and be able to appropriately match individuals with employment opportunities commensurate with their skills and qualifications.[182]

5.132 Stakeholders raised concern that few CALD and refugee licenses were issued under Workforce Australia—notwithstanding a high CALD and refugee caseload—and that those licenses were not issued in areas with a high proportion of jobseekers from CALD and refugee backgrounds.[183] During site visits, providers which hold a CALD specialist licence expressed enormous frustration that CALD jobseekers were not referred to them due to the Department's opaque allocation processes and focus on provider viability and managing caseloads, rather than matching a jobseeker to the best service for them. This issue is discussed in further detail in Chapter 15.

5.133 Several stakeholders asserted that settlement services should have a greater role in supporting CALD and refugee jobseekers, noting that barriers to employment and barriers to settlement are interlinked. The Settlement Council of Australia (SCoA) highlighted a 2019 review that recommended services for migrant and refugee jobseekers be delivered by organisations with specialist experience to minimise duplication and free up time to reinvest in tailored supports. The SCoA also raised concern that current procurement and quality assurance processes can act as barriers to entry for organisations with specialist experience.[184]

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180 See, for example, Community Leaders' Gathering (CLG) and the Future Leaders Advocacy Group (FLAG), *Submission 173*, pages 5–7, 10; HOST, *Submission 188*, p. 3; SSI, *Submission 193*, pages 3, 11; Ethnic Communities Council of Queensland (ECCQ), *Submission 206*, p. 3; Refugee Council of Australia (RCOA), *Submission 226*, p. 2; Department of Home Affairs, *Submission 302*, p. 3.

181 Mrs Christine Castley, Chief Executive Officer, Multicultural Australia, *Committee Hansard*, 6 June 2023, pages 1–2.

182 See, for example, ECCQ, *Submission 206*, pages 5–8; Settlement Council of Australia (SCoA), *Submission 211*, p. 8; RCOA, *Submission 226*, p. 8; Department of Home Affairs, *Submission 302*, p. 8; Mr Elijah Buol OAM, Chairperson, ECCQ, *Committee Hansard*, 6 June 2023, p. 3; Ms Rusera, ECCQ, *Committee Hansard*, 6 June 2023, p. 3.

183 See, for example, SSI, *Submission 193*, p. 11; SCoA, *Submission 211*, pages 8–10, 11–14, 17; RCOA, *Submission 226,* pages 10–12, 13.

184 Ms Sandra Elhelw Wright, CEO, SCoA, *Committee Hansard*, 17 May 2023, p. 27.

5.134 SydWest Multicultural Services recommended that settlement services be engaged to deliver employment services to migrant and refugee jobseekers, noting that these organisations have an established footprint in local communities, better access to interpreters, and a high level of cultural expertise.[185] The Refugee Council of Australia (RCoA) stated that migrants and refugees should not be excluded from participating in Workforce Australia services, and recommended there be targeted investment in refugee employment specialists that have expertise in providing both settlement and employment services.[186]

5.135 The SCoA acknowledged that the size of the Workforce Australia caseload means that not all CALD and refugee jobseekers can be placed with a specialist provider. However, the SCoA also emphasised the importance of all providers and staff being culturally competent, and of building strong links between generalist and specialist providers and between providers and other support services.[187]

5.136 There was also some support for jobseekers from CALD, migrant, and refugee backgrounds to be referred to programs administered by the Department of Home Affairs—including AMEP and settlement programs—as part of a wrap-around servicing approach.[188] HOST asserted that specialist services for refugees and migrants should be allocated to Settlement Engagement and Transition Support services, with additional funding allocations and with flexibility to work across all migrant groups facing employment barriers.[189]

5.137 Another area of concern raised was that accessing employment services is optional for humanitarian entrants for the first year after they arrive in the country. This is despite evidence that securing employment is a significant contributor to settlement success.[190] For example, the RCOA noted that while there are services in place to work with migrants, refugees, and humanitarian entrants while they are not eligible for employment services, they are limited in their capacities to provide the kind of tailored employment services that have proven effective. RCoA recommended that eligibility for Workforce Australia be extended to people seeking asylum who are living in the community to ensure that they can support themselves while their immigration status is resolved.[191]

5.138 DEWR stated that humanitarian entrants are managed by Services Australia for their first 12 months. They are exempt from mutual obligations for 13 weeks, during which time they are supported by their Humanitarian Settlement Program (HSP) provider to settle, find a place to live, organise schooling, and integrate into the community. After this initial 13-week period, humanitarian entrants can meet their mutual obligation requirements by participating in the HSP, Adult Migrant English Program (AMEP),

185 SydWest Multicultural Services, *Submission 296*, p. 5.
186 RCoA, *Submission 226*, pages 8, 10.
187 Ms Elhelw Wright, SCoA, *Committee Hansard*, 17 May 2023, pages 27–28.
188 See for example, Navitas, *Submission 262*, pages 4, SCoA, Submission 211, pages 7, 17. See also Department of Home Affairs, *Submission 302*, pages 4–7.
189 HOST, *Submission 188*, p. 5. HOST also made the general recommendation that Workforce Australia focus on providing 'mainstream' employment assistance including job matching and skills development.
190 Multicultural Australia, *Submission 182*, pages 11–12.
191 RCOA, *Submission 226*, p. 12.

paid work, study or training, voluntary work, or other approved activities. Newly arrived refugees can, at any time during the first 12 months in Australia, voluntarily participate in Workforce Australia and access the full suite of assistance.[192]

Supporting people with disability

5.139 People with disability frequently experience unique barriers to employment, including discrimination, limited access to appropriate support in the workplace and limited access to education and training opportunities.[193]

5.140 Evidence indicated that the employment services system as a whole must ensure that people with disability are supported into employment matched with their capabilities, needs, and interests.[194] For example, the Antipoverty Centre stated:

> We need an employment service where every provider, whether they're a specialist provider or not—and specialist providers should exist—should be required to be very inclusive and understanding of disability, as should employers.[195]

5.141 Depending on their circumstances, people with disability may access a range of employment supports.[196] The Disability Royal Commission recommended expanding eligibility for DES to include those with a lower work capacity—who may currently be in Workforce Australia.[197] However, the Committee also heard that cohort-specific services for people with disability are less relevant to employers than the skills and job readiness of the jobseeker and can make the system difficult to navigate for some jobseekers.[198]

5.142 Several stakeholders identified gaps in Workforce Australia that must be addressed to improve outcomes for people with disability. These included:

- better tailoring of mutual obligation requirements to people with disability or health conditions.[199]
- ensuring that exemptions to mutual obligations are adapted to jobseekers with episodic conditions.[200]
- enabling jobseekers to access treatment before connecting with employment.[201]

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192 DEWR, *Submission 254.7*, pages [12–13].
193 Management Governance Australia (MGA), *Submission 183*, p. 3.
194 See, for example, ACCE, *Submission 149*, p. 9; DSS, *Submission 192*, p. 6; ASE, *Submission 258*, p. 6.
195 Ms Kristin O'Connell, Co-coordinator—Research, Policy and Communications, Antipoverty Centre, *Committee Hansard*, 19 September 2023, p. 19.
196 DSS, *Submission 192*, p. 7.
197 Disability Royal Commission (2023), *Final Report: Volume 7: Inclusive education, employment and housing—Part B*, p. 416.
198 BSL, *Submission 249*, p. 41.
199 See, for example, ACOSS, *Submission 203*, p. 44; Ms Eagle, EJA, *Committee Hansard,* 17 May 2023, p 5.
200 WAAMH, *Submission 248*, p. 15.
201 See, for example, MAX, *Submission 146*, p. 20; BUSY, *Submission 227*, p. 3; Orygen, *Submission 270*, p. 3.

- embedding vocational supports within health services; and[202]
- recognising that some jobseekers do not have the capacity to work due to the severity of their disability or illness.[203]

Supporting people with experience of the criminal justice system

5.143 Evidence indicated that there are few accessible pathways into employment, education, or training for people in or preparing to leave prison. While there are a range of social care services for people exiting prison, they are fragmented and sometimes difficult to access.[204] Prisons themselves are administered by State correctional services, meaning coordination with Commonwealth-level programs critical but unlikely to happen without commitment at political or senior bureaucratic levels and deliberate service design.[205]

5.144 Stakeholders with whom the Committee engaged during site visits and meetings similarly observed that there is profound fragmentation and systemic disconnect between the key stages of pre-release, on-release, and post-release employment support for people in prison. While particular observations and ideas differed, all stakeholders considered a more holistic approach was required that integrated State or Territory and Commonwealth services including linking employment support more seamlessly into correctional services.

5.145 Stakeholders also observed that of all the cohorts of people in employment services, States and Territories had perhaps the largest financial incentive to get ex-offenders into work quickly as they most directly bear the very high costs of recidivism, and secure employment reduces the risk of reoffending.

5.146 Stakeholders observed that employment services have a critical role in supporting people in or exiting prison, noting that intensive supports and engagement with employment-related activities have the potential to significantly reduce recidivism.[206] Some expressed strong support for employment services to be delivered or at least coordinated by the Commonwealth as a means of reducing the fragmentation within and supporting access to the social services ecosystem. The Committee also heard that Commonwealth investment should help to sustain and scale existing initiatives that have proven successful at the local or State and Territory level.[207]

5.147 The Justice Reform Initiative (JRI) asserted that there is a clear need for specialist services and support for ex-offenders, given the unique challenges faced by this cohort and the corresponding level of expertise required by providers and their staff.

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202 Orygen, *Submission 270*, p. 3.

203 See, for example, ACOSS, *Submission 203*, p. 18; Ms Catherine Eagle, Principal Solicitor—Welfare Rights and Advocacy Service, Economic Justice Australia (EJA), *Committee Hansard,* 17 May 2023, p. 5.

204 Mr Binnings, NIAA, *Committee Hansard*, 17 May 2023, p. 18.

205 Ms Jensen, DEWR, *Committee Hansard*, 17 May 2023, p. 18.

206 CVGT, Submission 106, p. 14. See also Mr Robert Tickner, Chair, Justice Reform Initiative (JRI) *Committee Hansard*, 17 May 2023, p. 43.

207 Mr Robert Tickner, JRI, *Committee Hansard*, 17 May 2023, p. 43. See also Asuria, *Submission 246*, pages 27–28.

According to the JRI, generalist providers have neither the resources nor the expertise to work effectively with this cohort.[208] The JRI indicated that a 'throughcare' model with the following elements is needed within the service:

- Planning for release commences as soon as a person enters the prison system.
- Training and support are delivered while a person is in prison—including support to develop core skills and begin planning for life post-release.
- More intensive—and in some cases constant—support is provided in the three to four weeks post-release.
- Support is maintained post-release. This should include connections with services across the social care ecosystem, noting that many people exiting the prison system face housing insecurity and mental health concerns.[209]

5.148 In relation to this last point, the JRI also emphasised the importance of wrap-around servicing models, stating:

> [T]he services that have the really good outcomes are those that say: 'You know what? We're actually going to work with you as a person, as we all require, and we're going to work with you across this range of issues. We are going to work with you around what you need to do in order to get job ready. We are going to work with you around where you're going to live and what things are going to look like. We're going to assist with your crises as they arise.'[210]

5.149 Other stakeholders also highlighted the importance of pre-release support to people exiting the prison system.[211] Success Works drew attention to a program it delivers to incarcerated women, highlighting the critical role of mentoring and of involving those with lived experience of the justice system in the delivery of support.[212]

5.150 Workforce Australia enables pre-release prisoners to register directly with a provider. Moreover, specialist ex-offender licenses are issued to some providers who are only referred ex-offenders and who are expected to have in place servicing strategies that are specifically tailored to the needs of that cohort.[213]

5.151 Asuria observed that while are specialist ex-offender services in Workforce Australia, providers may not deliver pre-release support. This is because there is little incentive to do so, associated costs are high, and many prisoners re-locate upon release.[214]

5.152 Issues can be compounded by the fact that many ex-offenders distrust employment services (and government services generally) and have little knowledge of available supports. Moreover, even where a member of this cohort engages with the system, they often engage with a generalist provider to avoid the stigma associated with the

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208 Dr Mindy Sotiri, CEO, JRI, *Committee Hansard*, 17 May 2023, p. 47.
209 Dr Sotiri, JRI, *Committee Hansard*, 17 May 2023, pages 44–45.
210 Dr Sotiri, JRI, *Committee Hansard*, 17 May 2023, pages 43–44.
211 See, for example, CVGT, *Submission 106,* p. 12; Asuria, *Submission 246*, p. 28.
212 Success Works, Submission 139, p. [2].
213 See DEWR, Submission 254, pages 26–27.
214 Asuria, *Submission 246*, pages 27–28.

'ex-offender' label. In the past, Youth Connections was extended to include Youth Connections – Specalised Services in South Australia. This program was developed in consultation with the State Government and provided holistic case management for young people at imminent risk of, engaged in, or transitioning from connection with the juvenile justice system. An evaluation of the program found that there was a clear need for support for this cohort that went 'over and above' support available through either State or Commonwealth general program resources.[215]

5.153 The Committee engaged with providers that held an ex-offender license, delivered the Time to Work Employment Service, or delivered other state- and territory-based and non-government programs targeted to this cohort. These providers emphasised the importance of throughcare and continuity of support, as well as the importance of connections to the broader social care ecosystem upon release from prison. The providers indicated that they make best efforts to deliver wrap-around supports and are often successful in enabling employment outcomes. However, service delivery is often hamstrung by the need to coordinate with correctional services and the need to liaise with each of the independent prisons in the region. Providers indicated that there would be value in developing an intergovernmental agreement which defines the role of the States and Territories in the employment services system and enables access by providers to prisons without the need for multiple layers of administration.

5.154 Despite the designated speciality in Workforce Australia, no evidence was provided to the Committee regarding any distinction within the funding or service model that substantially differentiates a specialist ex-offender provider service from any other, aside from the name and a higher caseload of ex-offenders. This issue is discussed in more detail in Chapter 15.

5.155 In addition, it was highlighted that the automatic exemptions for ex-offenders from mutual obligations has negative impacts to post-release outcomes. Currently, when an ex-offender exits correctional services there is an automatic three-month exemption from mutual obligations which means there is no requirement to engage with employment services. The Committee was told that even if specific mutual obligations may not be appropriate for a person transitioning out of prison, this does not mean that they should not be able to or required to connect with a provider and access support, subject to appropriate exemptions. This issue is discussed in more detail in Chapter 14, in the context of exemptions from mutual obligations.

Eligibility for employment services

5.156 As outlined in Chapter 1, eligibility for Workforce Australia Online and Workforce Australia Services is linked to receipt of income support payments. Other programs, such as TtW, will have different, more specific eligibility criteria.

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[215] See, Department of Education, Employment and Workplace Relations (2012), *Final Report on the Evaluation of the Youth Connections – Specialised Services program*, p. ii; www.education.gov.au/school-work-transitions/resources/youth-connections-specialised-services-report, viewed 20 November 2023.

5.157 However, there are circumstances in which individuals who are not in receipt of income support may access services:

- Individuals who are not in receipt of income support may access the 'base' service in Workforce Australia Online. This enables them to search and apply for jobs, seek information, and contact providers. However, people not in receipt of income support cannot access the 'full' service in Workforce Australia Online.
- Certain cohorts can voluntarily engage in Workforce Australia Services—including directly registering with a provider. These include vulnerable youth, pre-release prisoners, and participants in programs for retrenched workers and partners.[216]

5.158 In addition, participation in employment services is not restricted to people who are unemployed, notwithstanding the focus in Workforce Australia on supporting people into work. DEWR indicated that between 30 to 40 per cent of participants in Workforce Australia are employed. This includes people in insecure employment and those who have recently started work and are transitioning off the caseload.[217]

5.159 Some stakeholders argued that the current eligibility criteria are too restrictive, and that the system should be more accessible to individuals not in receipt of income support. For example, one stakeholder observed that 'voluntary' jobseekers (that is, those not in receipt of income support) are not entitled to employment assistance and can feel abandoned by the system, stating:

> The general public [is] NOT informed that if you are in a married or partnered relationship with [one] partner on fulltime income, that this forfeits your rights to obtain the same level of employment support, assistance, and access as everyone else.[218]

5.160 The Committee also heard that at least some elements of the employment services system—whether that be direct support or job coaching, assessment and referral to other human services, or connections with employers—should be available to anyone who wishes to engage. The CPD stated:

> [A]n open service [is better equipped to respond to] … an industrial transition, for instance, and ramp up the work around helping people through that transition. In actual fact you're working with people before they get to the need for income support, so there's a real cost-benefit associated with that as well.[219]

5.161 As identified in Chapter 3, several State Governments have established employment services that allow any person to self-refer and receive employment and training advice. For example, the Victorian Government acknowledged that only 40 to 60 per cent of participants in Jobs Victoria were also participants in Workforce Australia.[220] Similarly, the Tasmanian Job Hub Network registered more than 7,000 jobseekers.

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216 DEWR, *Submission 254*, pages 59, 175–176.
217 DEWR, *Submission 254*, p. 49.
218 Name Withheld, *Submission 126*, p. 1.
219 Ms Brown, CPD, *Committee Hansard*, 20 September 2023, p. 9.
220 Ms Laura Trengove, Government of Victoria, *Committee Hansard,* 20 September 2023, p. 13.

More than half were not connected to Workforce Australia.[221] During site visits, one of these Hubs explained to the Committee that it does not limit its services to people in receipt of income support, and that its 'walk in' model has been very successful in connecting jobseekers to employers. The Hub also noted that it works directly with employers to support changes to work and recruitment practices and has been able to negotiate placements for jobseekers who are further from the labour market by also offering candidates who are not on income support and may be job ready.

5.162 Stakeholders also supported broadening eligibility to people who are underemployed or in lower-income or more precarious roles.[222] APM submitted that this approach would enable providers to engage with individuals who are employed to enhance the quality and sustainability of their work, as well as to enable current employees to search for jobs without needing to disengage from their existing role.[223]

5.163 Multiple case workers advised during site visits that there would be benefit in case workers being allowed to keep working with clients who take insecure work that or a job does not meet their long-term aspirations, particularly if this is part of a longer-term Jobs Plan. Case workers expressed concern that the current system forces case workers to focus on keeping clients in them in any work in order to chase an outcome payment. In addition, case workers advised that it is much easier to encourage people to commence casual, part-time, or low-quality work if it is seen as part of a longer-term plan to more sustainable employment, potentially including training or study components.

5.164 The Committee heard that in-work support is provided through other employment service programs. DSS noted that DES offers supports to current employees via the Work Assist Program.[224] While the focus of this program may not be on progression towards more secure work, the program offers assistance to employees who have difficulty fulfilling the essential requirements of their role due to injury, disability, or health condition.[225]

5.165 The Committee heard that the majority of new migrants have a strong desire to work, and often need support to prepare for and find employment—including after the initial settlement period has concluded. In addition, migrants and refugees frequently need assistance in obtaining local work experience and in having overseas qualifications recognised.[226] However, subject to visa status many newly arrived migrants will have differing access to Workforce Australia, even if they have work rights. For example, migrants holding a Bridging Visa E are ineligible for income support and cannot access Workforce Australia.[227] Stakeholders indicated that measures should be

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221 Tasmanian Government, *Submission 174*, pages [4, 5].

222 See, for example, ETC, *Submission 133*, pages 2, 3; NESA, *Submission 260*, p. 43; Victorian Chamber of Commerce and Industry (VCCI), Submission 259, p. 5; Multicultural Australia, *Submission 182*, pages 10–11.

223 APM, *Submission 213*, p. 15.

224 Ms Robyn Shannon, Acting Deputy Secretary—Disability and Carers, DSS, *Committee Hansard*, 26 May 2023, pages 6, 7.

225 See DSS, *Work Assist,* www.jobaccess.gov.au/people-with-disability/work-assist, viewed 20 November 2023.

226 See, for example, Multicultural Australia, *Submission 182*, pages 7-8; Mr Buol AOM, ECCQ, *Committee Hansard*, 6 June 2023, p. 4.

227 SECL, *Submission 38*, p. 6.

implemented to increase access to employment services for these cohorts, providing pre-employment or employment assistance while they wait for the resolution of their immigration status.[228]

Services that respond to employers needs

5.166 As outlined in Chapter 2, a persistent critique of the employment services system is that it is focused on conditioning the supply of jobseekers and has failed to respond to employers' needs. Stakeholders emphasised that employers require a single point of contact through which to fill vacancies, and assurance that jobseekers will have skills and qualifications aligned with workforce demand.[229]

5.167 In addition, the Committee heard that the employment services system must deliver assistance to employers that cannot be found elsewhere.[230] Key value propositions for employers—and particularly for small and medium enterprises (SMEs)—include:

- the provision of labour market insights and industry trends;[231]
- post-employment support, to ensure that a jobseeker adapts to and will remain with the employer;[232]
- recruitment and workforce planning support including new ways to design jobs, recruit, and enable career progression;[233] and
- support with business planning, marketing, and financial management.[234]

5.168 Navitas stated that the employment services system should better integrate with other programs that support employers, some of which could be positioned as post-placement support for both the jobseeker and the employer.[235]

5.169 Support for employers is considered in more detail in Chapter 12.

Committee comment

5.170 The current employment services system is failing to provide tailored, individualised support to jobseekers as was envisaged and is required. Within a rebuilt system,

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228 See, for example, WISE Employment, *Submission 169*, pages 12, 14; CLG and FLAG, *Submission 173*, p. 11; SAEP, *Submission 199*, p. 27; Dr Victor Quirk, *Submission 209*, p. 8; RCOA, *Submission 226*, p. 12.

229 See, for example, VCCI, *Submission 259*, pages 2, 4; Dr Nevile, *Submission 136*, p. 7; Associate Professor Jo Ingold (Dr Ingold) and Mr Tony Carr, *Submission 216*, p. 3.

230 Dr Ingold and Mr Carr, *Submission 216*, p. 4.

231 See, for example, Mr Colin Williams, *Submission 64*, p. [2]; CVGT, *Submission 106*, pages 19–20.

232 See, for example, CVGT, *Submission 106*, p. 20; NESA, *Submission 260*, p. 64; Dr Ingold, private capacity, *Committee Hansard*, 16 June, p. 8.

233 See, for example, Mr Williams, *Submission 64*, p. [2], Jobs Australia, *Submission 185*, p. 19; Dr Ingold and Mr Carr, *Submission* 216, p. 4–5; Per Capita, *Submission 252*, pages [14, 25]; NESA, *Submission 260*, p. 65.

234 See, for example, Mr Adam Collison, Deputy Chair, National Self-Employment Association (NS-EA), *Committee Hansard*, 26 May 2023, p. 16; Mr Mark Van Lith, Managing Director, ABS Institute of Management, *Committee Hansard*, 26 May 2023, p. 22.

235 Navitas, *Submission 262*, p. 18.

services for jobseekers need to be far more differentiated—both by recognising that there are multiple and diverse pathways to employment and by varying the intensity of support depending on a client's pathway to employment and their aspirations, needs, and circumstances. The current model where every jobseeker in provider services must attend a mandatory fortnightly appointment where half the time is consumed by administrative activities is patently ridiculous and ineffective. Some people need more support, some need less.

5.171 Broadly, the Committee considers that the unified service model for adults of working age in a rebuilt Commonwealth Employment Services System should align with that proposed by the BSL, CPD and the UniMelb, outlined at [5.10] to [5.12].

5.172 This model would include an enhanced online service for jobseekers who are closest to the labour market, with Employment Services Australia (ESA) transformed into a provider of 'hybrid' services (a mix of face-to-face and digital supports). This would provide the capacity to support jobseekers assessed as close the labour market with digital services and low intensity support for minor vocational barriers to employment.

5.173 Enhanced initial assessment, re-assessment and referral processes led by ESA (discussed in Chapter 9) would allow some people to be initially referred to more appropriate supports—such as local or cohort-specific health or community programs and programs that align with capacity building goals—rather than requiring immediate referral to providers to focus on preparing for and securing work.

5.174 For those who are assessed as capable of work and are referred to a provider for support, more diversity should be provided in the type and level of assistance. This should be captured by an agreed individual Participation and Jobs Plan, recognising that people need different levels of engagement which will vary over time. Supports provided within a 'generalist' case management or Job Coach service may include:

- 'Low intensity' advisory and support services, generally delivery by contracted service partners, for people assessed as close to the labour market but who are not able to manage in a predominantly digital environment or who have elected to access supports through a partner.
- 'Medium intensity' support, generally delivery by contracted service partners, which applies a strengths-based approach to case management. The focus of this service would be on setting goals and overcoming vocational and non-vocational barriers. The client would be encouraged to self-manage at least some activities (supported by a personalised Participation and Jobs Plan) while their case manager monitors and evaluates their progress.
- 'High intensity' support for clients who are furthest from the labour market but who are still seeking to enter or return the workforce. This would include in-depth support with goal setting and one-on-one assistance to attain those goals—including wrap-around supports. Clients receiving 'high intensity' services would likely be case managed through a public sector-led program.

5.175 In designing these supports—and particularly supports for people who are furthest from the labour market—government should give close consideration to the lessons

of former Australian programs, including the PSP. There are also useful lessons to be learned from the experience of international jurisdictions, including the French 'remobilisation' package for long-term and very long-term unemployed people.

5.176 This is not to suggest that funding should always flow according to the categorisation of individual jobseekers given the incentive for providers to then seek re-assessment to receive more money. Funding is considered in more detail in Chapter 15.

5.177 The current level of competition in regions and places is also seriously excessive. As a default proposition, the TtW commissioning approach should be adopted for mainstream provider-led case management and 'Job Coach' services. This would involve commissioning a single provider per place (which may see more than one provider within a region). Changes to the commissioning model are outlined in Chapter 15. These changes should be accompanied by a change in market culture to a relational contracting model focused on collaboration and quality improvement rather than punishment and compliance.

5.178 In a more collaborative model that includes ESA Regional Hubs, clients should be able to be referred to complementary programs, education and training, and other services, even prior to job coach management. A rebuilt system must recognise that employment services are often a gateway human service and that supportive wrap-around services are essential for jobseekers with higher needs and multiple barriers.

5.179 In addition to generalist case management services, the system must ensure that services meet the needs of particular cohorts. The Committee considers that ACCOs (to support First Nations peoples), CALD specific services, services for ex-offenders, and services for people with more significant disabilities are particularly important. While these services and organisations may deliver many of the same supports as part of generalist service outlined above, they would be commissioned separately to providers of that service. Flexible commissioning arrangements to support market entry by these organisations, underpinned by a relational contracting approach, are discussed in more detail in Chapter 15.

5.180 A broader range of options for people assessed as having very limited capacity for or likelihood of employment in the short term is also required. Society and the service system should stop pretending that doing the same thing over and over again—including leaving people in case management services for years doing pointless courses and applying endlessly for jobs—will magically achieve different results. There is little point in continuing to force people with limited capacity for or likelihood of employment into mainstream case management services.

5.181 The Committee accepts that it is preferable for a small minority of people with more complex needs or barriers to have approved social participation and 'Life First' goals in the Participation and Jobs Plan, and that this cohort would be better referred to services focused on recovery and social participation than to services which focus on pursuing immediate employment. Requiring participants to pursue employment where they are unsuited to that pathway also results in businesses being flooded with inappropriate job applications, leading to employers disengaging further from the system. The system should also aim to enable many in this cohort to move into the

employment case management service and to focus on preparing for and finding employment at that point. The appropriate time to move into case management would be subject to the individual's needs, circumstances, and aspirations.

5.182 The Committee also considers it past time that our society remembers and accepts that there are a very small number of people for whom paid employment in the open labour market may not be a realistic option given the extent of their structural and individual barriers and the realities of the labour market, but who may not meet the criteria for an Aged or Disability Support Pension. It is pointless, cruel, and self-defeating to continue to expect these citizens to endlessly apply for jobs that they are not capable of doing and will not obtain.

5.183 A civilised society should accept that for this very small minority of people, social participation is a realistic and decent expectation (at least at a point in time). Social participation may include volunteering, contributing to community projects and community work activities, and ongoing engagement in non-vocational programs designed to improve physical or mental health. This conclusion should in no way be understood as 'giving up on people' or abandoning the principle that everyone capable of work should pursue work. Rather, this recognises that in every human society there is a small group of people who simply cannot contribute in this way at least at some points in their life. It is also the case that people's situations change, and while the prospect of work may not be clearly foreseeable at a point in time, with the right support many people can return to the labour market. The Committee has observed that other countries take a more realistic approach to this issue.

5.184 ESA would be well placed to approve Participation and Jobs Plans and retain case management oversight of people whose goals are social participation. This would leave providers free to deliver services that focus on supporting people with realistic prospects of employment to secure work.

5.185 Another key difference between the future system and existing arrangements is that people would have greater choice as to service(s) they receive (for example, online supports or the low intensity 'Job Coach' service) informed and directed by enhanced assessment processes as detailed in Chapter 9. Jobseekers should also be re-assessed and referred to services as their needs change and as they move closer to or further from the labour market.

5.186 At least some people in social participation-focused pathways and who are engaging with non-vocational supports (for example, mental health or allied health services) may later seek to move into employment once other barriers have been addressed. As such, the Committee considers that there would be real value in embedding employment supports within other human services, consistent with the IPS model discussed earlier in this chapter. This would allow clients to begin considering employment while addressing non-vocational barriers, and support a long-term, progressive move towards or return to work while remaining focused on other, often recovery-oriented activities. The Committee considers that approach currently used by Headspace is a useful model and a good starting point for such a measure.

5.187 People who are clearly capable of work yet are persistently non-compliant or who refuse to engage with services and seek work should eventually be case managed by government. Ultimately, case management should be undertaken by ESA (the new entity recommended in Chapter 4). However, Services Australia may take on this responsibility until the new entity is established. This—along with changes to mutual obligations and compliance (outlined in Chapter 13)—will free up providers to focus on supporting the significant majority of for jobseekers who are genuine about preparing for and seeking work, rather than on compliance and administration and pm managing people who are not capable of or not serious about securing work. A reformed approach should help to significantly improve the relationships between jobseekers and frontline staff.

5.188 Reforms to employment services must also focus on better supporting employers, including measures and incentives to help businesses to fill vacancies and access to supports that help with job design, recruitment practices and inclusive approaches to workforce development. A new approach to supporting employers that complements the typology of supports for jobseekers (above) is considered in detail in Chapter 12.

5.189 The Committee noted in its interim report that recommendations in relation to the broader employment services system may impact upon the future design of the program that replaces ParentsNext. The Committee suggests that the service to replace ParentsNext may ultimately become part the generalist case management service and encourages government to take account of the recommendations in this report in finalising the design of this replacement program.

5.190 Participation in employment services is proposed to remain a condition of receiving income support (albeit with the reformed participation and compliance arrangements as in Chapters 6 and 14). The Committee envisages that service eligibility would largely reflect existing criteria for Workforce Australia.

5.191 The Committee envisages that any person would be able to access the new regional hubs overseen by ESA, which are discussed in Chapters 4 and 12. This may be, for example, to obtain basic advice on job search, the local labour market, skills and training options, employment suggestions or a referral to another human service.

5.192 In the context of providing more robust post-placement support, the Committee has explored a specific, career-focused service for people in low-paid and precarious jobs, and for people at risk of unemployment. This is discussed in Chapter 11.

Recommendation 8

5.193 The Committee recommends that the core service model for the new Commonwealth Employment Services System provide far more tailored and flexible support, with tailored Participation and Jobs Plans that recognise more diverse pathways to employment. The model should include the following key elements:

- **A digital-hybrid employment service delivered by Employment Service Australia for those jobseekers identified as being able to effectively self-manage online.**
- **Case management services informed by more tailored assessment and Participation and Jobs Plans, differentiated by an individual's needs and proximity to the labour market, with:**
  - **A 'low intensity' advisory and support service focused on preparing for and finding work and addressing minor vocational barriers to employment, generally provided by contracted service partners.**
  - **A 'medium intensity' case management service focused on setting goals and overcoming vocational and non-vocational barriers, generally provided by contracted service partners.**
  - **A 'high intensity' service for people who are furthest from the labour market, including in-depth and wrap-around support, likely case managed through a public sector-led program.**
- **Referral and access to other human services that address substantial non-vocational barriers to employment as required.**
- **Cohort-specific specialist support delivered by organisations with relevant expertise and competency, with priority cohorts including First Nations peoples, people from culturally and linguistically diverse backgrounds and people with significant disabilities.**
- **Social and community participation goals for people who are unlikely to benefit from other assistance for whom employment is simply not a realistic outcome at least in the short term.**

Recommendation 9

5.194 The Committee recommends that the Australian Government develop, trial, and implement measures to embed pre-employment and vocational supports within a person's primary human service, such as mental health, homelessness, or family violence services. This should be informed by the approach being taken in Headspace.

Recommendation 10

5.195 The Committee recommends that in designing a high intensity case management service for people furthest from the labour market, most likely delivered by the public sector or community based not-for-profit service partners, the Australian Government consider the lessons of the former Personal Support Programme and the French 'remobilisation' package for long-term and very-long-term unemployed people.

5.196 The Committee also considers that a youth-specific service stream should be created within the new Commonwealth Employment Services System for all people aged

under 25 years. This service should incorporate and build on the existing TtW program and draw on lessons of the successful Youth Connections program.

5.197 As part of the reformed assessment process, the youth specialist service should be presented as the 'default' service for jobseekers under 25 years, unless they are clearly job ready and would be better served by self-managing online or by referral to a cohort-specific service (for example, young First Nations peoples). Consistent with a service which offers greater choice and control to jobseekers, younger jobseekers would not be forced into the youth-specific service but would be presented with options and information to enable an informed decision.

5.198 Like the generalist service for working age adults, the youth-specific service should vary in intensity and facilitate referrals to other human services as part of a wrap-around approach to support. Any young person should be able to access basic employment support through this program. The TtW program should also be retained and be integrated into the new youth-specific service as a higher level of support to which eligible people can be referred.

5.199 An integrated youth specific service should be delivered in each place by specialist providers with strong links to local communities and places and a demonstrated ability to provide support adapted to the unique needs of young people. The Committee was consistently impressed with those TtW providers who also offer other youth services in a hub model and considers that youth hubs should be preferred in future commissioning and procurement models where possible.

5.200 The Committee does not propose that a new service focused on supporting older people is required; but considers that the current CTA program should be retained and enhanced (see Chapter 14) and that service partners should consider specialist frontline staff with expertise in supporting older clients.

5.201 The Committee also considers it critical that measures are implemented to reduce ageism among employers, to ensure that older people are afforded the same work opportunities as other jobseekers. The training program highlighted by the former Age Discrimination Commissioner appears to be an effective and cost-efficient means of improving employers' attitudes towards older people. This should be promoted to employers, including by DEWR and the proposed ESA (see Chapter 4). The employer-focused service delivered by ESA and ESA Regional Hubs (see Chapter 12), should also work with employers to encourage them to engage older people, including by promoting the training program highlighted by the former Age Discrimination Commissioner and working with employers to develop and implement more inclusive work practices.

Recommendation 11

5.202 The Committee recommends that the Commonwealth Employment Services System include a youth-specific service, open to all people under the age of 25 years. The Youth Employment Service should retain the existing Transition to Work program as a more intensive option while also providing less intensive

support options that vary according to individual circumstances and Participation and Jobs Plans. Commissioning and procurement should preference youth specialist providers with proven track records in delivering services to young people, as well as providers which are co-located with other youth services in youth hubs where possible.

Recommendation 12

5.203 The Committee recommends that the Australian Government:

- **promote and encourage employers to deliver training to improve attitudes towards older people in the workforce; and**
- **strongly encourage providers—and service partners, under the rebuilt Commonwealth Employment Services System—to work with employers to change attitudes towards older people in the workforce and to develop more inclusive recruitment and work practices.**

5.204 Employment services for jobseekers with experience of the criminal justice system or those leaving prison require a fundamental rethink, as the existing approach is ill-considered, fragmented, and ineffective. The Committee was stunned to hear evidence during site visits that some jurisdictions continue to release prisoners on Friday afternoons with no secure housing or on-release plan. Examples of interesting programs or approaches were discussed but there seems to be no coordination or coherence.

5.205 For those exiting prison, the three key stages of 'pre-release' 'on-release' and 'post-release' need to be aligned in a properly designed and integrated service model that allows the same case manager to work with an individual at each stage of their journey. The Committee strongly agrees with the conclusions of the Justice Reform Initiative that ex-offenders should be supported via a throughcare service which includes:

- training and support delivered while the person is in prison—including support to develop core skills and begin planning for life post-release;
- more intensive support is provided in the three to four weeks post-release; and
- continuation of support post-release, including connections with services across the human services ecosystem.

5.206 The Committee concludes that the most effective outcomes for ex-offenders will only be achieved via much closer collaboration between the Commonwealth and the states and territories. State and Territory Governments are responsible for correctional services and are also the largest direct fiscal beneficiaries from reduced recidivism as a result of getting someone into a job.

5.207 The Committee considers that political leadership and commitment is necessary to drive a new approach. Commonwealth and State Employment and Corrections Ministers should commission a serious piece of reform work, potentially via National Cabinet, to develop a refreshed intergovernmental commitment and agreement to

reform and redesign employment services for ex-offenders pre-release, on-release, and post-release.

5.208 While specific service responses will vary between jurisdictions and places, there are obviously commonalities in the issues and challenges and benefits from shared service design, ongoing learning, and rigorous evaluations of good practice. This work should be directly informed by the Justice Reform Initiative.

5.209 In terms of service delivery approaches, while some ex-offenders may prefer and choose to access generalist or other specialist services, the Committee considers that it is highly likely that better outcomes will be achieved in most cases by specialist organisations or programs which are solely focused on ex-offenders. There are particular issues and barriers to employment they experience and common restrictions on employment options due to criminal records.

5.210 In places which have high numbers of ex-offenders and a specialist provider is contracted under the Commonwealth system, only one organisation should be engaged in each place drawing on lessons from the Time to Work Employment Services model. Cohort specific or place based intensive programs should also be considered. In places that have low populations of ex-offenders and cannot sustain specialist providers or programs but where there is demonstrated need then an outreach service by a specialist organisations or programs could be trialled or a specialist worker in a generalist provider.

Recommendation 13

5.211 The Committee recommends that in relation to employment service support for ex-offenders:

- **Commonwealth and State and Territory Employment and Corrections Ministers commission a serious piece of reform work—potentially via National Cabinet—to develop a refreshed intergovernmental commitment and agreement to reform, design, delivery and funding of employment services for ex-offenders pre-release, on-release and post-release. States and Territories should be encouraged to co-invest in employment services and programs for ex-offenders given the significant fiscal savings that accrue from reduced recidivism.**
- **There be at least one specialist provider available in each jurisdiction and no more than one in each place, supported by cohort based and place-based programs which integrate with the corrections system and provide holistic support and access to other human services.**

6. Workforce and service capability

Implementing the governance and service models outlined in Chapters 4 and 5 will rely on the workforce of both the public sector and service partners. This chapter considers issues related to improving the service capability of service partners, including steps to re-professionalise the workforce and other strategies to attract and retain a suitably qualified workforce—a workforce that can support the wellbeing of clients, and build the social and economic capabilities of their disadvantaged caseload.

Frontline staff are a critical element in delivering a quality employment service. The current workforce has become de-professionalised and de-unionised, with frontline roles now characterised as having low pay, poor job security and limited entitlements—particularly when measured against pay and conditions in other sectors that are commensurate with the required level of skill.

A priority in rebuilding the system must be addressing the rate of staff turnover in the employment services sector, which is twice the rate across the broader Australian labour market. High staff turnover is one of the most common complaints from jobseekers and incompatible to quality case management.

On an individual level, staff in the sector are typically dedicated, passionate, and perform small miracles under very trying conditions. By contrast, settings within the system are not conducive to delivering an effective employment service. Caseload ratios may not be optimal to the provision of quality support. Staff do not spend the bulk of their time helping clients, instead up to 60 per cent of frontline staff's time will be spent on administrative work and there are other staff whose roles are entirely focused on administrative and compliance matters. The IT system also limits the autonomy of frontline staff, as well as their ability to provide flexible and innovative services. These issues must be addressed when rebuilding the Commonwealth Employment Services System to attract and retain a workforce that can deliver tailored, personalised services.

To re-professionalise the sector, the Australian Government must put in place a framework that includes minimum standards for the skills, qualifications, and competencies of frontline staff. The Committee's interim report highlighted concerns about the lack of some form of mandatory staff qualifications and competencies for the ParentsNext program. Similar concerns were raised in the context of the broader employment services system. These concerns should be addressed through the professional framework and measures to lift the skills and competencies of staff which balance qualifications with lived experience, applying to staff in both the public and private sector that deliver direct assistance to clients.

Professional development can also be improved through the Australian Government—as part of its role as the steward of the employment services sector—being proactive in identifying and disseminating best practice. This work should be led by the new Employment Services Quality Commission and supported through an Employment Services Capability Fund.

The employment services workforce

6.1 According to a survey conducted by the National Employment Services Association (NESA), there were around 20,000 staff in the employment services sector in 2022. This included 12,000 frontline staff and 1,500 staff at the service delivery managerial level (such as regional and site managers). The remainder of the staff within the sector deliver corporate services (for example, HR and finance), or occupy customer service, quality assurance, claims processing, and compliance roles. The majority of staff in the sector have experience in related sectors, such as recruitment, education and training, health, youth work, and disability services.[1]

6.2 At the time of the survey, around 87 per cent of frontline staff held a post-secondary qualification. The highest qualification level most commonly held by frontline staff surveyed was a Bachelor Degree (23 per cent of cases), followed by a Certificate IV (22 per cent). The most common fields of study were 'mixed field programs' which includes qualifications specific to employment services (24 per cent) and management and commerce (21 per cent). Staff without qualifications tended to be older and more likely to have experience in customer service and recruitment.[2]

6.3 According to the NESA survey, the average age of frontline staff was 39 years 2022. Approximately 80 per cent of the frontline service delivery workforce was female at the time of the survey.[3] In addition, women made up the majority (70 per cent) of the service management workforce.[4]

6.4 Union membership amongst the frontline staff is low, reported at 3 per cent in 2016.[5]

6.5 Some stakeholders expressed concern that there has been a de-professionalisation of the sector. For example, Miss Mary Hill, a former employee of the Commonwealth Employment Service (CES), raised concern that skills and qualifications of frontline staff have diminished since the CES ceased operating.[6] Associate Professor Siobhan O'Sullivan similarly noted that when employment services were first outsourced, case managers often held degrees in social work or other relevant fields. Many of these former case managers have left the sector and have not been replaced with staff who hold equivalent qualifications.[7] Jobs Australia noted that the workforce has become

1 National Employment Services Association (NESA), *Submission 260 (Attachment 1)*, pages 8, 12.
2 NESA, *Submission 260 (Attachment 1)*, pages 19–20.
3 NESA, *Submission 260 (Attachment 1)*, p. 14.
4 NESA, *Submission 260 (Attachment 1)*, p. 21.
5 Associate Professor Siobhan O'Sullivan, private capacity, *Committee Hansard*, 14 March 2023, p. 3.
6 Miss Mary Hill, *Submission 181*, p. [1].
7 Associate Professor O'Sullivan, *Committee Hansard*, 14 March 2023, p. 13.

younger, less experienced, and less qualified. Moreover, lower levels of training are now required to deliver intensive case management.[8] The Getting Welfare to Work Research Team provided similar evidence, noting that the proportion of staff with a degree fell from just under 40 per cent in 1998 to less than 20 per cent in 2012.[9]

6.6 Australia's situation and approach after more than two decades of full marketisation contrasts markedly with other nations studied where there is a much greater focus on professional staff qualifications, training, and career development. For example, in Sweden there are contractual requirements for employability professionals to have university education and qualifications,[10] while in the Netherlands the Labour Expert—whose role includes counselling and support for jobseekers—is considered a specialist profession with its own professional body and certification procedures (see Chapter 3).[11]

Frontline staff turnover

6.7 According to NESA's 2022 survey, 45 per cent of staff in the employment services sector have been in the sector for under two years. Less than 40 per cent of staff have been in the industry for over five years. 46 per cent of staff also report working with more than one employer, with 57 per cent of this cohort indicating that they had worked for three or more employers. High rates of mobility were often explained by the end of contracts: providers exiting a region and frontline staff being taken on by continuing or new entrants.[12]

6.8 Several stakeholders reflected on the impact of contract turnover on the movement of staff within and out of the sector. For example:

- APM Employment Services (APM) noted that in addition to contributing to mobility between providers, contract turnover results in staff exiting the sector;[13] and
- the Department of Employment and Workplace Relations (DEWR) highlighted the findings of a survey of jobactive site managers, which showed that more than a third of those who resigned from their position left the sector.[14]

6.9 NESA observed that contract turnover has a very significant impact on the morale of frontline staff, stating:

> We saw the largest exodus from this sector that we've ever seen post the commissioning. They didn't just move between each other. Skills and long-term

8 Jobs Australia, *Submission 185*, p. 12.
9 Getting Welfare to Work Research Team, *Submission 191*, p. 12.
10 Institute of Employability Professionals (IEP), *Submission 291*, p. [5].
11 Organisation for Economic Co-operation and Development (OECD) (2023) *Contracted employment services in the Netherlands*: *Study visit report*, p. 8, www.oecd.org/els/emp/Project21SE03StudyVisitReport.pdf, viewed 20 November 2023.
12 NESA, *Submission 260 (Attachment 1)*, p. 11.
13 Mrs Karen Rainbow, CEO, APM Employment Services (APM), *Committee Hansard*, 14 March 2023, p. 57. See also MatchWorks, *Submission 263*, p. 10.
14 Department of Employment and Workplace Relations (DEWR), *Submission 254*, pages 85–86.

> people left. The common thing we heard is, 'If I can do my job really well, achieve a five-star rating and meet all the objectives that are asked of me, and I still lose my job, it doesn't make sense.' Security is also about maintaining the sorts of talent, skills and re-professionalisation that the committee has talked about wanting to achieve.[15]

6.10 The Getting Welfare to Work Research Team noted that annual average turnover of staff in the sector (over 40 per cent) is more than 2.5 times the national average.[16]

6.11 High staff turnover can have negative impacts on jobseekers, who typically require stability and continuity of services to build the rapport necessary for effective support.[17] This was reflected in testimony by current and former participants, who told the Committee about their experiences with a near constant turnover of staff in the sector and a consequent need to retell their story to multiple case managers.[18] One participant said that they were obliged to engage with five different consultants over the course of one year. The participant stated it was tiring to repeat their personal story, career goals, and aspirations to multiple staff.[19]

6.12 Discussions during the Committee's European delegation confirmed that high levels of staff turnover are a concern in many employment service systems. For example, in Denmark high turnover was identified as having a discernible negative impact on the placement of clients in work, with stakeholders indicating that continuity was a key factor in effective caseworker-client relationships.

6.13 Jobs Australia rated staff retention as the most serious issue for the sector,[20] while NESA highlighted the need for the government to develop a comprehensive plan to attract and retain frontline staff.[21]

6.14 Stakeholders emphasised that recognition, appropriate pay and conditions, and opportunities for professional development are critical to attracting and retaining a qualified workforce, and key to a system which delivers high-quality support to participants.[22] These issues are discussed in more detail below.

Administration and lack of autonomy

6.15 High levels of administrative burden, coupled with a lack of autonomy, are significant contributors to staff turnover in the sector. Stakeholders noted that frontline staff

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15 Ms Annette Gill, Principal Policy Adviser, NESA, *Committee Hansard*, 20 September 2023, p. 21.

16 Getting Welfare to Work Research Team, *Submission 191*, p. 13.

17 See, for example, Youth Projects, *Submission 141,* p. 12; Sarina Russo Job Access (SRJA), *Submission 145*, p. 18; Getting Welfare to Work Research Team, *Submission 191*. p. 13.

18 See, for example, Ms Aeryn Brown, *Submission 114*, p. [1]; Name Withheld, *Submission 115*, p. [1]; Name Withheld, *Submission 116*, p. 2; Name Withheld, *Submission 230*, p. [2]; Melissa Fisher, *Submission 235*, p. [1]. This was also identified as an issue by the Australian Services Union (ASU), *Submission 205*, p. [7].

19 Lewis, private capacity, *Committee Hansard*, 19 September 2023, p. 30.

20 Jobs Australia, *Submission 185*, pages 12, 14.

21 Ms Sally Sinclair, CEO, NESA, *Committee Hansard*, 14 March 2023, p. 36.

22 See, for example, Dr Colin Harrison, *Submission 152*, p. 9; ASU, *Submission 205,* pages [6, 8–9]; Refugee Council of Australia (RCOA), *Submission 226*, p. 9.

spend up to 60 per cent of their time on administration (including compliance related duties) under Workforce Australia, stating that that this situation is materially worse than the situation that existed in previous systems.[23] By comparison, frontline staff in the UK employment services sector spend 40 to 50 per cent of their time on administration, while in Sweden administration accounts for 20 to 30 per cent of staff time.[24]

6.16 One of the unavoidable issues arising when outsourcing services in quasi-markets are the significant overheads arising from contract administration, compliance, and the impact of IT systems.[25] This and similar issues were discussed and observed in other international systems during the Committee's European delegation. Other countries reported similar frustrations and impacts on staff productivity, autonomy, performance, and retention when marketisation or contracts with emphasis on employment outcomes were implemented. Not every stakeholder with whom the Committee engaged indicated this was a reason not to utilise contestability in service delivery. However, there was consensus that these issues are real and need to be considered in deciding on the best mix of services and commissioning arrangements and in redesigning the architecture of the employment services system.

6.17 MAX Solutions (MAX) stated that staff often enter the sector with the belief that they will be helping participants build their capacity and secure employment, but spend most of their time on administrative work.[26] The Australian Unemployed Workers' Union (AUWU) similarly indicated that the differences in expectations of the sector and the reality of frontline service delivery, coupled with poor pay and conditions, may cause workers to search for more fulfilling roles elsewhere—including in other employment service programs:

> My last caseworker … was [initially] one of the worst caseworkers I have ever experienced. He just had no sympathy whatsoever. [Later] … I went for an appointment and he had left. He had got his head around the system. He did not say anything to me, but you could tell he was very disappointed with what he was doing. He said the pay was terrible, and I only found out recently that he had actually moved into more social support roles because he discovered that, as he was working in the [Disability Employment Services] DES, he was getting much

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23 See, for example, Getting Welfare to Work Research Team, *Submission 191*, p. 12; Dr Michael McGann, private capacity*, Committee Hansard*, 14 March 2023, p. 3; Ms Sinclair, NESA, *Committee Hansard*, 14 March 2023, p. 36; Mr Bryan McCormack, Senior Advisor—Government and Policy, Jobs Australia, *Committee Hansard*, 20 September 2023, p. 16.

24 IEP, *Submission 291*, p. [7].

25 OECD (2022), *Paying for results: Contracting out employment services through outcome-based payment schemes in OECD countries*, Social, Employment and Migration Working Papers No. 267, p. 7, https://doi.org/10.1787/c6392a59-en, viewed 20 November 2023. See also K Breidahl and F Larsen (2020), *Marketization of employment services – Historical insights and inherent dilemmas*, Aalborg University, p. 5. Breidhal and Larsen observed that by the end of Job Service Australia in 2015, the annual costs for administration was 21 per cent of total expenditure on employment services.

26 See, for example, MAX Solutions (MAX), *Submission 146*, p. 22. See also SRJA, *Submission 145*, p. 19; WDEA Works, *Submission 168*, p. 5; Mrs Kathleen Newcombe, Group CEO, SRJA, *Committee Hansard*, 6 June 2023, p. 14.

> more satisfaction from helping people get on to [Disability Support Pension] DSP and things of that nature.[27]

6.18 This was echoed by several other stakeholders, who raised concern that time spent on administration would otherwise be spent building relationships with jobseekers and employers and on organising and delivering support.[28]

6.19 The Committee also heard that there has been a gradual disempowerment of and loss of autonomy for frontline staff.[29] This has persisted under several iterations of the employment services system, with frontline staff under previous contracts reporting that they were not empowered to support flexibility or innovation in service delivery.[30] Several stakeholders highlighted that this lack of autonomy contributes to common perceptions of employment services as being inflexible and highly transactional.[31]

6.20 The Getting Welfare to Work Research Team highlighted surveys undertaken since 2008, which consistently found that staff believe that the IT system dictates how they do their job. In one survey undertaken in 2016 over 60 per cent of respondents indicated that they use standard tools and checklists, with 42 per cent reporting that those processes were 'quite' or 'very' influential in determining assistance delivered to jobseekers. Less than 30 per cent of frontline staff provided similar responses to surveys conducted in 1998.[32]

6.21 Stakeholders argued that limited autonomy and high administrative burden creates challenges in attracting and retaining a skilled workforce.[33] Associate Professor O'Sullivan said that these concerns also impact the type of staff who are recruited by providers, noting that providers often focus on recruiting staff who can operate computerised systems and populate dropdown boxes.[34]

6.22 Other stakeholders similarly informed the Committee that providers are specifically hiring additional staff and creating new roles specifically focused on administration.[35]

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27 Mr Jeremy Heywood, President, Australian Unemployed Workers' Union (AUWU), *Committee Hansard*, 19 September 2023, p. 5.

28 See, for example, Brotherhood of St Laurence (BSL), *Submission* 249, p. 60; Associate Professor O'Sullivan, *Committee Hansard*, 14 March 2023, p. 13; Mrs Newcombe, SRJA, *Committee Hansard*, 6 June 2023, p. 13.

29 See, for example, BSL, Centre for Policy Development (CPD) and University of Melbourne (UniMelb), *Submission 256*, p. 32; NESA, *Submission 260*, p. 90.

30 DEWR, *Submission 254*, p. 82.

31 See, for example, South East Community Links (SECL), *Submission 38*, p. 8; Name Withheld, *Submission 137*, p. [2]; RCOA, *Submission 226*, p. 4; Professor Mark Considine, private capacity, *Committee Hansard*, 14 March 2023, p. 10; Ms Emma Dawson, Executive Director, Per Capita, *Committee Hansard*, 14 March 2023, p. 29.

32 Getting Welfare to Work Research Team, *Submission 191*, p. 13.

33 See, for example, MAX, *Submission 146*, p. 43; Jobs Australia, *Submission 185*, pages 21–22; Getting Welfare to Work Research Team, *Submission 191*, p. 14; NESA, *Submission 260*, p. 90.

34 Associate Professor O'Sullivan, *Committee Hansard*, 14 March 2023, pages 13–14.

35 See, for example, CoAct, *Submission 151*, pages 22–23; Ms Gill, NESA, *Committee Hansard*, 14 March 2023, p. 37.

6.23 The philosophical and practical dilemma of acting as both helper and compliance officer was also identified as another barrier to the retention of frontline staff.[36] This issue is covered in more detail in Chapter 14, in the context of mutual obligations and compliance arrangements.

High and challenging caseloads

6.24 Stakeholders observed that a discrete yet related issue impacting staff retention is high staff caseloads, noting that a lower participant to staff ratio would reduce the level of staff turnover in the sector. However, stakeholders also emphasised that lowering this ratio will require additional investment in employment services.[37]

6.25 Stakeholders told the Committee that high caseloads impact the servicing that can be provided to jobseekers, noting that staff have less time to link jobseekers with other supports or to contact employers about potential jobs.[38] Moreover, higher caseloads mean appointments for individual jobseekers are short and often of limited value.[39] The Australian Services Union (ASU) noted that larger caseloads have the following distinct impacts:

- poor quality support and limited employment outcomes;
- adverse health and safety impacts associated with unreasonable workloads; and
- lower job quality for staff, leading to high turnover.[40]

6.26 The Getting Welfare to Work Research Team noted that a recent survey found that the ratio of frontline staff to participants increased from 1:100 in 2008 to 1:114 in 2012, and to 1:148 in 2016.[41]

6.27 Workforce Australia aimed to lower the ratio of staff to participants to 1:100 or less.[42] DEWR also noted that providers in the New Employment Services Trial (NEST) had difficulty keeping staff to jobseeker ratios below 1:100.[43] Providers with which the Committee engaged during site visits similarly explained that it is difficult to achieve lower caseloads ratios under current funding arrangements.

6.28 DEWR advised that the majority of providers committed to ratios of 80:1 or below in their tender responses and that compliance against these commitments is assessed as part of contract management processes,[44] but did not provide actual data as to

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36 See, for example, Campbell Page, *Submission 150*, p. [8]; NESA, *Submission 260*, p. 90.
37 See, for example, MAX, *Submission 146*, p. 21; National Youth Commission Australia (NYCA), *Submission 166*, p. [11]; ASU, *Submission 205*, p. [4]; BSL, *Submission 249*, p. 75.
38 See, for example, NYCA, *Submission 166*, p. [9]; Getting Welfare to Work Research Team, *Submission 191*, p. 12; RCOA, *Submission 226*, p. 9; Workways Australia Ltd (Workways), *Submission 239*, p. 21.
39 See, for example, Name Withheld, *Submission 109*, p. [1]; Name Withheld, *Submission 142*, p. [2]; NYCA, *Submission 166*, p. [9].
40 Mr Angus McFarland, Branch Secretary—NSW and ACT, ASU, *Committee Hansard*, 16 June 2023, p.13.
41 Getting Welfare to Work Research Team, *Submission 191*, p. 11.
42 DEWR, *Submission 254*, pages 72–73.
43 DEWR, *Submission 254*, p. 73.
44 DEWR, *Submission 256.8*, p. [3].

whether those commitments are being met. The ASU indicated that the ratio has remained higher than 1:100 under the current employment services system for some frontline staff.[45] Evidence from a 2023 survey of frontline staff found that they had an average caseload of around 90 clients, however, those results were subject to a high standard deviation that shows that some staff have substantially larger caseloads while others have much smaller caseloads.[46]

6.29 Stakeholders also called for lower staff to participant ratios in specialist and intensive services. For example, the National Youth Commission Australia (NYCA) advocated for a contracted maximum ration of 1:40 in specialist youth services, such as Transition to Work (TtW).[47]

6.30 Stakeholders commonly observed that under Workforce Australia, the percentage of clients with the most severe barriers and behavioural difficulties—including anger management and serious mental health issues—is far higher than under previous employment services programs. Increasing levels of aggression among people on the caseload is one factor impacting staff retention.[48] One provider indicated that at some sites they have needed to engage full-time security staff,[49] while another told the Committee that they have invested in safety measures such as duress alarms and back-to-base security systems, augmented with ongoing de-escalation training.[50] WISE Employment asserted that the obligation on providers to perform the dual role of police and supporter can contribute to poor perceptions of providers and staff, as well as to the escalation of challenging behaviours.[51]

6.31 During site visits, many current and former frontline staff informally reported that these factors, when combined with the administrative burden and poor pay and conditions (discussed below) are creating an unvirtuous cycle of 'burn and churn'. Discussion with those staff and relevant workforce data indicate that there are not enough experienced staff with the skills and qualifications (including in particular social work or psychology qualifications) to work with clients with high needs and challenging behaviours. Staff are also not afforded the necessary time to build relationships with clients or to deliver supports over a sustained period.

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45 See Mr McFarland, ASU, *Committee Hansard*, 16 June 2023, p.13.

46 Getting Welfare to Work Research Team (2023), *The New Digital Governance of Welfare-to-Work: Industry Report on Survey of Workforce Australia Frontline Staff*, p. 14, https://arts.unimelb.edu.au/__data/assets/pdf_file/0011/4783781/2023_Australian-Industry-Report_FINAL_16Oct2023.pdf, viewed 9 November 2023.

47 NYCA, *Submission 166*, p. [10].

48 See, for example, ASU, *Submission 205*, pages [7–8]; Mrs Nicole Mattsson, National Services Design and Integration Leader, IntoWork, *Committee Hansard*, 14 March 2023, p. 62; Mrs Rainbow, APM, *Committee Hansard*, 14 March 2023, p. 63. The management of jobseekers who display challenging behaviours is also considered in Chapter 5.

49 The BUSY Group Ltd (BUSY), *Submission 227*, p. 2.

50 Salvation Army Employment Plus (SAEP), *Submission 199*, p. 62.

51 WISE Employment, *Submission 169*, p. 21.

Pay and conditions

6.32 Frontline staff in employment services have relatively low pay, with annual salaries in the range of $51,000-$65,000.[52] Evidence from the ASU similarly indicated that frontline staff are paid around $30 per hour.[53] Accordingly, frontline staff are paid between 54 and 69 per cent of the Australian annual salary of $94,000.[54] By comparison, frontline staff in the UK earn between 70 and 99 per cent of the gross median salary.[55]

6.33 Stakeholders asserted that remuneration in the employment services sector must be competitive with comparable roles in other service industries.[56] Evidence indicated that other sectors have arrangements in place to ensure a competitive wage. For example, the ASU noted that community services workers are subject to an equal remuneration order that guarantees regular wage increases.[57]

6.34 The ASU also expressed concern at high levels of mobility within the sector which impact on the ability of staff to accrue entitlements such as long-service leave, sick leave, and annual leave. The ASU indicated that portability of entitlements would assist to address recruitment and retention issues and support workers to build careers in the sector. The ASU noted that other sectors with transient workforces—such as nursing, allied health, public servants, and teachers—have portable leave entitlements.[58]

6.35 Portable leave entitlements exist in other sectors and jurisdictions. For example, four states have introduced portable long service leave in the contract cleaning industry.[59] A 2016 Senate inquiry also identified several benefits of a national long service leave system, including improved retention and an increased supply of skilled workers.[60]

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52 See, for example, Dr Harrison, *Submission 152*, p. 11; Nirrumbuk Aboriginal Corporation (NAC), *Submission 180*, p. [3]; BUSY, *Submission 227*, p. 5; Mr McFarland, ASU, *Committee Hansard*, 16 June 2023, p. 11.

53 Mr McFarland, ASU, *Committee Hansard*, 16 June 2023, p. 10, in quoting feedback from one of their members. An hourly wage rate would equate to an annual salary of around $62,000.

54 Australian Bureau of Statistics (ABS), *Average Weekly Earnings, Australia–November 2022*, www.abs.gov.au/statistics/labour/earnings-and-working-conditions/average-weekly-earnings-australia/nov-2022, viewed 22 August 2023.

55 IEP, *Submission 291*, p. [6].

56 See, for example, Dr Harrison, *Submission 152*, p. 11; Greater South East Melbourne (GSEM), *Submission 155*, p. [4]; Mr McCormack, Jobs Australia, *Committee Hansard*, 20 September 2023, p. 16.

57 Mr McFarland, ASU, *Committee Hansard*, 16 June 2023, p. 11. The Fair Work Commission also recently determined a 15 per cent wage increase for staff in the aged care sector. See Fair Work Commission, *Work value case aged care industry decision*, www.fwc.gov.au/hearings-decisions/major-cases/work-value-case-aged-care-industry/decisions-statements-work-value, viewed 22 August 2023.

58 ASU, *Submission 205*, pages [3, 10].

59 Fair Work Commission, *Long Service Leave Advice*, www.fairwork.gov.au/leave/long-service-leave#portable-long-service-leave, viewed 22 August 2023.

60 Senate Education and Employment References Committee (2016), *The feasibility of, and options for, creating a national long service standard, and the portability of long service and other entitlements*, pages 5, 20, 37.

6.36 Stakeholders indicated that challenges exist in attracting and retaining staff compounded by the fact that employment services are not viewed as an employer of choice—especially for young people finishing their education.[61] IntoWork stated:

> It's not a sector that when you are at uni or you are at school you go, 'I want to be an employment consultant.'[62]

Qualifications, skills, and professional development

6.37 Stakeholders expressed concern that many frontline staff lack the skills, training and qualifications necessary to effectively support jobseekers, and particularly those in provider-led services who experience complex disadvantage.[63] One submitter noted that staff are qualified in administration and management, but not equipped to deliver person-centred services.[64] Another indicated that their consultant lacked adequate knowledge of the service system and demonstrated almost complete disregard for the submitter's financial, emotional, mental and physical needs.[65]

6.38 Other stakeholders emphasised that frontline staff must be able to deliver culturally appropriate assistance to a diverse group of jobseekers.[66] For example, Multicultural Australia stated:

> Our hope is that the future design of the employment service program is informed by and responsive to the diverse needs of communities, including First Nations communities, as well as culturally and linguistically diverse communities. We also seek a gender-responsive program design and a strong focus on supporting youth job seekers. We think it is fundamentally important that employment service providers and their workforce have the requisite capabilities in key areas, such as disability awareness, mental health, drug and alcohol awareness, cultural sensitivity, and domestic and family violence, to ensure that the services provided are individualised and fit for purpose.[67]

6.39 This was reflected in evidence from providers, who also highlighted the importance of a workforce that reflects the communities it serves.[68] DEWR similarly noted that

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61 See, for example, ASU, *Submission 205*, p. [3-4]; atWork, *Submission 210*, p. 14.

62 Mrs Mattsson, IntoWork, *Committee Hansard*, 14 March 2023, p. 59.

63 See, for example, Name Withheld, *Submission 92*, p. 13; Dr David O'Halloran, *Submission 108*, pages [2, 5, 7]; NFAW, *Submission 135*, p. [3]; Youth Projects, *Submission 141*, p. 12; Name Withheld, *Submission 161*, p. 3; NYCA, *Submission 166*, p. [10]; Name Withheld, *Submission 229*, p. [5]; Mr Jeremy Poxon, Officer, AUWU, *Committee Hansard*, 19 September 2023, p. 5.

64 Name Withheld, *Submission 92*, p. 13.

65 Mr Mark Goodrick, *Submission 144*, p. 2.

66 See, for example, National Indigenous Australian Agency (NIAA), *Submission 176*, p. 5; Ethnic Communities Council of Queensland (ECCQ), *Submission 206*, p. 5; RCOA, *Submission 226*, p. 8; BSL, CPD and UniMelb, *Submission 256*, p. 33.

67 Ms Christine Castley, CEO, Multicultural Australia, *Committee Hansard*, 6 June 2023, p. 2.

68 See, for example, MAX, *Submission 146*, p. 22; WISE Employment, *Submission 169*, p. 22; Asuria People Services (Asuria), *Submission 246*, p. 15; Ms Naome Rusera, Executive Officer, ECCQ, *Committee Hansard*, 6 June 2023, p. 3.

research indicates a positive impact on employment outcomes where consultants and jobseekers have similar characteristics.[69]

6.40 The Disability Royal Commission identified several training gaps for Disability Employment Services (DES) staff, and advocated for resources that would improve disability awareness, cultural competence, knowledge of human rights, reasonable adjustments, employer engagement, and service guidelines and procedures.[70]

6.41 Evidence highlighted attributes that are key to effective service delivery, indicating providers should have a mix of these attributes within their frontline workforces. Key attributes included:

- lived experience and highly developed listening skills;[71]
- an understanding of social work, training, and psychology;[72]
- community engagement, partnership, and cross-organisational skills;[73] and
- the capacity to understand specific challenges faced by, and needs of, different groups of jobseekers at different life stages.[74]

6.42 DEWR indicated that frontline staff should possess a capacity to understand barriers to employment; knowledge of appropriate interventions and local services; the ability to develop tailored plans to address barriers; and problem-solving skills.[75]

6.43 Stakeholders also told the Committee that in Australia—and globally—there is an increasing focus on job-ready participants being managed via online or hybrid services delivered by the public sector. A result of this is that frontline employment consultants increasingly concentrate on providing intensive support for participants with multiple barriers to employment.[76]

6.44 The Institute of Employability Professionals (IEP) emphasised that the relationship between frontline staff and clients are paramount to the delivery of effective human-centred services. The IEP asserted that services must be adaptive to the jobseeker and their circumstances and must be built on mutual trust and respect.[77]

6.45 In discussion with the Committee, the IEP identified the most important quality required of an effective case manager is empathy, while the most important factor in a successful relationship and employment outcome is trust between the client and their case manager. Without trust, the client is likely to be unwilling or unable to be

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69 DEWR, *Submission 254*, p. 83.

70 Disability Royal Commission (2023), *Final Report Volume 7: Inclusive education, employment and housing—Part B*, p. 418.

71 Ms Emma Morris, Executive Manager—Client Support Services, Women's Health and Family Services (WHFS), *Committee Hansard*, 1 February 2023, p. 7.

72 Ms Felicite Black, CEO, WHFS, *Committee Hansard*, 1 February 2023, p. 7.

73 IEP, *Submission 291*, p. [3].

74 BSL, CPD and UniMelb, *Submission 256*, p. 10.

75 DEWR, *Submission 254*, p. 82.

76 See, for example, IEP, *Submission 291*, p. [5]; Mr Con Kittos, Executive Chairman, Asuria, *Committee Hansard*, 26 May 2023, p. 20.

77 IEP, *Submission 291*, p. [4].

vulnerable with their case manager, to disclose important personal information, and to seek help to address their barriers. Moreover, without trust the case manager will be less able to support the client progress towards their goals. Furthermore, the skills needed for advisers to gain trust, and to then direct motivation and action towards employment choices, are well understood. Effective programs provide circumstances in which these skills can be deployed flexibly, responding to clients' personal needs and situations. This advice was echoed consistently throughout discussions with international jurisdictions and with experienced Australian providers and staff.

6.46 Research conducted in 2007 in the UK made similar findings, asserting that one of the strongest conclusions to be drawn from evaluations of employment services is that personal advisors (similar to case managers in Australia) are critical to the success of interventions. Evidence suggested that the greater the flexibility given to these advisors, the better they are able to fulfil their role and to meet the specific needs of the individual client.[78]

Mandatory qualifications and competencies for frontline staff

6.47 DEWR decided not to mandate qualifications for the employment services sector on the basis that this could:

- lock out experienced individuals with lived experience but no formal qualifications;
- impact the sector's ability to deliver services in regional labour markets; and
- have flow-on consequences on other community service providers, given the existing skills shortages for workers with the relevant qualifications.[79]

6.48 DEWR indicated that minimum standards are implicit in commitments that providers make in their tender responses as to the skills and competencies of their staff. Many successful tenderers indicated that they would work towards or expect frontline staff to hold a Certificate IV in a relevant field.[80]

6.49 Consistent with DEWR's observations regarding the tender process, some providers indicated that they enrol staff without relevant qualifications in Certificate IV programs and are working towards ensuring staff hold professional qualifications. Providers also claimed that it can be difficult to secure the relevant qualification in employment services given a dearth of Registered Training Organisations (RTOs) equipped to deliver relevant Certificate IV courses.[81]

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78 UK Government Department of Work and Pensions (2007), *What works for whom? A review of evidence and meta-analysis,* pages 3–4, https://webarchive.nationalarchives.gov.uk/ukgwa/20130314011325/http://research.dwp.gov.uk/asd/asd5/rports2007-2008/rrep407.pdf, viewed 20 November 2022.

79 DEWR, *Submission 254*, pages 84–85.

80 DEWR, *Submission 254*, p. 84; Ms Robyn Shannon, First Assistant Secretary—Workforce Australia Provider Support, DEWR, *Committee Hansard*, 3 November 2022, p. 17.

81 See, for example, SSI, *Submission 193*, p. 16; Workskil, *Submission 196*, pages 31–32; Asuria, *Submission 246*, p. 19.

6.50 By contrast, Dr David O'Halloran observed that that there was almost no detail in tenders as to the expected competence or expertise of casework staff,[82] and the Community and Public Sector Union (CPSU) pointed to job advertisements for frontline staff where the only requirement was a driver licence.[83]

6.51 DEWR advised that there is some mandatory training for frontline staff including mandatory training on claims processing and compliance action, as well as fraud and privacy training. DEWR also noted that the Quality Assurance Framework (QAF) and associated accreditation processes assess whether providers employ staff with the relevant skills and abilities; have training and development in place and ensure that staff possess necessary cultural competencies.[84]

6.52 Notwithstanding mandatory training for staff and that many providers are implementing their own qualification and competency standards, stakeholders advocated for mandating minimum qualifications and competencies for the sector.[85] For example, the Career Development Association of Australia (CDAA) stated:

> [M]inimum qualifications and experience should be mandated for all Workforce Australia staff directly assisting clients with complex needs. This should apply to all aspects of support - whether in career guidance, job search, mental health, physical health, relationships, financial matters, or other specialist fields.[86]

6.53 Stakeholders highlighted that comparable federally-funded programs such as the Humanitarian Settlement Program managed by the Department of Home Affairs have contractual requirements mandating minimum qualifications.[87]

6.54 A variety of approaches are taken in other countries. For example, the UK does not mandate minimum qualifications or competencies, while Sweden has strict qualification requirements in place—at least for staff delivering employment services on behalf of the government.[88]

6.55 During its European delegation, the Committee similarly heard that whether specific skills or qualifications are mandated varies between countries. For example, tenders for the Belgian public employment services initially required staff to hold a Bachelor degree or to have lived experience. Belgium is now asking for specification in tenders as to how staff are provided with training and support to deliver a quality service. France decided not to implement qualification requirements, preferring instead to ensure job counsellors receive training to reinforce their skills. The Netherlands

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82 Dr O'Halloran, *Submission 108*, p. [5].

83 Mr Michael Tull, Assistant National Secretary, Community and Public Sector Union (CPSU), *Committee Hansard*, 16 June 2023, p. 11.

84 DEWR, *Submission 254*, pages 83–84. See also DEWR, *Workforce Australia Services Deed of Standing Offer 2022 – 2028*, clauses 56.3, 97.1, 157.

85 See, for example, Dr O'Halloran, *Submission 108*, p. [8]; Dr Colin Harrison, *Submission 152*, p. 11; Professor Jeff Borland, *Submission 171*, p. 12; SSI, *Submission 193*, p. 4; Australian Council of Social Service (ACOSS), *Submission 203*, p. 32; Antipoverty Centre, *Submission 276*, p. [15].

86 Career Development Association of Australia (CDAA), *Submission 101*, p. 1.

87 See, for example, SSI, *Submission 193*, p. 16; ACOSS, *Submission 203*, p. 32.

88 IEP, *Submission 291*, pages [2, 5].

places significant importance to their Labour Experts, which are recognised as a specialist profession with its own professional body, certification requirements and governing bodies, as well as having in place a national centre for knowledge in labour expertise. Training to become a Labour Expert involves a one-year specialist course for individuals and a Bachelor-level qualification.[89]

6.56 Stakeholders also emphasised the importance of a mix of skills that may need to be addressed through training, including the ability to work with people with complex or unique needs (for example, older people, single parents, people with disability, and First Nations peoples)[90] and an understanding of the programs and training courses in and external to the employment services sector.[91] For example, the former Age Discrimination Commissioner recommended training sessions to reduce incidences of ageism being a factor in their approach taken to older clients with whom they work, with the assumption that they will not be able to get a job.[92]

6.57 Evidence indicated that this skills mix is not always supported under the Workforce Australia contract. For example, Yilabara Solutions told the Committee that its staff were increasingly disillusioned with Workforce Australia as the contract does not support delivery of assistance in a culturally sensitive way.[93]

6.58 Stakeholders also asserted that lived experience is critical to quality service delivery and called for measures to balance qualifications with lived experience to support a diverse workforce.[94] For example, Professor Green et al stated:

> If the government mandates minimum qualifications for paid staff positions, there should also be an 'equivalence' framework in which 'lived, practiced experience of the employment services system and life skills'… coupled with on-the-job training, permit recognition of prior learning.[95]

6.59 Some stakeholders (largely providers) did not support mandatory qualifications for frontline staff. They raised concerns about existing labour market shortages and challenges in attracting people to the sector and indicated that imposing minimum

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89 OECD (2023), *Contracted employment services in the Netherlands: Study visit report*, p. 8.

90 See, for example, Name Withheld, *Submission 130*, p. [1]; NFAW, *Submission 135*, p. [3]; Youth Projects, *Submission 141*, p. 12; NIAA, *Submission 176*, p. 5; ECCQ, *Submission 206*, p. 5; Mrs Muriel Bamblett, Committee Member, Coalition of Peaks, *Committee Hansard*, 17 May 2023, p. 23; Mrs Christine Castley, CEO, Multicultural Australia, *Committee Hansard*, 6 June 2023, p. 2.

91 See, for example, Mrs Rainbow, APM, *Committee Hansard*, 14 March 2023, p. 54; Mr Kieran Kearney, CEO, Workways Australia (Workways), *Committee Hansard*, 6 June 2023, p. 18; Dr O'Halloran, Advocacy and Research Officer, AUWU, *Committee Hansard*, 19 September 2023, p. 9.

92 The Hon Dr Kay Patterson AO, private capacity, *Committee Hansard*, 19 September 2023, p. 38.

93 Mr Matthew Clarke, CEO, Yilabara Solutions, *Committee Hansard*, 26 May 2023, p. 39.

94 See, for example, CDAA, *Submission 101*, p. 3; WISE Employment, *Submission 169*, p. 22; atWork, *Submission 210*, p. 14; Jobs Statewide, *Submission 272*, p. 9; IEP, *Submission 291*, p. [4]; Mr Mark Glasson, CEO, Anglicare WA, *Committee Hansard*, 1 February 2023, p. 2.

95 Professor Leila Green, Dr Kylie Stevenson, Dr Kelly Jaunzems, Ms Claire Hanlon and Mr Arthur Hanlon (Professor Green et al), *Submission 120*, p. [12].

qualification requirements may exacerbate those challenges.[96] These views were echoed by the IEP.[97]

6.60 Stakeholders also told the Committee that there are a variety of different roles in the sector, each with unique qualifications, competencies, and skillsets. Accordingly, it would be difficult, if not impossible, to mandate a single qualification for all frontline staff.[98]

6.61 Additional concerns with mandatory qualifications included proliferation of low-quality training to meet new minimum standards, the potential for such a requirement to miss important core skills which may not be captured by academic qualifications, and the potential for additional financial burden and limits on providers' ability to innovate.[99]

Ongoing capability development

6.62 Stakeholders told the Committee that frontline staff should be given opportunities for ongoing professional development. In this respect several providers highlighted the importance of ongoing professional development to the capability of frontline staff, stating that investment in staff capability results in improved staff retention, greater expertise, and improved service quality.[100]

6.63 A consistent theme was that government needs to be more actively involved in the ongoing capability development of the entire workforce across the public, not-for-profit and private sectors. For example, Dr Harrison asserted that government must establish systems to 'raise the bar' for providers by:

- establishing minimum qualifications for frontline staff;
- regulating the salary of frontline workers, and making it commensurate with their qualification level and with comparable roles in other service industries; and
- providing quality professional development opportunities for frontline staff and establish mechanisms that make it attractive for providers to encourage their staff to pursue their professional development using these tools.[101]

6.64 NESA noted that prior to the establishment of Job Network, government was more active in capability development, and that government involvement has reduced over iterations of the employment services system.[102]

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96 See, for example, CVGT Employment (CVGT), *Submission 106*, p. 26; Dr Harrison, *Submission 152*, p. 11; IntoWork Australia (IntoWork), *Submission 156*, pages 5–6; Jobs Statewide, *Submission 272*, p. 9.

97 IEP, *Submission 291*, pages [2, 4].

98 See, for example, SAEP, *Submission 199*, p. 66; NESA, *Submission 260*, p. 90; Mrs Newland, Jobfind, *Committee Hansard*, 14 March 2023, p. 59.

99 See, for example, CoAct, *Submission 151*, pages 22–23; IEP, *Submission 291*, pages [4–5].

100 See, for example, CVGT, *Submission 106*, p. 26; CoAct, *Submission 151*, pages 22–23; IntoWork, *Submission 156*, pages 5–6; SSI, *Submission 193*, pages 4, 16; IEP, *Submission 291*, p. [4].

101 Dr Harrison, *Submission 152*, p. 11.

102 Ms Sinclair, NESA, *Committee Hansard*, 14 March 2023, p. 41.

6.65 The former Employment Service Regulatory Authority (ESRA) delivered a Practice Improvement Programme focused on areas it could contribute to improving case management. This focused on workforce development, minimum standards for case management and the measurement, establishment and sharing of best practice.[103]

6.66 The Brotherhood of St Laurence (BSL) stated that ongoing professional development comes with additional costs, and that those costs would need to be incorporated into pricing, funding, and commissioning arrangements. This may include:

- dedicated funding for professional development in the program budget; and
- competitive salaries and manageable caseloads for frontline staff.[104]

Committee comment

6.67 Frontline staff are the backbone of a quality employment service. The Committee, through its program of site visits, met many exceptional frontline staff dedicated to helping jobseekers however they can. However, it is clear that these dedicated staff are often held back from delivering high-quality support to jobseekers by constraints in the system which are beyond their control. Virtually every aspect of the system appears to work against the ability of dedicated staff to focus on the delivering of quality services to their clients. It is also clear from desktop research and from reports by current and former participants and staff that there are staff in the system who are manifestly unqualified or unsuitable to work jobseekers—particularly those with higher needs and/or who are experiencing disadvantage.

6.68 The Committee understands that reluctance in previous contracts to hold the system and providers to account and re-professionalise, well after the de-skilling of the sector's workforce was clearly apparent, was in reality driven primarily by a concern or reluctance to invest the funding which would be necessary.

6.69 In its interim report on ParentsNext, the Committee raised concerns about ongoing de-professionalisation of the employment services sector. These concerns have been reinforced, if not heightened, by the additional evidence the Committee has received.

6.70 There is also an urgent need to address factors contributing to staff turnover. Any sector subject to annual turnover rates of 40 per cent cannot deliver a quality service to those it is notionally designed to support. This level of turnover is patently ridiculous and cannot be allowed to continue.

6.71 The Committee was deeply concerned to hear that up to 60 per cent of staff time is spent on administration, and that many providers are recruiting additional staff to focus largely if not entirely on administrative and compliance matters rather than using resources to improve the quality of services they deliver to clients. That

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103 Employment Services Regulatory Authority (ESRA) (1996), *Employment Services Regulatory Authority 1995–96 Annual Report*, pages 50–51.

104 BSL, *Submission 249*, p. 75.

decisions are increasingly based on the outputs of a computer, as opposed to staff applying professional judgement and discretion, is also a very significant concern. Measures to address administrative burden and lack of autonomy are included in other chapters. The Committee is strongly of the view that the suffocating level of red tape and lack of autonomy in the sector must be addressed in the near term.

6.72 In addition, too many frontline staff are still burdened with large caseloads with high proportions of very disadvantaged clients, making their task impossible. Given this reality, a re-examination of caseloads is critical if an effective service is to be achieved. The Committee in subsequent chapters will outline its views as to an increased role of government in fostering learning and identifying and sharing best practice to achieve quality. These efforts should include analysis and proper evaluation in relation to optimal caseloads and ratios for frontline staff to various cohorts of clients. This should be accompanied by appropriate policy settings and additional investment. Of course, the other reforms proposed in this report would also fundamentally change the system and free up time and resources. It would also be expected that some people would not be referred to contracted providers but would be supported by other organisations or services and/or enabled to engage in activities which are more appropriate to their needs and circumstances.

6.73 The employment services sector also competes with other sectors for a limited pool of staff. Evidence received indicates that, relative to those sectors, employment services offer: lower pay; less job security; and worrying risks of harm associated with dealing with clients with challenging behaviours. The increased need for staff to support clients with challenging behaviours is in part a design outcome as people closer to the labour market are now largely in digital services, in part the reality that there are some clients who simply should not be in employment services, and in part a consequence of the very strong labour market which makes it easier to help people with fewer barriers to secure work more quickly.

6.74 Cost of living pressures, combined with the unacceptably high rates of payment suspensions and the compliance responsibilities of providers, heap significant pressure on frontline staff.

6.75 There is also a pressing need to address the broader pay and conditions of frontline staff. The Committee does not consider that current rates of pay for the sector are commensurate with the often-demanding nature of frontline service delivery in this sector or the real value that frontline staff should generate for their clients. Rates of pay in the Australian employment services sector are low even when compared to employment services in other marketised models with no minimum professional qualification standards such as the UK.

6.76 Other sectors under the Social, Community, Home Care and Disability Services Industry Award are receiving increases to remuneration. The Fair Work Commission has recently determined a 15 per cent wage increase for staff in the aged care sector, while the Disability Royal Commission recommended the disability support workforce receive equal remuneration for work of equal or comparable value. Given staff turnover rates of 40 per cent and other issues outlined above, the Committee considers a wage increase should be considered for employment services staff.

6.77 The Committee was also concerned to hear that, as a result of high staff churn and contract turnover, many in the sector have been unable to accrue entitlements such as long service leave. The Committee accepts that this creates additional challenges in attracting and retaining staff, as core entitlements that should naturally accrue from long-term service often fail to materialise. The Committee considers that a portable entitlements scheme is needed to support workers to build a career in the sector, and notes that other sectors—including those with which the employment services system may be competing for staff—offer portable entitlements.

Recommendation 14

6.78 The Committee recommends that the Australian Government take account of the findings of this report in relation to pay and conditions, support appropriate short-term actions to help stabilise the workforce, and link medium-and longer-term arrangements for pay and conditions in a rebuilt system focused on quality to a coherent plan to re-professionalise the sector's workforce. Such a plan should also include measures to ensure that the ratio of clients to staff is sufficiently low that staff are able to deliver effective, person-centred services to clients.

6.79 Staff qualifications and capability is also an issue in relation to which the Committee made preliminary observations and recommendations in its interim report. Concerns in relation to this issue persist and are heightened by the further evidence received during the inquiry. While noting evidence that providers often implement measures to develop their own staff, the Committee is unconvinced that this piecemeal approach is sufficient to uplift the skills of staff across the sector to the necessary standard to support an increasingly diverse and vulnerable cohort of clients.

6.80 The Committee acknowledges DEWR's evidence that minimum qualification requirements are implicit in the commitments that providers make in their tenders. However, the Committee is unconvinced that these commitments are being delivered in practice or that the government's 'hands-off' approach is effective. In addition, it is clear that market forces alone are not sufficient to ensure that clients have access to support delivered by appropriately qualified staff. It is also telling that the mandatory training provided by DEWR relates to fraud and compliance, and not to quality service delivery or working with disadvantaged people or employers.

6.81 In its interim report, the Committee recommended minimum competency standards for frontline staff and a typology of staff capabilities for providers. Evidence received throughout the rest of the inquiry has only served to reinforce this conclusion. The Committee considers that there is no alternative but to implement a framework to re-professionalise the sector over time, including a typology of minimum standards for staff skills, qualifications, and competencies. The development and implementation of the standards should be led by the new Employment Services Quality Commission, working with the sector and informed by rigorous policy research.

6.82 In developing qualifications and competency standards, consideration must be given to the value of lived experience and core foundational skills such as empathy,

communicating, and the ability to build trust. Lived experience and core skills are critical to effective service delivery and must not be lost from the sector. Standards must also have regard to the realities of the labour market.

6.83 The Committee considers that providers should be enabled to hire people with lived experience and demonstrated core skills. However, this should be subject to the person completing mandatory minimum training, and to their commitment to completing additional training and qualifications to build their capability over the short to medium term. Ultimately, minimum competency and a typology of skills should set desirable qualifications and a mix of skills that are expected in a provider's workforce. The measures should provide that it is acceptable for a certain proportion of staff not to have achieved minimum qualifications at any point in time, provided there is ongoing investment in staff development and that a minimum percentage of the provider's workforce possesses appropriate qualifications.

6.84 Cultural competency and the ability to recognise and address unconscious bias is critical to the delivery of high-quality service. Employment services staff must be competent to support all cohorts including First Nations peoples, people with disability, older people, people from culturally and linguistically diverse backgrounds, women, single parents, and ex-offenders. This should include introducing proven training programs such as those highlighted by the former Age Discrimination Commissioner. The Disability Royal Commission recommendation that resources be developed to support the upskilling of DES staff would equally apply to Workforce Australia. Noting issues raised by jobseekers as to a lack of privacy at appointments with providers (detailed in Chapter 11), the Committee considers that there would also be merit in implementing additional privacy training and reasonable privacy requirements in future contracts.

6.85 The quality and effectiveness of service delivery will also be driven by ongoing professional development, supported by active government involvement and robust measures to identify and disseminate best practice. Measures to improve cooperation and information-sharing are captured in Chapters 7 and 8.

6.86 Minimum qualification and competency standards, the typology of staff capabilities, and measures to support ongoing capability development should apply equally to service providers, staff in the new Employment Services Australia (ESA), and any public sector staff who deliver direct assistance to clients. This is consistent with the Committee's strong view that the DEWR (via the DSCC) is in fact a provider of services to jobseekers in Workforce Australia Online and now in a number of thin markets and must be appropriately resourced and skilled to perform its role.

6.87 The Committee also sees value in establishing an Employment Services Capability Fund to support ongoing capability development. Funding could be tied to the overall appropriation for employment services. For example, 0.02 per cent of the annual budget of $1.7 billion for employment services (that is, $3.4 million) could be allocated to the Fund. Funding could be ring-fenced and used only for training and staff development activities. Allocations from the Fund could be administered by the Employment Services Quality Commission, as part of their role in workforce standards and sector professional development.

Recommendation 15

6.88 The Committee recommends that the Australian Government work with the sector and key stakeholders to co-design a professional framework of skills, capabilities, and qualifications for frontline staff consistent with this report. Development of the framework should be led by the new Employment Services Quality Commission. The framework should include:

- **a typology of skills, qualifications, and competencies that frontline staff must hold;**
- **measures to ensure that frontline staff possess the necessary competencies to support a diverse cohort of clients, including First Nations peoples, older people, and people with disability;**
- **measures to ensure that required competencies can be adjusted to account for regional variations and labour market contexts; and**
- **measures to enable service partners to recruit and retain staff who do not possess formal qualifications where appropriate, including measures to enable service partners to:**
  - **recruit staff with lived experience in or experience delivering pre-employment or employment services; and**
  - **support staff to gain formal qualifications post-commencement.**

Recommendation 16

6.89 The Committee recommends that the Australian Government work with the sector and key stakeholders to co-design a new approach to support ongoing capability development of frontline staff in the employment services system. This should include establishing an Employment Services Capability Fund.

7. Regulation, accreditation and oversight

This chapter examines issues associated with contract management of employment services, including accreditation, audits, assurance and monitoring processes, and compliant management, as well as IT system concerns. It also responds to calls for the establishment of an independent regulator for the employment services sector.

Stakeholders highlighted that there is a significant amount of red tape across the system, with the administration of contracts by the Department of Employment and Workplace Relations (DEWR) characterised as excessive and resource intensive. Far too many resources are sub-optimally allocated to process driven tasks and interactions with DEWR or Services Australia—not to the active servicing of jobseekers and employers. Of particular concern is the evidence that accreditation processes act as a barrier to market entry by smaller organisations, while other administrative requirements and the IT system are a barrier to innovation and provision of quality services to clients.

Service providers are required to achieve accreditation against the Quality Assurance Framework (QAF) and Right Fit For Risk (RFFR, focused on IT security). Accreditation is expensive and time-consuming. An employment services system that supports Australia's most vulnerable people should facilitate access to support from a range of services. Accreditation requirements should be simplified and—if possible—reduced, with the Committee seeing merit in a number of solutions put forward that would enable service delivery partners to efficiently interface with and provide services as part of the rebuilt Commonwealth Employment Services System.

Accreditation, against a variety of strict controls, also seems to be undervalued. Even after achieving accreditation, providers are required to submit to disproportionate assurance and monitoring processes. It would appear DEWR does not value or trust its own accreditation processes. DEWR should demonstrate greater confidence in the controls its accreditation processes have provided, supported by a more relational approach to contracting supplemented by an appropriate assurance regime. A well-designed approach to provider accreditation and compliance will still be able to satisfy Australian National Audit Office (ANAO) expectations regarding a proportionate, risk-based approach to assurance.

Critical to reducing administrative and compliance burden is more effective use of data and greater collaboration between government agencies. In particular, incorporating Single Touch Payroll (STP) data into assurance processes would result in substantial efficiencies. Adopting a more general 'tell government once' principle would also avoid clients being obliged to repeat information to multiple sources. Steps to reducing red tape and improving the IT system must be addressed as a matter of urgency.

The Committee is also concerned that Australia's employment services system is characterised by power imbalances between providers and government, reflected in the current monopsony position of DEWR. Unlike most other areas of human services delivery, DEWR are responsible for both policy and program management along with regulation and quality assurance. Stakeholders expressed concern that far too many functions are performed by the same entity, DEWR and noted that employment services is of the few services sectors without an independent regulatory agency.

In addition, with the transition to Workforce Australia and the implementation of Workforce Australia Online, DEWR is now in effect the regulator for the system and the largest provider of services. In the proposed future model, DEWR will also assume a more active role in system stewardship and service delivery—assuming the recommendations of this report to rebuild a public sector core within Employment Services Australia (ESA) are adopted by the Australian Government. Several stakeholders raised concern that these arrangements create a potential conflict of interest and role confusion that can be better addressed through an independent regulator.

The Committee strongly recommends an independent regulator for the sector be established—with the suggested name Employment Services Quality Commission. Restructuring an existing entity to incorporate the Employment Services Quality Commission would be preferable to creating a new regulatory body, with one practical option the establishment of an arm within the Australian Skills and Qualifications Authority. Functions of the independent regulator, as put forward in this and other chapters, should include:

- establishing a quality framework and licensing standards;
- workforce standards and sector professional development;
- provider licensing and accreditation;
- advising government on appropriate pricing for high quality services, commissioning, and payment models;
- complaints management;
- data collection, analysis, and release, as well as championing data transparency across the employment services system; and
- research, evaluation, continuous learning, and quality improvement.

For the avoidance of doubt, in recommending that an independent regulator be established, the Committee is not suggesting the public sector must be 'licensed' or required to bid for market share, nor that government agencies need to be undertake service delivery on a competitive neutrality basis.

The sector is also atypical in that there is no legislative framework underpinning its operation or governing provider conduct, with only jobseekers' obligations related to income support clearly set out in law. Should legislation be required to establish the Employment Services Quality Commission, there may be an opportunity to review other aspects of the system that could be strengthened through legislation.

Contracting and operating framework

Legislative basis for employment services

7.1 With partial outsourcing of employment services in 1994, the *Employment Services Act 1994* was introduced. Among other matters, the Act provided for the establishment of the following:

- Commonwealth Employment Service (CES) within a partially outsourced system;
- Employment Assistance Australia as the Commonwealth service delivery arm for case management services;
- Employment Services Regulatory Authority (ESRA);
- an accreditation framework for outsourced organisations to deliver case management services; and
- a regulatory framework for case management services, including a Code of Practice.[1]

7.2 Government announced its intention to marketize employment services in 1996 and proposed amendments to the *Employment Services Act 1994* to establish a new market. When the Senate did not pass the relevant amendments, government proceeded without legislation using administrative measures.[2] Regulatory and governance arrangements for the various iterations of employment services, including Workforce Australia, have since that time largely been specified in contracts (Deeds), guidelines, and service guarantees.

7.3 The *Social Security Act 1991* authorises expenditure relating to employment services. In this respect, the Act empowers the Employment Secretary, on behalf of the Commonwealth, to make, vary, or administer grants of financial assistance in relation to specified services and activities.[3]

7.4 Jobseekers' obligations relating to income support are set out in *Social Security Act 1991* and *Social Security Administration Act 1999*. These include:

- Requirements for jobseekers subject to RapidConnect to attend their initial appointment with a provider in two business days of being referred by Services Australia. Income support payments start from the date of the appointment.[4]

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1 Employment Services Act, sections 3, 22, 49, 63, 68. ESRA is discussed below in relation to establishing an independent regulator for the sector.

2 A O'Donnell, 'The Public Employment Service in Australia: Regulating Work or Regulating Welfare?', *Australian Journal of Labour Law*, 12(2), 2000, p. 160.

3 *Social Security Act 1991*, section 1062A. Prior to the relevant amendments, authority for expenditure on employment services was provided by the *Financial Framework (Supplementary Powers) Regulations 1997*.

4 See *Social Security (Administration) Act 1999*, Schedule 2. These requirements are broadly referred to as 'RapidConnect'.

- Actions jobseekers must undertake to receive income support payments. These include activities recorded in the Job Plan.[5]
- Compliance action where a jobseeker fails to comply with their mutual obligation requirements. These may include the suspension, reduction, and cancelation of income support.[6]

7.5 By comparison, other human service sectors are underpinned by legislation which provides for the delivery of assistance and governs the conduct of service providers. For example:

- The early childhood education and care sector is subject to a National Quality Framework which establishes minimum qualifications for educators and provides for educator to child ratios. The *Education and Care Services National Law 2010* also provides for matters such as compliance with Child Safe Standards.
- The *Aged Care Act 1997* establishes rules for funding, regulation, and approval of providers, quality of care, and the rights of care recipients.
- The *National Vocational Education and Training Regulator Act 2011* provides for the responsibilities of the Australian Skills Quality Authority, including registration of training providers and compliance with the Vocational Education and Training (VET) Quality Framework.

Provider accreditation

7.6 Service providers are required to achieve accreditation against the Quality Assurance Framework (QAF) and Right Fit For Risk (RFFR).[7]

7.7 The QAF requires providers to implement practices to support ongoing improvement in service delivery. It applies only to Workforce Australia Services. To be certified against the QAF, a provider must:

- achieve certification against one of two approved quality standards—the International Standard for Quality Management Systems *ISO 9001:2015*, or the National Standard for Disability Services *NSDS:2013*; and
- demonstrate adherence to the seven key Quality Principles determined by the Department of Employment and Workplace Relations (DEWR).[8]

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5 See *Social Security Act 1991*, sections 500, 540, 593, and 729. The Act uses the term Employment Pathway Plan, but the program-specific term is Job Plan.

6 See *Administration Act*, Division 3AA.

7 Department of Employment and Workplace Relations (DEWR), *Submission 254*, pages 117–119.

8 DEWR, *Submission 254*, pages 117–118. See also DEWR, *Workforce Australia Guidelines – Part B: Workforce Australia Services,* pages 335–339, 343–355, www.dewr.gov.au/workforce-australia/workforce-australia-information-providers#toc-guidelines, viewed 20 November 2023.

7.8 RFFR accreditation is required for most employment services.[9] The intent of RFFR is to ensure information and data is protected, including where a provider is using an external IT system that interacts with DEWR's IT system. Under RFFR, a provider's information security and IT systems must be accredited against:

- International Standard for Information Security Management Systems *ISO/IEC 27001:2013*—the international standard outlining the core requirements for Information security, cybersecurity and privacy protection; and
- the Australian Government *Information Security Manual*.[10]

7.9 Some providers acknowledged the benefits of the accreditation process, including the role of RFFR in protecting sensitive data.[11] Yilabara Solutions noted that accreditation may assist providers to monitor progress in the implementation of governance measures and identify opportunities to improve.[12] Other providers asserted that evidence is at best mixed as to whether accreditation contributes to improved service delivery.[13]

7.10 The final jobactive evaluation found (in relation to the QAF) that audit processes often focus on establishing that minimum standards exist, as opposed to establishing that they are followed in practice. The evaluation concluded that the QAF was not a suitable tool for assessing the quality of employment support.[14]

7.11 Stakeholders also expressed concern that accreditation processes are prohibitively expensive and administratively burdensome.[15] For example:

- SSI indicated that the cost of RFFR accreditation was upwards of $500,000.[16]
- The Angus Knight Group (AKG) noted that self-assessment—which is part of the Quality Principles assessment and separate from the two approved quality standards—can take 75 hours to complete.[17]

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9 For example, it also applied to Disability Employment Services (DES), Department of Social Services (DSS) *Submission 192.2*, p. [1] and Community Development Program, National Indigenous Australian Agency, *Submission 176.1*, p. [1].

10 DEWR, *Submission 254*, p. 119. See also DEWR, *Accreditation overview*, www.dewr.gov.au/right-fit-risk-cyber-security-accreditation/accreditation-overview, viewed 22 August 2023.

11 See, for example, Workskil Australia (Workskil), *Submission 196*, p. 31; atWork Australia (atWork), *Submission 210*, p. 14; Yilabara Solutions, *Submission 231*, pages 25–26; Asuria People Services (Asuria), *Submission 246*, p. 30; MatchWorks, *Submission 263*, p. 40; Mr Con Kittos, Executive Chairman, Asuria, *Committee Hansard*, 26 May 2023, p. 27.

12 Yilabara Solutions, *Submission 231*, pages 25–26.

13 See, for example, CoAct, *Submission 151*, p. 22; The Salvation Army Employment Plus (SAEP), *Submission 199*, p. 66.

14 DEWR (2022), *The Evaluation of jobactive Final Report*, p. 217, www.dewr.gov.au/employment-services-evaluations/resources/evaluation-jobactive-final-report, viewed 22 August 2023.

15 See, for example, CVGT Employment (CVGT), *Submission 106*, p. 25; CoAct, *Submission 151*, p. 22; SSI, *Submission 193*, p. 17; Training Alliance Group (TAG), *Submission 195*, p. [4]; SAEP, *Submission 199*, p. 66; Workways Australia Ltd (Workways), *Submission 239*, p. 16; MatchWorks, *Submission 263*, p. 40; Mr Kittos, Asuria, *Committee Hansard*, 26 May 2023, p. 22.

16 SSI, *Submission 193*, p. 17.

17 The Angus Knight Group (AKG), *Submission 208*, p. [10].

- Sarina Russo Job Access (SRJA) noted that on top of meeting QAF and RFFR accreditation standards, there are a further 1,137 audit requirements (353 for QAF and 784 for RFFR) that must be externally audited. SRJA stated that many of these requirements are duplicative.[18]

7.12 In addition, stakeholders highlighted that the costs of accreditation act as a barrier to entry for smaller and community-based organisations.[19] Women's Health and Family Services (WHFS) observed in this regard:

> We incurred significant costs to bring all the systems online and meet the requirements, and there was no negotiation for costs to be returned. If you're a small $1 million or $2 million, really good, community centred, place-based organisation, you just wouldn't bother. You just wouldn't do it.[20]

7.13 Stakeholders called for additional financial assistance for small and medium enterprises (SMEs) to help them meet the costs of accreditation, and for government to invest and build the capacity of smaller providers.[21]

7.14 A Capacity-Building Fund was established as part of Workforce Australia to support small businesses to establish themselves in the sector by assisting with the cost of accreditation. The fund provided $5 million over four years, with reimbursement capped at $300,000 per Head Licence.[22]

7.15 Only three providers have accessed the Capacity-Building Fund, with a little over $700,000 reimbursed.[23] This is despite 14 of the 43 Workforce Australia Services providers having not been a previous jobactive, or sub-contractors with a jobactive provider[24], although not all of them would be eligible to access the support.

7.16 Organisations delivering multiple services must achieve accreditation against separate (though similar) standards. Stakeholders indicated that this leads to additional cost without commensurate gains in security or service quality.[25] Workways Australia Ltd (Workways) suggested that there are opportunities to create efficiencies by reducing duplication and harmonising both accreditation and assurance across services managed by DEWR, the Department of Social Services (DSS), and the National Indigenous Australians Agency (NIAA).[26]

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18 Sarina Russo Job Access (SRJA), *Submission 145*, pages 13–14.

19 See, for example, SSI, *Submission 193*, p. 17; Workskil, *Submission 196*, p. 31; Ms Sally Sinclair, CEO, National Employment Services Association (NESA), *Committee Hansard*, 14 March 2023, p. 45. Ms Sandra Elhelw-Wright, CEO, Settlement Council of Australia (SCoA), *Committee Hansard*, 17 May 2023, p. 27.

20 Ms Felicite Black, CEO, Women's Heath and Family Services (WHFS), *Committee Hansard*, 1 February 2023, p. 8.

21 See, for example, TAG, *Submission 195*, p. [4]; Mr Mark Van Lith, Managing Director, ABS Institute of Management, *Committee Hansard*, 26 May 2023, p. 22; Mr Kittos, Asuria, *Committee Hansard*, 26 May 2023, p. 27.

22 DEWR, *Submission 254*, p. 25. See also DEWR, *Workforce Australia Guidelines – Part B: Workforce Australia Services*, p. 360.

23 DEWR, *Submission 256.8*, p. [2].

24 DEWR, *Submission 256*, p. 25.

25 See, for example, CoAct, *Submission 151*, p. 22; SAEP, *Submission 199*, p. 66.

26 Workways, *Submission 239*, p. 27.

7.17 AKG observed that providers delivering VET courses will be subject to accreditation requirements determined by Australian Skills Quality Authority. This adds to cost and administrative burden.[27]

7.18 Stakeholders also expressed concern that while accreditation should confirm that a provider has achieved minimum service standards, the provider is also required to demonstrate compliance via multiple audit and assurance processes.[28] SYC Ltd (SYC) noted that while the QAF was expected to reduce compliance requirements, it has instead increased costs without reducing provider's compliance burden:

> Accreditation to the [QAF] should suffice to demonstrate that a provider has achieved required standards. Ongoing and multiple requests to provide supporting evidence of compliance and quality should no longer be required unless a provider is new to the delivery of employment services or has demonstrated a quality and compliance breach.[29]

7.19 SRJA asserted that modules three to five of the Provider Performance Framework (PPF) can also duplicate auditing and assessment completed to obtain QAF accreditation,[30] while CoAct similarly stated that there is overlap between QAF and RFFR accreditation.[31]

Assurance and red tape

7.20 Stakeholders expressed concern that there is not only a high cost and administrative burden associated with accreditation, but a significant amount of red tape across the whole employment services system. This can result in significant challenges for participants and employers seeking to access programs to obtain vital support and lead to overall reductions in service quality. Stakeholder also noted that excessive red tape in the sector has led to the creation of an 'industry within an industry', with providers hiring numerous staff exclusively for administrative tasks.[32]

7.21 Stakeholders provided examples of excessive administrative burden in the system. For example:

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27 AKG, *Submission 208*, p. [9].

28 See, for example, CVGT, *Submission 106*, pages 24–25; MAX Solution (MAX), *Submission 146*, p. 15; IntoWork Australia (IntoWork), *Submission 156*, p. 5.

29 SYC Ltd (SYC), *Submission 189*, pages 18–19.

30 SRJA, *Submission 145*, p. 19. These modules are Quality of Service to Participants, Quality of Service to Employers and the Provider's compliance with the licensing standards.

31 CoAct, *Submission 151*, p. 22. In their submission, CoAct indicate that the ISO27001, which is a requirement for RFFR, duplicates some of the requirements in principles 1, 3, 6 and 7 of the QAF.

32 See, for example, Colin Williams, *Submission 64*, p. [1]; Enterprise & Training Company (ETC), *Submission 133*, p. 7; Dr Colin Harrison, *Submission 152*, p. 7; WDEA Works, *Submission 168*, p. 5; HOST International (HOST), *Submission 188*, p. 5; SYC, *Submission 189*, p. 3; MatchWorks, *Submission 263*, p. 5. Mr Matthew Clarke, CEO, Yilabara Solutions, *Committee Hansard*, 26 May 2023, p. 47.

- The National Self-Employment Association (NS-EA) stated that it is simpler to apply for a home loan than to access a one-hour business advisor session from a Self-Employment Assistance (S-EA) provider.[33]
- The Australian Services Union (ASU) provided a quote from one of its members who worked as a case manager, highlighting the significant amount of paperwork required to place a jobseeker in work, to secure a wage subsidy, and to obtain funding for work-related equipment.[34]

7.22 Evidence also indicated that providers are often obliged to manually complete tasks that should be automated. For example, The Salvation Army Employment Plus (SAEP) noted that its staff have been obliged to monitor the flow of participants approaching activation points due to a lack of relevant information on the jobseeker's record.[35] During a site visit, one provider indicated they were not able to organise activation activities ahead of time as they would only find out a few weeks before the jobseeker reaches their activation point. This results in the jobseeker being referred to a sub-optimal activity, as the provider has little time to organise a fit-for-purpose placement.

7.23 The Committee heard that much of the administrative burden imposed on providers is associated with assurance. Stakeholders raised concern that DEWR continues to conduct burdensome audits of providers, notwithstanding that those providers have already satisfied an externally audited accreditation process. Providers called on DEWR to demonstrate greater trust in their risk management and quality assurance practices.[36] For example, MAX Solutions (MAX) stated:

> The majority of providers and their staff do the right thing with providers also engaging external auditors. We are not suggesting that there be no oversight, however government need to strip back the complexity of the service to ensure that providers spend most of their time focussed on job seekers and employers, not compliance and assurance.[37]

7.24 Stakeholders also argued that current levels of assurance activity may be unnecessary given the high levels of payment integrity achieved. For example, SRJA noted that under jobactive, 97 per cent of providers achieved a Compliance Indicator score of 90 or higher—the highest in 24 years.[38] Similarly, the NS-EA called for a differentiated approach based on providers' compliance history.[39]

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33 Mr Adam Collinson, Deputy Chair, National Self-Employment Association (NS-EA), *Committee Hansard*, 26 May 2023, p. 14. This was echoed in evidence received from Mr Luke Van Lith, Operations Manager, ABS Institute of Management, *Committee Hansard*, 26 May 2023, p. 23.

34 Mr Angus McFarland, Branch Secretary, Australian Services Union (ASU) NSW & ACT (Services) Branch, ASU, *Committee Hansard*, 16 June 2023, p. 10.

35 SAEP, *Submission 199*, p. 36. DEWR stated that participants receive notifications regarding their activation requirement from four weeks prior to their activation point, See DEWR, *Submission 254*, p. 104.

36 See, for example, SRJA, *Submission 145*, p. 19; Workways, *Submission 239*, p. 16.

37 MAX, *Submission 146*, p. 43.

38 SRJA, *Submission 145*, p. 13.

39 NS-EA, *Submission 225*, p. 18.

7.25 Stakeholders also raised concern that assurance requirements can be duplicative.[40] For example, SRJA noted that the Continuous Assessment of Payment Integrity requires providers to submit documentary evidence of their compliance with reimbursement and claiming requirements.[41] This is notwithstanding that the QAF requires providers to implement measures that would ensure practices align with the Workforce Australia Deed and guidelines.[42]

7.26 Jobs Australia indicated that the expectations of the Australia National Audit Office (ANAO) may contribute to unnecessarily high levels of red tape in the sector and highlighted a 2020 ANAO Audit of the Disability Employment Services (DES) contract which resulted in increases to evidentiary requirements. According to Jobs Australia, ANAO audits have led to DEWR adopting an overly risk-adverse position.[43] Issues in risk aversion were summarised by Mr Colin Williams—a former senior public servant involved in the administration of employment services—as follows:

> While integrity is needed in any "system" my experience is that a risk averse approach by "remote" decision and policy makers leads to cumbersome systems that deter take up by employers or for that matter jobseekers. Intervention programs should not be over engineered as the more complex they are the greater level of resource is needed [at both user and government level].[44]

7.27 Providers also informed the Committee that audits may be conducted a substantial time after relevant activities are complete. Workways noted that DEWR may conduct assurance activities up to 18 months after a transaction occurs. According to Workways, this leads to providers being reluctant to innovate and to try new approaches that are in the best interests of their clients.[45]

7.28 Other stakeholders also asserted that extensive and rigid provider compliance arrangements stymie innovation and lead to greater standardisation.[46] For example, MAX stated:

> Genuinely innovative and individualised services will not be delivered if there is more prescription about what services should and should not be delivered.[47]

7.29 Some providers expressed frustration at a lack of timely feedback from assurance processes. Some providers indicated that they had undergone several rounds of

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40 See, for example, MAX, *Submission 146*, pages 42–43; IntoWork, *Submission 156*, p. 2; atWork, *Submission 210*, p. 14.

41 See SRJA, *Submission 145*, p. 13.

42 See ANAO (2022), *jobactive: Integrity of Payments to Employment Service Providers,* Auditor-General Report No.31 of 2021–22, p. 27, www.anao.gov.au/work/performance-audit/jobactive-integrity-payments-to-employment-service-providers, viewed 20 November 2023.

43 Jobs Australia, *Submission 185*, p. 22.

44 Colin Williams, *Submission 64*, p. [2].

45 Mr Kieran Kearney, CEO, Workways, *Committee Hansard*, 6 June 2023, pages 23–24.

46 See, for example, ETC, *Submission 133*, p. 7; CoAct, *Submission 151*, p. 11; Dr Harrison, *Submission 152*, p. 7; WDEA Works, *Submission 168*, p. 5; HOST, *Submission 188*, p. 5; SAEP, *Submission 199*, p. 15; APM, *Submission 213*, p. 21; NESA, *Submission 260*, pages 21, 56, 80.

47 MAX, *Submission 146*, p. 24.

assurance without receiving feedback.[48] This was echoed by during the Committee's program of site visits. For example, one provider told the Committee that they had been asked to provide evidence for seven Continuous Assessment of Payment Integrity cycles but had only received results back in relation to one.

7.30 In its 2002 review of the Job Network, the Productivity Commission recommended a risk management approach to contract monitoring and compliance that encourages innovation and minimises costs, with the least amount of monitoring needed to ensure full accountability. The Productivity Commission also recommended that:

- DEWR avoid imposing additional compliance costs on providers in response to poor performance;
- DEWR collect and publish data on the nature, extent and cost of its compliance monitoring activities, as well as information about provider behaviour; and
- providers be financially compensated for significant additional administrative or compliance burdens, to encourage government to consider whether changes to a program may impose unnecessary red tape or cost.[49]

7.31 Evidence from providers indicated that the recommendations of the Productivity Commission had not been implemented, with DEWR exercising an increasingly strict level of control over providers and implementing increasingly complex procedural requirements.[50]

7.32 NESA indicated that concerns as to provider's compliance burden have persisted for a significant time. In 2012, the Advisory Panel on Employment Services Administration and Accountability found that the ability for providers to innovate was significantly constrained by red tape, and that compliance burden could be materially reduced without jeopardising accountability. NESA stated that that it has also been seeking an opportunity to work with DEWR to create a measure of administration for the sector, and to identify where government and providers could work together to reduce administrative burden.[51]

7.33 Several stakeholders highlighted opportunities to streamline administration via the use Single Touch Payroll (STP) data.[52] For example, Workskil Australia (Workskil) stated that better integration of STP data would result in material improvements to efficiency and minimise burdens for jobseekers and employers.[53]

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48 See, for example, CVGT, *Submission 106*, p. 24; SRJA, *Submission 145*, p. 13.

49 Productivity Commission (2002), *Independent review of the Job Network*, Inquiry Report No. 21, pages 12.13–12.15, www.pc.gov.au/inquiries/completed/job-network, viewed 20 November 2023.

50 See, for example, CoAct, *Submission 151*, pages 3–4; Dr Harrison, *Submission 152*, p. 7; Asuria, *Submission 246*, p. 30.

51 NESA, *Submission 260*, pages 13, 57, 86, 89; See also Ms Annette Gill, Principal Policy Advisor, NESA, *Committee Hansard*, 14 March 2023, p. 37. Original paper citied available at www.dewr.gov.au/employment-research-and-statistics/resources/advisory-panel-employment-services-administration-and-accountability-final-report-feedback, viewed 20 November 2023.

52 See, for example, MTC Australia (MTC), *Submission 164*, pages 3–4; SYC, *Submission 189*, p. 15.

53 Workskil, *Submission 196*, p. 33.

7.34 The Australian Tax Office (ATO) noted that STP is limited to data captured on the payroll system. As a result, it identifies the name of an employer and how much an employer earned, but does not identify work the employee performed, where they worked, or the hours worked. Under legislation, the ATO can share information with the Secretary of the department responsible for employment policy for the purposes of administering laws relating to pensions, allowances, or benefits. However, legislative provisions limit the sharing of data for any other purpose. This appears to restrict the use of data for research and program evaluation.[54]

7.35 The benefits of incorporating STP data have long been recognised. For example, in its 2002 review of the Job Network, the Productivity Commission recommended automatic verification of outcomes via data sharing with Centrelink and the ATO.[55]

7.36 Stakeholders also observed that integration of STP data would allow providers to direct resources away from administration and towards service delivery. SAEP observed that it needed to engage 29 full time staff to collect payroll information and administer evidentiary requirements associated with lodging outcome claims.[56]

IT system concerns

7.37 Providers raised serious concerns in relation to key deficiencies in the IT system, noting that these deficiencies increase costs and administrative burden and limit their ability to effectively serve participants.[57] Concerns about the Workforce Australia IT system grew over the course of the inquiry as the inefficiencies in the system and impacts on productivity became more apparent.

7.38 For example, NESA stated that providers' ability to engage with jobseekers has been hampered by the removal of key functions in the move to Workforce Australia. These include providers' ability to view participants' CVs, career profiles and Points Based Activation System (PBAS) points and activities; and tools used to match participants to vacancies. NESA asserted that removal of these functions was not an error but a deliberate design decision which was implemented without proper consultation.[58]

7.39 Workways noted that there are a 'myriad of issues' with IT systems and processes that providers and participants are required to use, including:

- participant information is often unreliable or incorrect, and changes rapidly;
- providers have little if any access to participant resumes or job search attributes;
- tailored PBAS targets often contradict what is in a participant's Job Plan, with providers unable to make amendments in the system to align the targets with the Job Plan;

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54 Ms Usha Narain, Acting Deputy Commissioner—Superannuation and Employer Obligations, Australian Taxation Office (ATO), *Committee Hansard*, 20 September 2023, pages 40, 41.

55 Productivity Commission (2002), *Independent review of the Job Network*, pages 10.36–10.37.

56 SAEP, *Submission 199*, p. 15.

57 See, for example, AKG, *Submission 208*, p. [9]; Workways, *Submission 239*, p. [8].

58 Ms Sally Sinclair, CEO, NESA, *Committee Hansard*, 14 March 2023, p. 34. Issues around visibility of the jobseeker profile were also raised by MAX, *Submission 146*, p. 12; WDEA Works, *Submission 168*, p. 5.

- double, triple, or even quadruple reporting of participant activities and outcomes may be required;
- inconsistent information available to providers and the Digital Solutions Support team, leading to significant inefficiencies;
- certain bookings (for example, Youth Advisory Sessions) cannot be made even where the relevant activity is contractually required;
- dual referrals are challenging to resolve; and
- providers are unable to access previous activity records or placements for a participant who has exited the system.[59]

7.40 Workways indicated that many of the issues may have been identified and addressed had online systems (including the new Workforce Australia Online) been sufficiently tested with providers and other key stakeholders before the systems were rolled out, and if providers had been given more time to adjust to the new systems. Workways also observed that the issues are compounded by the assumption that all participants have access to and ability to use technology. Ultimately, Workways recommended that providers be an integral part of design and testing for new and updated systems; providers be given additional time to learn new systems and provide training to staff; and the career and CV profile section be returned to the IT system.[60]

7.41 Mission Australia highlighted a series of issues with the IT system for Transition to Work (TtW) providers, including:

- providers cannot block out time in the system calendar shared with Services Australia for events other than appointments (for example, external marketing and training), which was a function available under the old system;
- the current 'Open Tasks' view does not have accurate information, for example, it may not display future appointments with participants notwithstanding that these have been confirmed;
- a general lack of intuitive functionality and too many actions (often 'clicks') being required to progress simple tasks; and
- the inability for providers to edit client information such as addresses.[61]

7.42 Mission Australia recommended that DEWR commit to a program of work focused on identifying administrative burden on TtW providers with the aim of reducing red tape and streamlining administrative requirements.[62]

7.43 IntoWork Australia (IntoWork) stated that the IT system is not employer focused, and called for consideration of how providers' and private sector recruitment systems can be leveraged to better meeting employers' needs.[63]

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59 Workways, *Submission 239*, pages [8–13].
60 Workways, *Submission 239*, pages. [8, 11].
61 Mission Australia, *Submission 190*, pages 11–12.
62 Mission Australia, *Submission 190*, p. 12.
63 IntoWork Australia (IntoWork), *Submission 156*, p. 4.

7.44 SAEP published a 25-minute YouTube video detailing potential enhancements to the IT system with a focus on mandatory activation, PBAS points tailoring, compliance, job search quality, and calendars. The video explained that the system monitoring a jobseeker's mandatory activation requirement does not display whether a jobseeker has met their activation requirement and, if so, how. Instead, providers rely on files notes and system reports.[64]

7.45 DEWR acknowledged that that the IT system has limited functionality in some areas, and that this constrains the ability of the Digital Services Contact Centre (DSCC) to support jobseekers on the digital caseload. DEWR indicated that the challenges the DSCC is facing in relation to IT systems are similar to those facing providers. According to DEWR additional investment in IT infrastructure is needed to improve the services the DSCC delivers.[65]

The purchaser-supplier relationship

7.46 Within the employment services system, DEWR has almost total control over the purchase of services.[66] Stakeholders argued that DEWR has not always been fair or even-handed in exercising this control, and expressed concern that:

- the relationship between DEWR and providers is one of limited trust;[67]
- DEWR does not genuinely consult with providers or other stakeholders in relation to policy and program settings and often fails to provide realistic lead times on significant system-level changes;[68]
- Deeds are one-sided and onerous;[69]
- there is a lack of clarity in relation to program guidelines;[70] and
- there is a lack of timely, appropriate responses to challenging situations in which providers are seeking to assist jobseekers.[71]

7.47 Professor Jeff Borland argued that cultural change is critical to the success of any reforms to employment services, stating that the current system places too much weight on technical design rules. Professor Borland observed that one means of effecting cultural change would be to integrate innovative programs into the national system, with the organisations that deliver those programs made service providers.[72]

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64 SAEP, *ESS Enhancements Suggestions Full Version*, https://youtu.be/eoFBGcdhzg0, viewed 15 August 2023.

65 Ms Melissa Ryan, First Assistant Secretary—Workforce Australia for Individuals, DEWR, *Committee Hansard*, 20 September 2023, p. 45.

66 Australian Council of Social Service (ACOSS), *Submission 203*, p. 31.

67 Ms Sinclair, NESA, *Committee Hansard*, 14 March 2023, p. 35.

68 Workskil, *Submission 196*, p. 31. See also Ms Black, WHFS, *Committee Hearing,* 1 February 2023, p. 9.

69 Workskil, *Submission 196*, p. 8. WISE Employment in their submission described the relationship as Master/Servant, see WISE Employment, *Submission 169*, p. 22.

70 CVGT, *Submission 106*, p. 24

71 WISE Employment, *Submission 169*, p. 22.

72 Professor Jeff Borland, *Submission 171*, p. 14. See also Professor Borland, private capacity¸ *Committee Hansard*, 14 March 2023, pages 1-2.

7.48 MAX asserted that while purchasers usually take a 'trust but verify' approach to contract management, DEWR has not taken such an approach in Workforce Australia. Rather, DEWR manages providers as if they are seeking to defraud the government.[73] Frontline provider staff raised similar concerns, with one asserting that DEWR mistrusts all providers due to isolated instances of misconduct.[74]

7.49 The Committee also heard that there has been a cultural change within the sector, with discussions between DEWR and providers increasingly focused on contract compliance.[75] For example, The BUSY Group Ltd (BUSY) noted that monthly meetings with their contract manager have begun to focus on matters such as the number of bean bags in an office and the size of a door sign. BUSY advocated for a return to the partnership approach in place under previous iterations of employment services.[76]

7.50 Stakeholders also asserted that key consequences of DEWR's apparent mistrust of providers and focus on compliance are poor service quality and limited opportunity to innovate.[77] For example, Campbell Page stated that over-regulation of the sector leads to good practice being defined by strict adherence to rules rather than by innovation and high-quality customer service.[78]

7.51 Stakeholders indicated that the power imbalance between purchaser and supplier is also reflected in the time DEWR takes to action requests compared with timeframes imposed on providers. For example, the Nirrumbuk Aboriginal Corporation (NAC) noted that it would take nine months to hand back a Workforce Australia contract.[79] In comparison, providers were required to stand up services in three months after the announcement of the results of the tender.[80]

7.52 The Australian Centre for Career Education (ACCE) asserted that relationships between providers and government should be underpinned by a strong partnership approach.[81] Jobs Australia stated that key elements of such relationships include trust; mutual and timely responsiveness; consistency; openness and transparency; and simplicity and effectiveness.[82]

7.53 DEWR observed that the *Joint Charter–Workforce Australia* sets out a framework for collaboration between the department and providers, framed around the vision of

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73 MAX, *Submission 146*, p. 42. See also HOST, *Submission 188*, p. 2.
74 Name Withheld, *Submission 140*, p. [4].
75 See, for example, CVGT, *Submission 106*, p. 24; WISE Employment, *Submission 169*, p. 22; Jobs Statewide, *Submission 272*, p. 9.
76 The BUSY Group Ltd (BUSY), *Submission 227*, p. 3.
77 See, for example, Mrs Kathleen Newcombe, Group CEO, SRJA, *Committee Hansard*, 6 June 2023, p. 13; Mrs Nicole Mattsson, National Services Design and Integration Leader, IntoWork, *Committee Hansard*, 14 March 2023, p. 59.
78 Campbell Page, *Submission 150*, p. [6].
79 Mr Joseph Grande, CEO, Nirrumbuk Aboriginal Corporation (NAC), *Committee Hansard*, 26 May 2023, p. 40.
80 Workskil, *Submission 196*, p. 8.
81 Australian Centre for Career Education (ACCE), *Submission 149*, p. 12.
82 Ms Debra Cerasa, CEO, Jobs Australia, *Committee Hansard*, 14 March 2023, p. 35.

Workforce Australia being simple, supported, connected, and respectful.[83] NESA raised concern that there is no operational framework to enable resolution if issues with the Joint Charter were present, and that the Joint Charter itself contributes to risk aversion, service standardisation, and lack of innovation.[84]

7.54 Academic research indicates that significant internal regulation eventually become a feature in quasi-markets, as without it some providers inevitably exploit the system for financial gain and focus on securing work for jobseekers who are closest to the labour market at the expense of those who need additional support. This was the experience of outsourcing both in Australia and in other countries. The response to this issue is typically to impose greater oversight—including reporting and compliance architecture; minimum service standards; and prescriptive regulation—to address the behaviour and respond to community expectations and concerns.[85] The Committee's engagement with providers and other stakeholders during site visits in Australia and during the European delegation indicates that the appropriate level of regulation for the sector is a conundrum. Over-regulation inhibits innovation and efficiency, while under-regulation can fail to address poor behaviours enabled by a quasi-market system.

Access to Centrelink and to jobseeker (client) information

7.55 In its interim report, the Committee noted that a key challenge for both providers and DEWR was lack of access to Centrelink staff in to address participant issues.[86] The Committee heard that these issues are common across Australia's employment services system.[87] This was reinforced during the Committee's site visit to the DSCC, with DSCC staff noting that they face similar challenges. This can have significant negative impacts on jobseekers—for example where the DSCC needs to assist a person who is working or studying and needed to seek an exemption to their job search requirements.

7.56 Jobseekers called for a direct line from providers to a dedicated Centrelink team who can answer questions and provide current, accurate advice, noting that a phone call can diffuse a situation that in some cases may take weeks or months to resolve.[88]

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83 DEWR, *Submission 254*, p. 120. See also Ms Natalie James, Secretary, DEWR, *Committee Hansard*, 3 November 2022, p.3.

84 NESA, *Submission 260*, pages 57–58.

85 See, for example, F Larsen and T Bredgaard (2007), 'Quasi-markets in employment policy in Australia, the Netherlands and Denmark: do they deliver on promises?', *Social Policy and Society,* 7(3), pages 13, 22-23; R van Berkel (2015), 'Quasi-Markets and the Delivery of Activation—A Frontline Perspective', in M Considine and S O'Sullivan (eds), *Contracting-Out Welfare Services*, Broadening Perspectives in Social Policy Series, p. 78; P Lewis (2017), *Quasi-markets: An overview and analysis*, King's College London, pages 13-14; OECD (2022), *Paying for results: Contracting out employment services through outcome-based payment schemes in OECD countries*, Social, Employment and Migration Working Papers No. 267, p. 7, https://doi.org/10.1787/c6392a59-en, viewed 20 November 2023.

86 Select Committee on Workforce Australia Employment Services, *Your Future Planning: Interim Report on ParentsNext*, pages 98–101, 119.

87 See, for example. Workskil, *Submission 196*, p. 12; Workways, *Submission 239*, p. 8.

88 See, for example, Name Withheld, *Submission 229*, p. [5]; Dr David O'Halloran, Advocacy and Research Officer, Australian Unemployed Workers' Union (AUWU), *Committee Hansard*, 19 September 2023, p. 9.

7.57 There were also calls for a return to arrangements in place under previous iterations of employment services which included local tripartite meetings between Centrelink, DEWR and providers to address servicing and participant issues and experiences.[89]

7.58 Concerns were raised about the inability of frontline staff to access information for and about the clients they are seeking to support, and the consequent requirement for people to continuously tell their story and share (often traumatising) information multiple times.[90] A particular concern was the deletion of all CVs from the IT system in the transition to Workforce Australia, which reportedly caused great distress and frustration to clients, providers, and frontline staff. Workways noted that one of their new clients had expressed dismay that Workways did not have a copy of their résumé. The participant told Workways that their previous provider had a copy of their résumé just a few days before they commenced with Workways and expressed concern that the résumé and appeared to have been lost during the transfer.[91]

7.59 During site visits, providers similarly expressed reported concern that they are unable to see a range of critical information in the IT system. Clear evidence was not provided to the Committee as to the philosophy or policy basis for the decision not to make this information accessible to providers. However, suggestions were made that was driven by concerns for client privacy. It was also acknowledged that there is a trade-off between protecting client's privacy and the ability of the service to work efficiently and provide a quality service.

7.60 Individuals also told the Committee that they were obliged to tell their story multiple times due to failures by government to share information. One person told the Committee that after undergoing the difficult process of telling their story to Centrelink, Centrelink failed to pass on the information to the relevant provider. This led to the person having to retell their story to their provider once they commenced in services. They were also forced to tell their story multiple times thereafter to different staff, due to high levels of turnover in the sector.

7.61 During its delegation to Europe, the Committee heard that Estonia's public employment services are underpinned by the principle that clients should not be required to repeat their experiences to multiple sources. Relevant systems and regulations are built around this principle and aim to enable the sharing of client information while protecting the client's privacy. Other governments, such as Canada[92] and the Queensland State Government[93] are making system changes underpinned by a similar 'tell government once' principle.

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89 See, for example, Mission Australia, *Submission 190*, p. 9; Workskil, *Submission 196*, p. 12; Workways, *Submission 239*, p. 6, 14, 15; MatchWorks, *Submission 263*, pages 16–17.

90 See, for example, Name Withheld, Submission 116, p. 2; Name Withheld, Submission 184, p. [1]; SAEP, *Submission 199*, pages 36, 63, 64; Per Capita, *Submission 252*, p. [15]; 'Lewis', private capacity, *Committee Hansard*, 20 September 2023, p. 32.

91 Workways, *Submission 239*, p. 12.

92 Government of Canada, *Tell us once, we got you. Tell us twice… well, there's no need*, www.canada.ca/en/government/system/digital-government/living-digital/tell-us-once.html, viewed 31 October 2023.

93 Queensland Government, *Tell Us Once Project*, https://www.forgov.qld.gov.au/projects-and-initiatives/search-for-projects-and-initiatives/tell-us-once-project, viewed 31 October 2023.

The role and functions of an independent regulator

7.62 In addition to being the supplier of assistance to roughly 25 per cent of participants (via Workforce Australia Online), DEWR is responsible for procurement, policy and program design and administration, and complaints, regulation, evaluation, and accreditation.[94]

7.63 Several stakeholders raised concern that this arrangement creates a potential conflict of interest and role confusion—particularly where DEWR is both service delivery agency and regulator.[95] APM also noted growing international recognition of conflicts of interest where one entity has the functions of policymaker, legislator, funder, regulator, market steward, and service provider. APM observed that several jurisdictions have given regulatory functions to an independent entity as a means of addressing this issue.[96]

7.64 SRJA similarly stated that it was not optimal that DEWR is responsible for providing and regulating service provision—particularly when the department also oversees, manages, and sanctions other organisations which provide employment services.[97]

7.65 Several stakeholders called for the establishment of an independent regulator and for functions to be split between a regulator and the department. Stakeholders observed that a separation of functions would increase confidence in the system, promote objectivity, improve the quality and fairness of decision-making, and help ensure stability across the sector.[98]

7.66 For example, Dr Ann Nevile indicated that it should be an independent body which monitors the operation of the employment services system, rather than the agency responsibility for developing policies and programs. Dr Nevile stated that conferring monitoring functions on an independent entity would also help improve transparency in and the availability of evaluation data.[99]

7.67 By contrast, atWork Australia (atWork) asserted that there is no need for an independent regulator, stating that existing accreditation and assurance processes are sufficient to ensure providers deliver a high-quality service.[100] Yilabara Solutions stated that they did not support an independent regulator.[101] However, they also clarified that their concern was with the diversion of resources to fund such a body,

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94 DEWR, *Submission 254*, p. 49.

95 See, for example, Professor Leila Green, Dr Kylie Stevenson, Dr Kelly Jaunzems, Ms Claire Hanlon and Mr Arthur Hanlon (Professor Green et at), *Submission 120*, p. [12]; CoAct, *Submission 151*, p. 21; WISE Employment, *Submission 169*, p. 22; Workskil, *Submission 196*, p. 31.

96 APM, *Submission 213*, p. 20.

97 SRJA, *Submission 145*, p. 20.

98 See, for example, CVGT, *Submission 106*, pages 23–24; Professor Green et al, *Submission 120*, p. [12]; SRJA, *Submission 145*, pages 20–21; CoAct, *Submission 151*, p. 21; Joblink Plus, *Submission 157*, p. 19; SAEP, *Submission 199*, p. 14; Ms Sinclair, NESA, *Committee Hansard*, 14 March 2023, p. 44.

99 Dr Ann Nevile, *Submission 136*, p. 10.

100 atWork, *Submission 210*, p. 14.

101 Yilabara Solutions, *Submission 231*, p. 25.

noting that they saw value in having an independent entity with responsibility for evaluation and complaints.[102]

7.68 Regulatory functions are separated from policy and program design in other human service sectors, and employment services are relatively unusual in not having a regulatory and licensing body.[103] In this respect:

- The **Australian Skills Quality Authority** is responsible for regulation and performance assessment in the VET sector.[104]
- The **Australian Children's Education and Care Quality Authority** is responsible for regulation and quality assurance in the childhood education and care sector. It also conducts research and provides expert advice to government.[105]
- The **Aged Care Quality and Safety Commission** provides end-to-end regulation for aged care services. This includes granting approval for providers to deliver aged care services.[106]

7.69 With partial outsourcing of service delivery under *Working Nation*, an independent regulator, ESRA, was established. The functions of the regulator were to regulate and promote competition in outsourced case management services, monitor and evaluate the operation of those services, and develop partnerships with relevant stakeholders.[107] ESRA ceased operating with the start of Job Network on 1 April 1998, with the Minister issuing a direction following the 1996–97 Budget for ESRA to cease purchasing case management services by that date.[108]

7.70 The issue of whether the sector needs an independent regulator was addressed in the Productivity Commission's 2002 review of Job Network. At the time of the review, the commission was not convinced of the need for an independent regulator, instead advocating for the department to improve transparency, accountability, monitoring, and compliance. The commission asserted that government should consider establishing a regulator if significant problems of transparency, accountability, and power imbalance persisted under subsequent employment services contracts. The commission stated that a regulator should be completely separate from DEWR.[109]

7.71 The Committee received suggestions as to the entity which should take on the role of a regulator. These included conferring additional powers and functions on Jobs and

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102 Mr Clarke, Yilabara Solutions, *Committee Hansard*, 26 May 2023, p. 46.
103 See, for example, WISE Employment, *Submission 169*, p. 22; ACOSS, *Submission 203*, p. 31.
104 Australian Skills Quality Authority, *About Us,* www.asqa.gov.au/about-us, viewed 22 August 2023.
105 Australian Children's Education and Care Quality Authority, *About Us,* www.acecqa.gov.au/about-us, viewed 22 August 2023.
106 Aged Care Quality and Safety Commission, *About Us,* www.agedcarequality.gov.au/about-us, viewed 22 August 2023.
107 Employment Services Regulatory Authority (ESRA) (1996), *Annual Report 1995–96*, pages 10, 12. See also NESA, *Submission 260*, p. 4.
108 ESRA (1998), *Annual Report 1997–98*, pages 3, 14.
109 Productivity Commission (2002), *Independent review of Job Network,* pages 14.13–14.14.

Skills Australia (JSA);[110] creating an Employment Services Ombudsman;[111] and establishing a local oversight body made up of stakeholders with direct experience of employment services.[112]

7.72 Stakeholders also made suggestions for the functions of the regulator, including:

- regulatory oversight and compliance;[113]
- investigation and enforcement;[114]
- setting standards and guidelines;[115]
- provider and jobseeker complaints;[116]
- pricing, including advising government on effective and efficient pricing to deliver a quality service;[117]
- data collection, provision, analysis, and evaluation;[118] and
- licencing and performance monitoring.[119]

7.73 Dr Nevile argued that functions of the regulator could include assessing the capability of providers against agreed performance metrics covering financial viability and planning; governance; recruitment and training; complaints and feedback processes; connections to other organisations; and employer engagement. The regulator would also undertake independent evaluations of the employment services system; report to Parliament on provider performance; and maintain a register of individuals with relevant expertise experience who would be interested in working with providers to evaluate innovative projects.[120]

7.74 According to Dr Nevile, conferring these functions on a regulator (and removing them from DEWR) would allow a greater focus by DEWR's central and regional offices on,

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110 Antipoverty Centre, *Submission 276*, p. [19].

111 See, for example, NFAW, *Submission 135*, p. [3]; Australian Unemployed Workers' Union (AUWU), *Submission 253*, p. [9].

112 Antipoverty Centre, *Submission 276*, p. [6].

113 See, for example, CVGT, *Submission 106*, p. 24; Professor Green et al, *Submission 120*, p. [12]; SRJA, *Submission 145*, pages 20–21; WISE Employment, *Submission 169*, p. 22; ACOSS, *Submission* 203, p. 33.

114 See, for example, CVGT, *Submission 106*, p. 24; SRJA, *Submission 145*, pages 20–21.

115 See, for example, CVGT, *Submission 106*, p. 24; Professor Green et al, *Submission 120*, p. [12]; SRJA, *Submission 145*, p. 20; ACOSS, *Submission* 203, p. 33.

116 See, for example, Dr David O'Halloran, *Submission 108*, p. [8]; CoAct, *Submission 151*, p. 21; Economic Justice Australia (EJA), *Submission 153*, pages [1–2]; ACOSS, *Submission* 203, p. 33; NESA, *Submission 260.1*, p. 1.

117 NESA, *Submission 260.1*, p. 2.

118 See, for example, CVGT, *Submission 106*, p. 24; Professor Green et al, *Submission 120*, p. [12]; WISE Employment, *Submission 169*, p. 22; ACOSS, *Submission* 203, p. 33; APM, *Submission 213*, p. 4; NESA, *Submission 260.1*, p. 2.

119 See, for example, Dr Nevile, *Submission 136*, p. 10; Joblink Plus, *Submission 157*, p. 19; ACOSS, *Submission* 203, p. 33; APM, Submission 213, p. 4; NESA, *Submission 260.1*, p. 2; MatchWorks, Submission 263, p. 14.

120 Dr Nevile, *Submission 136.1*, pages [1].

respectively, policy and program design and building relationships with providers and employers.[121]

7.75 Professor Mark Considine asserted that a regulator should focus on problem solving and working with providers rather than trying to 'catch out' poor performance.[122]

7.76 During its program of site visits, the Committee noted a clear difference between providers' engagement with local DEWR offices and the national office. Providers indicated that they have a good relationship with their local office but felt that these regional offices were somewhat disempowered, despite local staff having better knowledge and understanding of frontline service delivery.

Complaint processes

7.77 Participants in Workforce Australia who wish to make a complaint about a provider—including the DSCC, for participants in online services—or the quality of the services they have received may contact the National Customer Service Line (NCSL). The NCSL is also the central point of contact for information on all Commonwealth employment services (including DES and the Community Development Program (CDP)) and a range of vocational training services.[123] Issues relating to income support are addressed by contacting Services Australia or Centrelink.[124]

7.78 In 2021–22, the NCSL handled 247,136 contacts, including 15,428 which pertained to complaints about jobactive (including policy and program parameters and complaints about providers) and the Digital Services Contact Centre (DSCC).[125]

7.79 If a complaint is received, it is typically sent to the provider for investigation. An NCSL officer will review the provider's response and, if needed, work with the provider until all issues have been addressed. The NCSL will the respond to the jobseeker.[126]

7.80 Where a person is dissatisfied with the outcome of a complaint, they may also contact the Commonwealth Ombudsman.[127]

7.81 Several individuals raised concerns about complaints processes for the employment services system. Concerns included dissatisfaction with the outcome of processes followed by the NCSL; a lack of empathy from NCSL staff; and lack of procedural fairness afforded to the individual.[128]

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121 Dr Nevile, *Submission 136.1*, pages [2].

122 Professor Mark Considine, private capacity, *Committee Hansard,* 14 March 2023, p. 15.

123 DEWR, *Submission 254*, p. 120.

124 See Services Australia, *Complaints and feedback,* www.servicesaustralia.gov.au/complaints-and-feedback, viewed 20 November 2023.

125 DEWR, *Submission 254*, p. 120.

126 DEWR, *Submission 254*, p. 121.

127 DEWR, *Submission 254*, p. 120. It is the department that is within the Ombudsman's jurisdiction, not providers themselves, see Office of the Commonwealth Ombudsman, *Submission 134*, p. [10].

128 See, for example, Name Withheld, *Submission 118*, p. [1]; Name Withheld, *Submission 121*, p. [1]; Name Withheld, *Submission 126*, p.1; Miss Mary Hill, *Submission 181*, p. [1]; Name Withheld, *Submission 223*, p. [2]; Name Withheld, *Submission 245*, p. 1.

7.82 One jobseeker stated that when they made a complaint, the issue was marked as having been resolved following the NCSL making a brief phone call to the provider. According to the jobseeker, this was without giving the complainant the opportunity to hear or refute the provider's arguments.[129] Another submitter stated that while their complaint about a provider was initially accepted by DEWR, they were later told that the complaint would not be forwarded to the provider for resolution. The submitter stated that as a result, they were in constant email correspondence with senior customer service officers who 'clearly had no interest in [the] complaint nor … any desire [to respond] …to other queries'.[130]

7.83 ACOSS observed that jobseekers experience a clear power imbalance, and often lack access to complaint or review processes. ACOSS called for more resources to improve the accessibility of independent advocacy and problem-solving services and for greater clarity around key terms in social security law to enable jobseekers to understand relevant processes and make complaints where appropriate.[131]

7.84 Stakeholders emphasised that the department must implement robust, accessible procedures to handle complaints about providers and clearly communicate these procedures and how to access them to participants. Moreover, feedback about Workforce Australia captured via complaints processes should be captured and used to support improvements to the system.[132]

7.85 These issues were reflected in the Productivity Commission's 2002 review of the Job Network, indicating that concerns in relation to complaint processes are not new. The commission found a lack of awareness of complaints processes and recommended measures be adopted to ensure that jobseekers are aware of avenues of appeal.[133]

Committee comment

7.86 Throughout this inquiry, the Committee continued to hear that employment services suffer from excessive, over-engineered and poorly targeted administration. Current administrative requirements are a major barrier to innovative support, person-centred assistance, and productive employer relationships. There are veritable armies of staff—in DEWR and in service providers—dedicated to administration, compliance, and box-ticking. Many providers have been forced to prioritise employment of staff focused on compliance over staff focused on supporting jobseekers and employers.

7.87 Inefficiencies in the IT system are a critical issue facing providers and participants—including the DSCC. Some of these issues appear to be avoidable, or to be driven by policy settings which can be changed. Others are an inherent feature of a quasi-

129 Name Withheld, *Submission 160*, p. 19.
130 Name Withheld, *Submission 118*, p. [1].
131 ACOSS, *Submission 203*, p. 43. See also Dr Shelley Bielefeld, *Submission 202*, p. 6.
132 See, for example, Office of the Commonwealth Ombudsman, *Submission 134*, p. [1]; National Foundation for Australian Women (NFAW), *Submission 135*, p. [3]; Centre for Policy Futures–University of Queensland (CPF-UQ), *Submission 217*, p. 4.
133 Productivity Commission, *Independent review of the Job Network*, p. 8.30.

market. Judgements must be made about what information should be shared outside the public sector. A common IT system and user interface should also be available to contracted service partners, while acknowledge that some service partners will likely need to operate their own IT systems in parallel (whether for compliance or administrative reasons or to support service innovation).

7.88 Inexplicably it seems that when Workforce Australia was established, DEWR was not provided with any discretionary funding to address the inevitable IT glitches in transitioning to an entirely new IT system. As such, while DEWR it is aware of the myriad of IT issues, it is unable to address them. This is hampering productivity.

7.89 Issues of particular concern to the Committee which relate to the IT system include the lack of reliable, accurate information on participants and their service needs; the requirement for a participant to tell their story and provider the same information multiple times; the necessity for workers to enter the same information multiple times in order to make a claim (for example, for an outcome-based payment); and the inability to make changes to participants' information in the system, even where this is required or would be of benefit. That there is—at least in some areas—less functionality under Workforce Australia than under previous employment services is incomprehensible. These issues must be resolved as a matter of urgency, noting the frankly ridiculous productivity impacts on providers.

7.90 Part of the reforms to the IT system and to employment services more generally should be the adoption of a clear 'tell government once' principle, to avoid clients being obliged to repeat information to multiple sources. This experience is frustrating at best, and at worst can be traumatising. A 'tell government once' principles has been adopted in comparable overseas jurisdictions, with work also ongoing at the state and territory level to implement a similar principle in relation to services administered by other governments. Adopting this principle should involve system changes which allow critical information about a client to be shared between relevant public sector agencies and providers contracted to support that client. The principle should be given greater weight than narrow privacy considerations given the overwhelming feedback through the inquiry and the approaches observed in other jurisdictions.

7.91 Accreditation can—if properly administered—be effective to ensure that minimum standards of service quality and data security are maintained and can be effective to support continuous improvement in service delivery. However, current accreditation requirements appear to be prohibitively resource-intensive and act as a barrier to entry into the employment services system—particularly for smaller organisations.

7.92 DEWR should pursue opportunities to streamline and simplify the accreditation processes over which it has direct control. In the longer term, DEWR should also work with other accrediting authorities to identify common quality service delivery processes. The Committee would support development of a framework for mutual recognition of practice requirements as a means of minimising—and ideally eliminating—duplication.

7.93 To enable smaller and community-based employment service providers, and providers of state- and territory-based or non-government programs, to efficiently interface with and provide services under the Commonwealth system, the Committee also sees merit in exploring and trialling alternative solutions, before they are rolled out across the system, including:

- the Commonwealth becoming a supplier of IT security systems for smaller organisations, who would be enabled to purchase RFFR compliant security services from the Commonwealth;
- one or more enabling organisations such as a peak body or lead not-for-profit entities to provide the necessary accreditation, assurance, and controls for smaller, locally embedded organisations, leaving them free to focus on supporting jobseekers; and
- the ability for small organisations providing service or support to utilise web-based portals to access required information and provide reports and data.

7.94 The Committee is also concerned that DEWR appears to see accreditation as merely a minimum requirement to retain a contract and does not recognise that completion of the costly accreditation process demonstrates that a provider has implemented strict compliance measures. This leads DEWR to subject providers to costly, potentially unnecessary assurance processes. Accreditation should not remain so disconnected from assurance and DEWR must revise its assurance processes to ensure recognition of accreditation and demonstrate an appropriate level of trust in the service partners which it has engaged.

7.95 The Committee understands that DEWR's very low appetite for risk may be driven by an aversion to possible negative reflections or outcomes in ANAO's audit processes. A well-designed approach to accreditation and compliance should satisfy ANAO expectations of a proportionate, risk-based approach to assurance and the Committee encourages DEWR to engage with the ANAO to gain the benefit of their insights as part of its work to reform its approach to assurance.

7.96 It appears that there are also changes that can be implemented relatively quickly and easily to reduce red tape. DEWR should implement the micro-level suggestions for streamlining management of employment services and improving IT systems set out in submissions to the inquiry. These include addressing the need for manual workarounds; and ensuring jobseekers' participation in activities does not need to be recorded multiple time. There also appears to be no defensible reason why providers cannot view their jobseekers' profiles in the system. These measures should be implemented as soon as possible, with funding urgently allocated for this purpose.

7.97 The Committee is also attracted to the idea of implementing mechanisms to measure the level of red tape in the sector as a means of ensuring stakeholders are not unduly burdened by administration and providing a robust evidence base for future changes.

7.98 It is also an absolute expectation of the Committee that DEWR will, as a matter of priority, leverage existing data such as STP to reduce cumbersome, poorly focused payment and assurance arrangements. The advantages of leveraging STP are

substantial and include automatic verification of employment outcomes and reduction in burden for employers who are frequently hounded to supply evidence of employment. There is also merit in exploring how STP could be used as part of the evaluation strategy for employment services acknowledging that this will require legislative change.

7.99 The Committee also reiterates the conclusions of its Interim Report that dedicated channels into Services Australia must be established (or re-established) for service delivery partners including employment service providers and the new Employment Services Australia (ESA). There is also clearly merit for a return to more collaborative arrangements as in previous iterations of employment services where Centrelink, DEWR and providers worked collaboratively to address servicing and participant issues and experiences. These should be designed into the new ESA Regional Hubs and Commonwealth Employment Services System models.

Recommendation 17

7.100 The Committee recommends that the Australian Government address issues impacting the functionality of employment services IT systems as a matter of urgency. A continuous improvement fund and program should be implemented for IT systems, with priorities determined collaboratively with providers having regard to evidence provided to this inquiry. The fund and program should include implementing measures to:

- **streamline reporting and other information requirements, with a view to significantly reducing the number of times a provider is required to report the same information;**
- **improve accuracy, reliability, and consistency in the information available to providers, and to other key stakeholders as appropriate;**
- **ensure that providers have access to up-to-date information on participants on their caseloads, including information on resumes and job searches;**
- **allow providers to make changes to the information in the system regarding participants on their caseloads;**
- **ensure significant changes to IT systems are rigorously tested with providers and other key stakeholders before they are rolled out; and**
- **provide ongoing funding to DEWR to enable it to undertake minor and periodic changes to IT systems to avoid the current situation arising again.**

Recommendation 18

7.101 The Committee recommends that the Australian Government adopt a clear 'tell government once' principle for employment service clients, whereby critical information relevant to a client's employment potential and service history is available to relevant public sector agencies and service partners contracted to support an individual.

Recommendation 19

7.102 The Committee recommends that the Australian Government expedite work between the Department of Employment and Workplace Relations and the Australian Taxation Office to fully integrate Single Touch Payroll data into the management and administration of employment services and introduce legislative changes to make it available for broader research and evaluation purposes.

Recommendation 20

7.103 The Committee recommends that:

- **dedicated channels (email and telephone) into Services Australia be re-established for service delivery partners including service partners and the Department of Employment and Workplace Relations; and**
- **the rebuilt Commonwealth Employment Services System include more collaborative arrangements between Services Australia, Department of Employment and Workplace Relations and providers to address servicing and participant issues and experiences.**

Recommendation 21

7.104 The Committee recommends that the Australian Government, working with key stakeholders in the employment and human services ecosystem, simplify and streamline the approach to assurance and accreditation for employment services. This should include:

- **identification and removal of duplicative and redundant requirements in the accreditation process;**
- **development of a framework for mutual recognition of accreditation across the employment services and broader human services ecosystem;**
- **implementation of a risk-based approach to assurance, incorporating clear recognition of provider accreditation and a focus on demonstrated risk indicators;**
- **providing timely feedback to providers after an audit or assurance process, including implementation of standard timeframes;**
- **identification of future opportunities to leverage data to support payment and process compliance; and**
- **the Australian Government or a suitable intermediary becoming a supplier of Right Fit For Risk compliant IT security services for smaller organisations.**

7.105 The Committee is also persuaded that there would be merit in conferring several key functions of DEWR on an independent statutory entity as a regulator. DEWR occupies a position of considerable power in the sector and is responsible for several

functions which—if not entirely incompatible—may give rise to actual or perceived conflicts of interest. Employment services are one of the few human services sectors without an independent regulator.

7.106 Previous reviews have recommended that an independent regular be established in the sector if government failed to address issues with transparency, accountability, and power imbalance in the sector. While acknowledging that DEWR has made efforts to address these issues, the Committee considers that further safeguards—including establishment of an Employment Services Quality Commission to act as regulator for the sector—should be implemented. DEWR has already taken on additional service delivery responsibilities with the move to Workforce Australia and will assume a more active system stewardship role with a more hands on involvement in labour markets and service delivery if this report's recommendations are adopted which will further strengthen the arguments for an independent regulator.

7.107 The Committee considered various suggestions for the functions of the Employment Services Quality Commission, as well as the responsibilities of current and former regulatory bodies (including ESRA and regulators in other sectors). Ultimately, the Committee considers that appropriate functions for the Employment Services Quality Commission include:

- Quality framework and licensing standards. This includes building a view of what a quality employment service is; and embedding this in a quality framework, licensing standards, and advice to government and the sector.
- Provider licensing and accreditation. Functions or activities which may from time to time be delivered in the public sector may not necessarily be licensed, but would be subject to oversight, inspection, and quality assessments.
- Workforce standards and professional development. This includes establishing and promulgating workforce standards as part of a longer term shift to re-professionalise the sector (also discussed in Chapter 6).
- Pricing, including advising government on the appropriate pricing for high quality services, commissioning, and payment models.
- Complaints management, including a public facing complaints handling function. This function should also include the development of a complaints procedure that is user-friendly and accessible to participants.
- Data collection, analysis, and release. This includes championing data transparency across the entire system based on the presumption that all performance and system data should be published unless there is a valid reason not to (also discussed in Chapter 8).
- Research, continuous learning, and evaluation functions, including establishing and facilitating communities of policy and practice, service improvement trials and pilots (including Randomised Control Trials) and sharing best practices (also discussed in Chapter 8).

7.108 More generally, the Employment Services Quality Commission would have the role of building a clear picture of a 'quality' employment services system and supporting continuous improvement within the sector. Further refinement and detail on a Commission's powers and functions would be a matter for the Australian Government. If government adopts the Committee's recommendations relating to the establishment of an Employment Services Quality Commission, a proposed model should be released for stakeholder consultation before being finalised and implemented.

7.109 Conferring regulatory functions on or creating a new regulatory arm within an existing entity would be preferable to creating a new regulatory body from a cost and efficiency perspective. One possibility would be for the regulation of employment services to become a new function of a restructured Australian Skills and Qualifications Authority. While this would need to be considered by government in more detail and there may be a better option identified, this approach would have the advantage of more closely linking the employment services and skills functions. The Committee also sees no reason why an Employment Services Quality Commission would not progressively assume the same responsibilities for all Commonwealth employment services including the DES and CDP.

7.110 Alternative regulatory models in other jurisdictions may also have merit. For example, in the Netherlands regulatory functions are exercised by the same department which is responsible for commissioning and program management—albeit by a different division. However, on balance and for the reasons detailed above, the Committee is of the view that the regulatory functions need to be in a separate entity (that is, the Employment Services Quality Commission).

7.111 The Committee also considers that the Employment Services Quality Commission should be based outside of Canberra in one of the large capital cities. This would place the regulatory, quality, and continuous learning functions closer to the service delivery ecosystem and tap into a broader recruitment pool. It is acknowledged that the Commission may need a small footprint in Canberra, particularly to ensure close ongoing collaboration with the department's data and evaluation functions and the Australian Centre for Evaluation.

7.112 The Committee strongly emphasises the need for a regulator to have a strong focus on continuous learning and improvement. While this matter sounds dry, it is arguably the most important issue of any the Committee has identified. There is a major shift required to rebuild a culture of learning, improvement, and evaluation across the employment services system, as this culture has been lost since marketisation. This issue is discussed in further detail in Chapter 8.

7.113 Genuine system learning will be part of a major shift in system and market culture from compliance enforced from above to learning driven from the bottom up. Notwithstanding competitive tensions and the various arguments the Committee has heard about "Commercial in Confidence" and "Intellectual Property", in principle it is difficult to see why providers receiving Commonwealth funds in a human services system should not be required to participate meaningfully in collective learning and evaluation activities and share knowledge to improve system performance. This

seems essential if a rebuilt system is to improve quality in a collaborative way. The Committee acknowledges Jobs Australia's stated support for this proposition.

7.114 Noting the concerns expressed by stakeholders regarding potential deficiencies in complaints processes currently managed by the NCSL, the Employment Services Quality Commission should ensure that its complaints functions in particular are understood by all employment services clients and that complaints data and other feedback are used to inform ongoing improvements to the system.

7.115 The establishment of the Employment Services Quality Commission is expected to require enabling legislation. In the Committee's view, this would be an ideal opportunity to consider whether other legislation should also be implemented to strengthen key aspects of the employment services system—including the structure of the system and the duties of providers. The Committee encourages the Australian Government to have regard to the legislative framework in the former Employment Services Act and legislative frameworks in comparable human services sectors.

7.116 For the avoidance of doubt, in recommending that an independent regulator be established, the Committee is not suggesting the public sector must be 'licensed' or required to bid for work as a marketized actor in a competitive model. Two decades of that approach has manifestly failed as most other countries have similarly concluded or wisely avoided experiencing. The intent of this report is to re-establish a public sector core to employment services which stewards the system nationally and in regions and enables a rich and diverse ecosystem of external services and place-based programs to thrive.

7.117 Rebuilding a public sector core to employment services (as most nations maintained or have done) does not mean a giant bureaucracy or that the public sector can or should do everything. As this report proposes, the Committee envisages that the bulk of case management and service support for unemployed people and employers would continue to be delivered by contracted service partners. However, the fantasy that government has no role to play in service delivery or that the public sector must always compete on equal footing with the private sector must end. It simply doesn't work and there are numerous reasons why that core capability must be maintained in the public sector. Consistent with the findings outlined earlier in this report, a regulator can still assess the quality of a publicly delivered service while government simultaneously recognises there are valid and abiding reasons to maintain strong core capability augmented by external service partners, rather than privatise the stewardship functions and destroy all in-house experience of service delivery.

Recommendation 22

7.118 The Committee recommends that the Australian Government establish an Employment Services Quality Commission as an independent regulator for the sector. The Employment Services Quality Commission should have functions in accordance with the findings of this report including:

- **establishing a quality framework and licensing standards;**

- **workforce standards and sector professional development;**
- **provider licensing and accreditation;**
- **advising on pricing for high quality services, commissioning and payment models;**
- **complaints management, including the development of a complaints procedure that is user-friendly and readily accessible to participants;**
- **data collection, analysis, release, and championing transparency; and**
- **research, evaluation, continuous learning, and quality improvement.**

8. Innovation, continuous learning, experimentation, research and evaluation

Achieving the objectives proposed for employment service (Chapter 4) and improving the quality of services for jobseekers and employers (Chapter 5) will be reliant upon changes that create a culture of collaboration, continuous learning and improvement. This chapter considers matters associated with data sharing, evaluation and research, and innovation and experimentation within the employment services system, with particular regard as to how these enabling functions can contribute to a culture of continuous learning and service quality improvements at a system-wide level.

There will need to a major shift to a number of governance mechanisms and the current evaluation strategy. The era of 'set and forget' tenders, evaluation of service models or programs every five years or so, and a 'black box' approach to provider's service delivery prefaced on the basis that their practices are 'Commercial in Confidence' or 'Intellectual Property' will need to end.

The potential of data to support research and to enable policy and program improvements has been underutilised. The employment services system is unique in that a single level of government (and specifically one government agency) collects and holds the majority of data on jobseekers' experiences and outcomes. However, very few people outside the Department of Employment and Workplace Relations (DEWR) are able to access data except when DEWR decides to release something. Better data sharing amongst government agencies could have a number of benefits, with use of Single Touch Payroll (STP) a prime example. There is also the potential to utilise emerging techniques, such as artificial intelligence (AI) and machine learning, in the provision of high-quality employment services and data analysis.

The Committee notes that the Productivity Commission recommended that de-identified data on public employment services be released in 2002. While it is reasonable to expect that technical and confidentiality issues will take time to resolve, two decades have now passed since that recommendation was made. DEWR must make data on employment services available on an ongoing basis to support greater understanding among the general public, to facilitate academic research, and support policy and program improvements. As part of these efforts, the data protection and transparency framework in the *Data Availability and Transparency Act 2022* should be leveraged to support greater data sharing between government agencies and jurisdictions.

The Committee has recommended that a comprehensive and structured program of data release to support research and enable evidence-based improvements to the

sector should be developed and published within 12–18 months of tabling of this report. The Committee would expect the first tranche of employment services data to also be released within this timeframe.

Given that evaluation is crucial to effective public policy, there is also considerable scope for the Australian Government to enhance both the timeliness and efficacy of evaluations of employment services. As part of implementing a new evaluation framework, the Committee has recommended that reports be released within 18 months of the evaluation period.

The Committee is of the view that an Employment Services Quality Commission should take leadership for rebuilding the culture of continuous learning and improvement, as part of their oversight of the Commonwealth Employment Services System. The Employment Services Quality Commission would also be best placed to support growing movements across government that advocate for: the release of public data, enabling innovation in service delivery, and improvements to the volume, quality and use of evaluation evidence in the public sector. Other countries are giving greater systematic focus towards innovation, continuous learning, and research and evaluation of service quality and effectiveness—these can serve as a model for Australia.

Research and evaluation at the system-wide level would be led by a dedicated unit within the Employment Services Quality Commission in collaboration with contracted learning partners and potentially a co-operative research institute or innovation and learning lab. The Australian Centre for Evaluation and DEWR would be key partners in supporting the work of the Employment Services Quality Commission and vice versa. In particular, DEWR would retain responsibility for service and program performance monitoring and evaluation, supported by insights from the Australian Centre for Evaluation and the Quality Commission and its learning partners. The Committee is confident in DEWR's abilities in this regard, and recognises the importance of retaining program and system evaluation capabilities in the public sector.

Access to data

8.1 Stakeholders asserted that timely, accurate data is critical to understanding the operation and performance of the employment services system and supporting policy and program design. The joint submission from the Brotherhood of St Laurence (BSL), Centre for Policy Development (CPD), and the University of Melbourne (UniMelb) stated:

> [A]ccess to timely and diverse data and evidence is key to the effectiveness of a reformed employment services system, including frontline practice with jobseekers and employers. Data is required to evaluate system as well as provider performance, drive continuous quality improvement, assess the impact of work with jobseekers and employers, support the development and evolution

of employment models and practice which is adapted to local labour and service markets and community characteristics, and support relevant research.[1]

8.2 Stakeholders raised concern that DEWR releases limited program data, there are delays before data is released to the public, and data is not sufficiently detailed to enable a full understanding of whether the system is operating effectively.[2]

8.3 Social Ventures Australia (SVA) observed that data is often difficult to access—particularly across jurisdictional and administrative boundaries. This this can impact evaluation and research capacity.[3] CVGT Employment (CVGT) noted that while some data is available via DEWR's IT systems, providers are obliged to manually download data relating to participants on their caseload.[4]

8.4 The first public release of Workforce Australia caseload data on DEWR's website occurred in April 2023, nine months after the start of Workforce Australia.[5] The data released was less detailed and disaggregated than data presented to this Committee during its public hearing in November 2022—more than five months earlier.[6]

8.5 The Employment White Paper review identified the need for enhanced labour market data and analytical capability in order to understand and respond to the labour market experience of under-represented cohorts.[7] The Australian Bureau of Statistics (ABS) captures a range of data on those who are transitioning into and out of employment and the barriers that they may face.[8] In response to the findings of the Employment White Paper, the Australian Government has committed to funding the ABS to improve its data collection on barriers to job mobility and career progression, job security, quality of employment, and outcomes of employment services and income support programs.[9]

8.6 Several stakeholders called for employment services data to be made publicly available in relation to a range of matters, including:

- industry trends;[10]

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1 Brotherhood of St Laurence (BSL), Centre for Policy Development (CPD) and University of Melbourne (UniMelb), *Submission 256*, p. 33,

2 See, for example, National Foundation for Australian Women (NFAW), *Submission 135*, p. [3]; Workways Australia (Workways), *Submission 239*, p. 13; Per Capita, *Submission 252*, pages 63–64; National Employment Services Association (NESA), *Submission 260*, p. 92.

3 Social Ventures Australia (SVA), *Submission 232*, p. 21.

4 CVGT Employment (CVGT), *Submission 106*, p. 27.

5 See Department of Employment and Workplace Relations (DEWR), *Employment Services Data*, www.dewr.gov.au/employment-services-data, viewed 20 November 2023.

6 Available as Additional Documents 1-5 on the Committee's website.

7 Commonwealth of Australia (2023), *Working Future: The Australian Government's White Paper on Jobs and Opportunities*, pages 182, 186.

8 Australian Bureau of Statistics (ABS), *Submission 68*, p. 2.

9 Commonwealth of Australia (2023), *Working Future: The Australian Government's White Paper on Jobs and Opportunities*, p. 235.

10 See, for example, WISE Employment, *Submission 169*, pages 23–24; The Salvation Army Employment Plus (SAEP), *Submission 199*, p. 23.

- participant caseloads, including changes over time;[11]
- participants in and outcomes from Workforce Australia Online;[12]
- ability to track and monitor outcomes;[13]
- compliance outcomes;[14]
- jobseekers' goals, preferences, and experiences;[15] and
- activities contributing to jobseekers' Points Based Activation System (PBAS).[16]

8.7 Per Capita emphasised the importance of building a fit-for-purpose IT system and of collecting and sharing of data focused on customers' needs, noting that this data can support service improvements and improved connections between jobseekers and employers.[17] Per Capita indicated that the following matters should be considered in designing data management arrangements for a new system:

- Mechanisms to collect information on services and users. Per Capita suggested that the locations of services be mapped against locations of users (for example, jobseekers), and against job vacancies. According to Per Capita, this type of analyse could be made within the IT system relating to employment services, and linked to other systems (for example, adult education and TAFEs, community services, childcare, and transport).
- Definitions for measuring and reporting on participant progress and experience, outcomes, and impact which serve the purposes of quality monitoring, licensing, and regulatory oversight.
- How costs and value for money can inform commissioning and the administration of purchasing payment systems.
- The data needed to enable research and development and innovation design, as well as research and evaluation.
- Interfaces with the ABS and the Multi-Agency Data Integration Project, and any scope to share data with other sectors to inform investment and track collective impact.[18]

8.8 Multiple stakeholders noted that de-identified data relating to other human services—including health, justice, and education—is available for public scrutiny.[19]

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11 See, for example, CVGT, *Submission 106*, p. 20; NFAW, *Submission 135*, p. [3].
12 See, for example, Sarina Russo Job Access (SRJA), *Submission 145*, p. 11; CoAct, *Submission 151*, p. 11; Mr Con Kittos, Executive Chairman, Asuria People Services (Asuria), *Committee Hansard*, 26 May 2023, p. 20.
13 See, for example, CVGT, *Submission 106*, p. 27; Mission Australia, *Submission 190*, p. 11.
14 NFAW, *Submission 135*, p. [6].
15 WDEA Works, *Submission 168*, p. 5.
16 Workways, *Submission 239*, p. 12.
17 Dr May Lam, Senior Research Fellow, Per Capita, *Committee Hansard*, 19 September 2023, pages 22, 24.
18 Per Capita, *Submission 252.1*, p. 4.
19 See, for example, Professor Leila Green, Dr Kylie Stevenson, Dr Kelly Jaunzems, Ms Claire Hanlon and Mr Arthur Hanlon (Professor Green et al), *Submission 120*, p. [12]; Yilabara Solutions, *Submission 231*, p. 27.

8.9 Stakeholders also expressed concern in relation to information asymmetry between DEWR and providers, noting that DEWR has access to all data held by providers, while providers lack access even to the data they have entered into the system. This leads to duplication of effort where providers create separate databases to meet business needs.[20] The National Employment Services Association (NESA) stated:

> [P]roviders enter a lot of data into IT systems, but they can't necessarily retrieve it. They have no option but to have a separate shadow system so that when they're asked to demonstrate evidence, they can pull things out.[21]

8.10 CVGT stated that access to a live feed of data from DEWR's IT system's interface would assist in resolving this issue. In addition, CVGT called for establishment of a data repository to enable access granular and aggregate data, and metadata, on matters such as placement numbers, provider performance, program costs, and participant and employer feedback.[22]

8.11 In its 2002 review of Job Network, the Productivity Commission recommended that program data on employment services be made available for independent scrutiny in a timely manner.[23] The Australian Government expressed in-principle support for this recommendation, noting that implementation would carry significant resource implications.[24] The commission also indicated that concerns about evaluation methodology are best addressed by giving researchers access to raw data. It recommended consideration be given to establishing an independent panel of researchers to advise on the data needed for effective evaluations of employment services, with the panel's views and recommendations made public.[25]

8.12 DEWR publishes program and survey data on matters such as participant caseloads by region and cohort; employment outcomes (reported via Post-Program Monitoring Surveys); and data on compliance activities. DEWR indicated that providers receive operational and performance data to support day-to-day operations, including comparisons with other providers, and between sites within their organisation.[26]

8.13 DEWR emphasised the need to balance transparency with privacy concerns when considering the release of data, noting increased risk of re-identification where the volume and scope of data is increased. DEWR also suggested that it does not have the technology or resources to create discrete data for research purposes.[27]

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20 See, for example, CoAct, *Submission 151*, p. 7; Joblink Plus, *Submission 157*, p. 20; SYC Ltd (SYC), *Submission 189*, p. 19; MatchWorks, *Submission 263*, p. 41.

21 Ms Annette Gill, Principal Policy Advisor, NESA, *Committee Hansard*, 14 March 2023, p. 37. In their submission, NESA also covered this issue. See NESA, *Submission 260*, p. 57.

22 CVGT, *Submission 106*, p. 27.

23 Productivity Commission (2002), *Independent review of the Job Network*, Inquiry Report no. 21, p. 5.32.

24 Senator the Hon Ian Campbell, Parliamentary Secretary to the Treasurer (2019), *Government Response to the Productivity Commission Independent Review of Job Network*, https://ministers.treasury.gov.au/sites/ministers.treasury.gov.au/files/2019-09/JobNetwork.pdf, viewed 20 November 2023.

25 Productivity Commission (2002), *Independent review of the Job Network*, pages 5.30–5.31.

26 DEWR, *Submission 254*, pages 126–127.

27 DEWR, *Submission 254*, p. 127.

8.14 DEWR also highlighted its Research and Evaluation Database, noting that this database provides episodic income support data to support longitudinal analyses and that the database is often used to aid in evaluations and support research projects. DEWR confirmed there are strict security controls in place, including—for external users—a requirement to obtain a Public Interest Certificate.[28]

The public good of public sector data

8.15 There is a growing expectation that public data is made available for the public good. This is reflected in the establishment of a regulated data sharing scheme under the *Data Availability and Transparency Act 2022*. Key objectives of the Act include greater availability of public data, enhancing integrity and transparency in data sharing, and ensuring that data sharing is subject to appropriate controls.[29]

8.16 Yilabara Solutions explained that the scheme established pursuant to the *Data Availability and Transparency Act 2022* is used to facilitate access to de-identified health data and asserted that employment services should apply a similar approach to improve research, evaluation, and policy design.[30]

8.17 Jobs Australia noted that Australia has some of the best data on employment services of any country in the world but puts it to limited use.[31]

8.18 The previous chapter detailed benefits associated with sharing and use of Single Touch Payroll (STP) data in simplifying the administration of employment services. Stakeholders observed that greater access to STP data could also enable better tracking and evaluation of long-term outcomes for participants.[32]

8.19 Stakeholders also asserted that greater data sharing between government agencies and jurisdictions is needed, noting that this can significantly improve service delivery and enhance research and evaluation.[33] The Victorian Government observed in this respect that during COVID-19, data sharing between Victoria and the Commonwealth was 'immensely useful' in supporting economic planning and service development.[34]

8.20 The Employment White Paper review noted the need to provide greater access to data as part of the framework to support place-based approaches.[35] Jobs and Skills Australia (JSA) noted that work is underway within the ABS and JSA to improve

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28 DEWR, *Submission 254*, p. 126.

29 See Office of the National Data Commissioner, *Data Availability and Transparency Act 2022*, www.datacommissioner.gov.au/law/dat-act, viewed 20 November 2023.

30 Yilabara Solutions, *Submission 231*, p. 27.

31 Mr Bryan McCormack, Senior Advisor—Government and Policy, Jobs Australia, *Committee Hansard*, 20 September 2023, p. 20.

32 See, for example, Per Capita, *Submission 252*, p. 63; DEWR, *Submission 254*, p. 127.

33 See, for example, IntoWork Australia (IntoWork), *Submission 156*, p. 6; WISE Employment, *Submission 169*, pages 23–24; SYC, *Submission 189*, p. 19; SSI, *Submission 193*, pages 17–18; SAEP, *Submission 199*, p. 70; Yilabara Solutions, *Submission* 231, p. 27; SVA, *Submission 232*, pages. 21, 23.

34 Government of Victoria, *Submission 278*, p. 20.

35 Commonwealth of Australia (2023), *Working Future: The Australian Government's White Paper on Jobs and Opportunities*, p. 149.

regional labour market data, including data on vacancies and employment projections.[36]

8.21 There have also been calls to address the lack of consistent data to identify disability status across services and population surveys.[37]

Evaluation and research

Evaluation of employment services

8.22 DEWR advised that it conducts regular evaluations of employment services according to defined principles of independence and relevance. Evaluations are conducted internally, supported by consultation with external stakeholders who are engaged to advise on and peer-review evaluation methodology.[38]

8.23 Evidence to the current inquiry indicated that there is scope to enhance evaluations. For example, WISE Employment indicated that evaluation reports are not released in a timely manner.[39] Consistent with this view, the DEWR website indicates that delays in releasing evaluation reports is increasing. For example, the stage three of the Job Network evaluation covered a period ending May 2001 and was published in May 2002.[40] By contrast, the jobactive final evaluation covered a period ending December 2018 and was published in November 2022.[41]

8.24 The Organisation for Economic Co-Operation and Development (OECD) raised concern as to the rigour of methods used to assess performance in employment services, advocating greater use of counterfactual impact evaluation (an evaluation that estimates the net impact of a program relative to no intervention). The OECD pointed to Canada and Finland as jurisdictions that use this type of evaluation.[42]

8.25 There is support for greater evaluation capability and application of counterfactual evaluations such as Randomised Control Trials (RCTs). However, recent analysis noted that just 1.5 per cent of government evaluations used RCTs.[43] The Paul Ramsay Foundation (PRF) outlined that undertaking RCTs in the Australian context is not straightforward, particularly for programs where access and participation can

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36 Mr David Turvey, First Assistant Secretary, Jobs and Skills Australia (JSA), *Committee Hansard*, 20 September 2023, p. 60.

37 Disability Royal Commission (2023), *Final Report: Volume 12: Beyond the Royal Commission*, p. 28.

38 DEWR, *Submission 254*, p. 125.

39 WISE Employment, *Submission 169*, p. 23.

40 DEWR (2002), *Job Network Evaluation: Stage Three,* p. 80, www.dewr.gov.au/employment-services-evaluations/job-network-evaluation, viewed 20 November 2023.

41 DEWR (2022), *The Evaluation of jobactive Final Report*, pages 185, 237, 242, 319, www.dewr.gov.au/employment-research-and-evaluations/resources/evaluation-jobactive-final-report, viewed 20 November 2023.

42 Organisation for Economic Co-Operation and Development (OECD), *Submission 177*, p. 3.

43 Committee for Economic Development of Australia (2023), *We Need More Randomised Trials to Evaluate Public Policy*, Opinion Article, www.ceda.com.au/NewsAndResources/Opinion/Economy/We-need-more-randomised-trials-to-evaluate-public?s=03, viewed 20 November 2023.

be universal. It is often necessary to use alternative or quasi-experimental methods which—while useful in evaluating impacts of elements of a program—may not be effective in assessing the program as a whole.[44] Evidence from other countries indicated that there are ethical issues that must be carefully considered and addressed when contemplating RCTs in human services, and especially with vulnerable people.[45] However, as demonstrated by international experiences—including jurisdictions with which the Committee engaged during its European delegation—these issues are not insurmountable. Several numerous international jurisdictions have demonstrated in their more sophisticated and systemic evaluation systems and use of RCTs.

8.26 The Australian Government has created an Australian Centre for Evaluation within the Treasury to enable and promote high-quality evaluations across the Australian Public Service (APS). The centre will champion quality evaluations; oversee efforts to improve evaluation capability; embed high-quality evaluation plans in new policy proposals; and collaborate with international counterparts.[46] The centre will collaborate with Commonwealth agencies to ensure evaluations are conducted within a robust ethical framework.[47] On 11 October 2023, government announced the centre's first partnership with DEWR, which will focus on the use of RCTs to evaluate different features of online employment services.[48]

8.27 The Employment White Paper highlighted the critical importance of embedding evaluation into policy design and the need for continuous learning and improvement in services for jobseekers and employers.[49] Research conducted in 2018 by the UK's Behavioural Insights Team asserts that behavioural insights and robust evaluation can improve employment policy. The research emphasised that policies and programs must be designed so as to take into account the decision-making of all jobseekers, employers, and providers and how the behaviours of these actors intersect. According to the researchers, there are three key areas which are vital to improving employment policy and create better functioning labour markets:

- The use of experimentation in policymaking should increase, and policy makers need to take a proactive approach to understanding and managing change.
- Data should be used to better target policy and empower jobseekers and workers.

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44 Mr Ben Gales, Chief Delivery Officer, Paul Ramsey Foundation (PRF), *Committee Hansard*, 11 August 2023, p. 29.

45 See, for example, OECD, *Submission 177*, p. 3. See also OECD (2022), *Assessing Canada's System of Impact Evaluation of Active Labour Market Policies, Connecting People with Jobs*, pages 9–10, www.oecd.org/publications/assessing-canada-s-system-of-impact-evaluation-of-active-labour-market-policies-27dfbd5f-en.htm, viewed 20 November 2023.

46 The Hon Dr Andrew Leigh MP, Assistant Minister for Employment, 'Running Better Evaluations', *Daily Telegraph*, 7 February 2023; The Hon Dr Andrew Leigh MP, Assistant Minister for Employment, *Australian Centre for Evaluation to measure what works,* Media Release, 25 May 2023.

47 Commonwealth of Australia (2023), *Working Future: The Australian Government's White Paper on Jobs and Opportunities*, p. 238.

48 The Hon Dr Andrew Leigh MP, Assistant Minister for Employment, *First evaluation partnership for the Australian Centre for Evaluation*, Media Release, 11 October 2023.

49 Commonwealth of Australia (2023), *Working Future: The Australian Government's White Paper on Jobs and Opportunities*, pages 224, 235.

- Policy makers should work to build the skills and resilience of workers.[50]

8.28 The Committee heard during its European delegation that Sweden makes frequent use of RCTs, for example, to assess the impact of job matching services for refugees and the effectiveness of private service providers. This has led to the development of an ethical framework for trialling new service models and the instilling of a culture of continuous learning and improvement within the public employment service.

8.29 A 2019 independent review of the APS advised that main responsibility for evaluations should continue to reside with individual agencies, but a central enabling function could provide guidance and support for agencies on best-practice approaches.[51]

8.30 Stakeholders also called for evaluations of employment services to be independent of government to ensure results are viewed as unbiased, credible, and trustworthy.[52] For example, WISE Employment stated:

> Providing an objective and independent evaluation of…programs and initiatives, with an emphasis on evidence-based data and being removed from perceived policy or government bias, would give clearer and more prompt indications of the effectiveness of such programs.[53]

8.31 By contrast, the OECD noted that the role of the public service has been critical to the success of evaluations of labour market programs in Canada. The OECD drew attention to work by the Canadian Ministry of Employment and Social Affairs to enhance capability in that country's public service, including via implementation of dedicated platforms for conducting analysis, and the establishment of a Chief Data Office. The OECD also indicated that keeping evaluations in-house allows Canada to dedicate additional resources to the evaluation process and enable Canada to formalise and embed best-practice evaluation approaches.[54]

8.32 Stakeholders also suggested alternative approaches to research and evaluation. These tended to be co-operative frameworks involving participation by government, academia, advocates, and industry.[55] Stakeholders pointed to examples of where this approach has been successfully implemented, such as:

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50 Behavioural Insights Team (2018), *Applying Behavioural Insights to Labour Markets*, p. 25, www.bi.team/wp-content/uploads/2018/11/TheBehaviouralInsightsTeam-LabourMarketsReport.pdf, viewed 20 November 2023.

51 Independent Panel of the APS Review (2019), *Our Public Service Our Future: Independent review of the Australian Public Service*, pages 221–222, www.pmc.gov.au/resources/independent-review-australian-public-service, viewed 20 November 2023.

52 See, for example, CVGT, *Submission 106*, p. 28; Workskil Australia (Workskil), *Submission 196*, p. 33; APM, *Submission 213*, p. 21; MatchWorks, *Submission 263*, p. 41.

53 WISE Employment, *Submission 169*, p. [23].

54 OECD, *Submission 177*, p. 3. See also OECD (2022), *Assessing Canada's System of Impact Evaluation of Active Labour Market Policies, Connecting People with Jobs*, pages 9–10.

55 See, for example, Professor Green et al, *Submission 120*, p. [12]; Joblink Plus, *Submission 157*, p. 20; Getting Welfare to Work Research Team, *Submission 191*, p. 6; Per Capita, *Submission 252*, p. 14.

- The Centre for Local Innovation in Social and Employment Services at Aalborg University in Denmark.[56]
- The Centre for Work Inclusion at OsloMet University in Norway.[57]
- In Austria, which has a strong focus on continuous learning and evaluation, including a quality management system that utilises balanced scorecards for their 100 or so regional offices with partners (providers) involved. This work is led by a small internal unit utilising external partners.[58]

8.33 Stakeholders indicated that cooperative approaches to evaluation are not in place in Australia. For example, Campbell Page noted that there is no centre of excellence dedicated to providing a body of research on the effectiveness of interventions and the factors which contribute to a jobseeker finding and keeping a job.[59] The Getting Welfare to Work Research Team expressed concern at a loss of research capacity in this area of public policy, and suggested that universities and academics be formally engaged in a research and advisory capacity in the employment services system.[60]

Measures of performance and service quality

8.34 In addition to raising concerns as to the timeliness of release of evaluations and the methodologies used in their conduct, stakeholders indicated the scope of evaluations could be broadened to capture additional measures of success.[61] Sarina Russo Job Access (SRJA) noted that measures used in previous evaluations of employment services were exits from income support, exits from employment services programs, and reductions in income support. SRJA stated that none of these measures capture sustained employment or income security.[62] The Committee also heard that the Australian Government needs to have a much better understanding of what a quality services looks like and takes to deliver.[63]

8.35 The *Evaluation Strategy for Workforce Australia Employment Services 2022–2028* includes three key evaluation questions:

1 Does Workforce Australia Employment Services meet the needs of key stakeholders including individuals, businesses, and providers?

2 How effective is Workforce Australia Employment Services in helping individuals find sustained employment that promotes job security?

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56 Getting Welfare to Work Research Team, *Submission 191*, p. 6; Per Capita, *Submission 252*, p. 66.
57 Getting Welfare to Work Research Team, *Submission 191*, p. 6.
58 Dr Ann Nevile, *Submission 136*, pages 2-3. Austria's approach to learning and evaluation was discussed in bilateral meetings between the Committee and Austria during the Committee's European delegation.
59 Campbell Page, *Submission 150*, p. [7].
60 Getting Welfare to Work Research Team, *Submission 191*, p. 5.
61 See, for example, VERTO, *Submission 202*, p. [23]; Yilabara Solutions, *Submission 231*, p. 26; SVA, *Submission 232*, p. 17; Per Capita, *Submission 252*, p. 63.
62 SRJA, *Submission 145*, p. 6.
63 Ms Annabel Brown, Deputy CEO, CPD, Committee Hansard, *20 September 2023*, p. 2.

3 How cost-effective is Workforce Australia Employment Services in achieving its objectives?[64]

8.36 The evidence received suggested that the existing evaluation framework appears narrowly and largely focused on employment outcomes without other outcomes that a well-functioning system would achieve and value or explicitly mentioning satisfaction with services. A narrow focus on employment is also reflected in evaluation questions relating to the payment system and provider performance framework, which ask whether those elements of the employment services system are effective in driving employment outcomes without recognising that for some people preparation for employment, building human capital or social participation are also important and worthy goals and outcomes.[65] While cost effectiveness is obviously an important measure, as outlined in Chapter 2, a key criticism of Australia's approach has been an endless focus on cost reduction with no relationship to ensuring a quality service. No evidence was provided indicating how evaluation of 'cost effectiveness' in Workforce Australia considers other outcomes or relates to a quality service.

8.37 Stakeholders suggested a range of measures of performance and outcomes which should be considered in evaluating the employment services system. These included the following:

- feedback against a range of domains including individual wellbeing, community cohesion, and social mobility;[66]
- long-term benefits such as whether income security has observably improved;[67]
- human capital development, including improved work readiness and improved capacity for social and economic participation;[68]
- community contribution;[69]
- reduced reliance on other social services;[70]
- quality of jobs obtained;[71] and
- social return on investment.[72]

64 DEWR (2023), *Evaluation Strategy for Workforce Australia Employment Services 2022–2028*, p. 29, www.dewr.gov.au/employment-services-evaluations/resources/evaluation-strategy-workforce-australia-employment-services-2022-2028, viewed 20 November 2023.
65 See DEWR (2023), *Evaluation Strategy for Workforce Australia Employment Services 2022–2028*, p. 29.
66 See, for example, Professor Green et al, *Submission 120*, p. [13]; WISE Employment, *Submission 169*, p. 5.
67 Australian Centre for Career Education (ACCE), *Submission 149*, p. 2.
68 See, for example, SRJA, *Submission 145*, p. 22; IntoWork, *Submission 156*, p. 2; Professor Jeff Borland, *Submission 171*, p. 2; SAEP, *Submission 199*, p. 65; Yilabara Solutions, *Submission 231*, p. 26.
69 See, for example, IntoWork, *Submission 156*, p. 2; SVA, *Submission 232*, p. 21.
70 IntoWork, *Submission 156*, p. 2.
71 See, for example, WISE Employment, *Submission 169*, p. 5; SAEP, *Submission 199*, p. 65; SVA, *Submission 232*, pages 17, 21.
72 Yilabara Solutions, *Submission 231*, p. 26.

8.38 Stakeholders also argued that evaluations must focus on the experience of and outcomes for the jobseeker.[73] For example, the Australian Unemployed Workers' Union (AUWU) asserted that employment services should:

- deliver practical assistance to enable participants to find a job or improve their employability;
- have a focus on what each unemployed worker needs to get a job and not merely on the services that the provider wants to deliver;
- be fair—particularly if compulsory participation is to remain in place;
- ensure the integrity providers' actions;
- empower jobseekers to provide feedback and be responsive to that feedback;
- enable building of rapport between jobseekers and providers (and others), noting that employment services are a human service; and
- impose only realistic expectations, taking into account jobseekers' personal and environmental circumstances.[74]

Collaboration and sharing of best practice

8.39 The Committee heard that the employment services system must enable the identification and sharing of best practice.[75] For example, Professor Jeff Borland stated:

> By bringing to the fore ideas of learning and improvement, research can foster a culture for service providers of constantly coming back to the question of whether the service being delivered is working for jobseekers and of seeking improvement against current outcomes. Activities that seek to share knowledge on best practice are an important part of the influence that research can have.[76]

8.40 Stakeholders raised concern that an overly competitive model for employment services is an impediment to service improvement, as providers are unable to share lessons or examples of success.[77] Stakeholders also noted that *ad hoc* fora established to share best practice are typically industry- or provider-led. This impacts on the willingness of market actors to participate due to heightened concerns about the sharing of intellectual property with potential competitors in future procurement processes.[78]

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73 ACCE, *Submission 149*, p. 5.

74 Australian Unemployed Workers' Union (AUWU), *Submission 253*, p. [10].

75 See, for example, ACCE, *Submission 149*, p. 13; Campbell Page, *Submission 150*, p. [7]; Training Alliance Group (TAG), *Submission 195*, p. [2]; SAEP, *Submission 199*, p. 14; Per Capita, *Submission 252*, p. 62.

76 Professor Borland, *Submission 171*, p. 15.

77 See, for example, CVGT, *Submission 106*, p. 28; CoAct, *Submission 151*, p. 9; SVA, *Submission 232*, p. 20; BSL, *Submission 249*, p. 18; Dr Travers McLeod, Executive Director, BSL, *Committee Hansard*, 20 September 2023, p. 6; Ms Kathryn Mandla, CEO, NESA, *Committee Hansard*, 20 September 2023, p. 21.

78 See, for example, Asuria, *Submission 246*, p. 26; NFAW, *Submission 135*, p. [7].

8.41 Providers,[79] employers,[80] academics[81] and advocacy groups[82] all supported measures to enable the sharing of best practice. DEWR acknowledged that there would be value in implementing such measures.[83] In addition, there were calls to establish a Centre of Excellence to enable greater sharing within the sector.[84]

8.42 Stakeholders also called on government to establish, support, and manage formal Communities of Practice, noting that government intervention may be needed to encourage provider engagement.[85] Stakeholders pointed to examples of successful Communities of Practice established with government support. For example, Yilabara Solutions drew attention to the Australian Housing and Urban Research Institute as an example of a community that brings together all levels of government, as well as an Australia-wide network of university partners.[86]

8.43 Professor Mark Considine observed that a key challenge will be setting parameters for how Communities of Practice should operating noting that insights as to what is working must be rapidly identified and communicated to providers' frontline staff.[87]

8.44 The Victorian Chamber of Commerce and Industry (VCCI) stated that best practice must be viewed and celebrated through a lens of innovation, customer-centricity, and service improvement. The VCCI also emphasised that poor practice should be managed effectively and indicated that poor performance by one provider should not result in increased compliance activity for the sector as a whole.[88]

8.45 The Committee also heard through its delegation trip, examples in countries like South Korea, where the use of artificial intelligence (AI) and machine learning is being applied to help to identify the optimal pathways for jobseekers to achieve outcomes.

Innovation and experimentation

8.46 Several stakeholders indicated that the employment services system must enable and encourage providers to innovate and trial alternative services and expressed concern that the current system—and particularly its funding and performance

79 See, for example, Campbell Page, *Submission 150*, p. [7]; Joblink Plus, *Submission 157*, p. 7; WISE Employment, *Submission 169*, p. 10; TAG, *Submission 195*, p. [2]; Yilabara Solutions, *Submission 231*, p. 26; Asuria, *Submission 246*, p. 26.

80 Victorian Chamber of Commerce and Industry (VCCI), *Submission 259*, p. 6.

81 See, for example, Dr Nevile, *Submission 136*, pages 4–5; Professor Borland, *Submission 171*, p. 15.

82 See, for example, SVA, *Submission 232*, p. 20; BSL, *Submission 249*, p. 77.

83 DEWR, *Submission 254*, p. 82.

84 See, for example, Campbell Page, *Submission 150*, p. [7]; Jobs Australia, *Submission 185*, p. 23.

85 See, for example, Greater South East Melbourne (GSEM), *Submission 155*, p. [7]; TAG, *Submission 195*, p. [2]; Asuria, *Submission 246*, p. 26; Per Capita, *Submission* 252, p. 12.

86 Yilabara Solutions, *Submission 231*, p. 26.

87 Professor Mark Considine, private capacity, *Committee Hansard*, 14 March 2023, p. 14.

88 Victorian Chamber of Commerce and Industry (VCCI), *Submission 259*, p. 6.

management arrangements—stifles innovation and limits outcomes for jobseekers, employers, and other stakeholders.[89] MAX provided the following example:

> [i]f we invest in developing bespoke interventions, like wellness programs or confidence building initiatives we must get approval from the department to use Employment Fund or fund this from our bottom line.[90]

8.47 The BSL noted that providers currently bear almost all risk and cost associated with innovation—particularly if innovation results in short-term drop in performance. This is the case even if the initiative results in longer-term gains to service quality, performance, and outcomes. BSL asserted that government must share the financial and performance risks of trialling and implementing new approaches if the sector is to support innovation and continuous improvement.[91]

Framework to support trialling and experimentation

8.48 Stakeholders expressed strong support for a framework which supports testing of new initiatives and delivery approaches, noting that under previous iterations of employment services there was greater scope for innovation.[92] MatchWorks and SYC Ltd (SYC) drew attention to the New Employment Services Trial (NEST), noting that the NEST included the necessary flexibility in terms of funding and performance management for providers to test new activities and delivery approaches. SYC also noted that frontline staff will generally be as innovative as program guidelines and performance measures allow.[93]

8.49 NESA highlighted the Stream 4 Demonstration Pilots under Job Services Australia, as well as the Empowering Youth Initiative under jobactive, as examples of models which allowed trialling of alternative service models.[94] The evaluation of Job Services Australia stated that the Demonstration Pilots were:

> … a discretionary grants programme which … enabled the Department to work with leading providers to capture best practice in service delivery, explore new approaches and partnerships, with the aim of achieving improved employment and education outcomes for highly disadvantaged job seekers, including those with multiple barriers to employment.[95]

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89 See, for example, NFAW, *Submission 135*, p. [10]; MAX Solutions (MAX), *Submission 146*, p. 11; ACCE, *Submission 149*, p. 12; WISE Employment, *Submission 169*, p. 10; The BUSY Group (BUSY), *Submission 227*, p. 2; *Submission 249*, p. 18; Per Capita, *Submission 252*, p. 62.

90 MAX, *Submission 146*, p. 30.

91 BSL, *Submission 249*, pages 12, 76–77. See also, Per Capita, *Submission 252*, p. 12; BSL, CDP and UniMelb, *Submission 256*, pages 7, 19–20.

92 See, for example, CVGT, *Submission 106*, p. 26; WISE Employment, *Submission 169*, pages 11, 13, 23, 25; Workskil, *Submission 196*, p. 33; Centre for Policy Futures (CPF–UQ), *Submission 217*, pages 4–5; Per Capita, *Submission 252*, p. 11; Community and Public Sector Union (CPSU), *Submission 255*, p. [14].

93 SYC, *Submission 189*, p. 19; MatchWorks, *Submission 263*, pages 18, 23.

94 NESA, *Submission 260*, pages 26, 38, 92.

95 Department of Employment, Skills, Small and Family Business (2020), *The Evaluation of Job Services Australia 2009–2012*, p. 96 (footnote 215), www.dewr.gov.au/employment-research-and-evaluations/resources/evaluation-job-services-australia-2009-2012-report, viewed 20 November 2023.

8.50 Under the first Job Services Australia contract, there was also a dedicated Innovation Fund, with $41 million available to support innovative place-based solutions. Funding enabled providers to connect disadvantaged jobseekers to training and employment through trialling of alternative servicing approaches.[96]

8.51 The Community Development Program (CDP) and Disability Employment Services (DES) have implemented frameworks to support innovation in service delivery. For example:

- Under Trialling Pathways to Real Jobs, the National Indigenous Australians Agency (NIAA) allows CDP providers to re-direct 25 per cent of their funding to trial new approaches which support First Nations communities find secure work.[97]
- The Department of Social Services (DSS) is trialling a Payment-by-Outcomes approach to funding innovative programs. One program, led by White Box Enterprises, involves funding 15 pilot Work Integrated Social Enterprises (WISEs) to employ up to 150 people with disability. Additional funding is available where a participant transitions into mainstream employment.[98]

8.52 The PRF expressed support for 'Innovation Zones' which enable time-limited testing of new technologies, products, or approaches.[99] NESA noted that other countries—for example France and Belgium—have implemented zones or labs to support innovative labour market programs.[100]

8.53 Internationally, there are a range of government initiatives that seek to support innovation in employment services. For example, the Committee had the opportunity to learn about 'Le Lab' while in France. Le Lab is a government-led project which aims to remove barriers to innovation inherent in traditional project management approaches by favouring co-design and the free exchange of ideas. The program operates out of central offices in Paris and across a regional network of sites across the country—including sites operated on an outreach basis.

8.54 Stakeholders emphasised that measures must be implemented to reduce the risk to providers of trialling new approaches. For example, Dr Ann Nevile suggested that sites where a provider is trialling a service approach could be removed from formal performance assessment.[101] The Salvation Army Employment Plus (SAEP) similarly stated that DEWR should encourage innovation by giving preference to innovative providers during mid-term licence allocations and excluding trials of new initiatives from performance metrics.[102]

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96 Department of Education, Employment and Workplace Relations (2009), *Portfolio Budget Statement 2009–10: Budget Related Paper No. 1.6*, p. 134.

97 See, for example, National Indigenous Australian Agency (NIAA), *Submission 176*, p. 4; Ms Julie-Ann Guivarra, Deputy CEO—Policy and Programs, NIAA, *Committee Hansard*, 17 May 2023, p. 13.

98 White Box Enterprises, *Submission 274*, p. [3].

99 PRF, *Submission 304*, p. 16.

100 NESA, *Submission 260*, p. 92.

101 Dr Nevile, *Submission 136*, p. 12.

102 SAEP, *Submission 199*, p. 37.

Committee comment

8.55 Since the introduction of the quasi-market approach to procurement of service delivery, the Commonwealth has conducted massive multi-billion-dollar tenders for employment services every three to five years. The system design has then largely been subject to a 'set and forget' mentality, with infrequent formal evaluations of the service model and limited data sharing.

8.56 As outlined in Chapter 2, one of the policy rationales for marketisation was to promote diversity and innovation. Yet the reality of the overly competitive quasi-market that has emerged in Australia is that there is little diversity in the ways that providers delivery services to their clients. While there may have been some enabling of innovation in Job Services Australia, Workforce Australia has little in the way of an innovation or learning culture. The Commonwealth investment into employment services means it should be able understand practices that are of benefit to the hundreds of thousands of jobseekers and countless businesses that engage with providers. But a 'black box' approach to provider's practices combined with a decades-long absence from direct engagement in local communities and service delivery means that the Australian Government does not have a view of what a quality service looks like or costs to deliver.

8.57 The system is also overly focused on providers' compliance, as highlighted in Chapter 7. Assurance and monitoring processes are focused on conditioning the behaviour of contracted providers and measuring 'performance' rather than assessing and enhancing the quality of services. The current regimented, transaction-based system stifles innovation and prohibits deviation from a departmentally determined path. This is compounded by a regulatory culture which make innovation a high-risk option for providers.

8.58 The public unavailability of the very detailed and rich data on the employment services system held by government agencies, combined with a failure to make evaluations available in a timely manner and a lack of support for sharing best practice, has resulted in a hollowing out of research capacity and has limited the sector's ability to continuously improve. A much greater systemic focus on the ongoing research and evaluation of service quality and effectiveness is needed.

8.59 In its interim report, the Committee supported measures to make data on employment services publicly accessible. After considering additional evidence, the Committee remains firmly of the view that data must be made available—and accessible—to a greater range of stakeholders. The Committee notes that there has for decades been support for the release of de-identified data employment services, data. Further, the release of the Research and Evaluation Database indicates that DEWR has the ability to curate and manage the release of data for research and analysis.

8.60 A principle of transparency by default should be adopted, whereby data is published as matter of course unless there is a compelling reason not to do so. The Australian Government should develop a comprehensive and structured program of data

release to support research and enable evidence-based improvements to the sector. This should be finalised and published within 12–18 months of tabling of this report. The Committee would expect the first tranche of employment services data to also be released within this timeframe.

Recommendation 23

8.61 The Committee recommends that the Australian Government:

- **adopt a clear default principle of transparency whereby all data is published as matter of course unless there is a compelling reason not to do so; and**
- **implement a comprehensive and structured program of data release to support research capability and enable evidence-based improvements to the sector, with the program to include:**
  - **identification of data assets—including administrative and survey data;**
  - **a clear schedule for the release of data assets to the public;**
  - **a comprehensive data protection framework;**
  - **training and ongoing support in the use of the data for all officers;**
  - **a service level requirement that administrative and survey data will be released no less than 12 months after it is collected unless the data is specifically collected for the purposes of an evaluation; and**
  - **a policy framework and IT system changes to support the integration of data from other sources including Australian Government, State and Territory Governments, and research institutions.**

This program should be finalised and published within 12–18 months of the tabling of this report.

Recommendation 24

8.62 The Committee recommends that the Australian Government implement a new evaluation framework for employment services, including the following key elements:

- **A maximum 18-month period release date for evaluation reports following the end of the period analysed.**
- **Release of data used for the purposes of the evaluation for external scrutiny and analysis at the time the evaluation report is published.**
- **Inclusion of a broader range of metrics of effectiveness, including measures which assess the success of the system in building a jobseeker's capacity for social and economic participation and meeting the needs of employers.**
- **Consideration of the satisfaction of service users including unemployed people and employers.**

8.63 As outlined in Chapter 2, excessive competition and a lack of collaboration and sharing of best practice has been a critical issue for employment services since outsourcing of service delivery and the adoption of a quasi-market model. There is compelling evidence to indicate that this concern has grown over time, with negative consequences including wastage, fragmentation, and lack of dispersion of new or techniques or strategies that work. In saying this, it must also be acknowledged that competition often drives innovation, and there is a trade-off.

8.64 There is an enormous amount that Australia can and should learn from other jurisdictions in relation to learning and evaluation. Many countries with which the Committee engaged during the inquiry have far more structured approaches to research, learning, continuous improvement, and evaluation than Australia. This includes more routine use of trials, particularly RCTs, to test and establish an evidence based for changes and new initiatives.

8.65 Building on the Committee's conclusions in Chapter 7, the Committee considers that the Employment Services Quality Commission should have the lead responsibility to rebuild a culture across the system of collaborative research, learning, service, and quality improvement and sharing good practice. This should occur in partnership with external partners.

8.66 A dedicated unit within the new Employment Services Quality Commission should facilitate co-operative research which brings together government, academics, researchers, and practitioners. Having practitioners (including providers and their staff) work within and in partnership with the commission would also ensure insights are directly translated to service-level improvements, build a clear picture of a 'quality' employment service, and provide guidance on quality service pricing.

8.67 Key functions of the unit within the Employment Services Quality Commission should include:

- leading work to identify and share best practice with the sector, including through the establishment of Communities of Policy and Practice;
- identification and mapping of pathways to employment, including services that would best support jobseekers along those pathways and the costs associated with service delivery; and
- developing a research agenda and ethical framework for the sector, including measures to enable access to data to support research efforts and proposals for RCTs or pilots.

8.68 The Committee was impressed by the approaches of the Centre for Local Innovation in Social and Employment Services in Denmark to drive improvements to the public employment services, as well as the activities undertaken by Le Lab in France. Those organisations may be used as models in establishing the new unit within the Employment Services Quality Commission.

8.69 The Committee also notes that there has been a commitment made to establish a Disability Employment Centre of Excellence. Consistent with other recommendations

to support a culture of learning and continuous improvement, there would be value in the functions of this Centre ultimately being subject to oversight by the Employment Services Quality Commission.

8.70 DEWR would be closely engaged with the Quality Commission's work as the enabler and active steward of the system; a provider of functions and services; the custodian of the bulk of system data; and the funder and commissioner of the service ecosystem. The Committee expects that DEWR needs to appropriately invest in IT infrastructure, to support fully utilising the emerging techniques, such as data analytics, AI and machine learning.

8.71 Complementing the new Quality Commission's focus on learning, quality, and service improvement, DEWR would retain responsibility for service model and program level evaluations, both formal and informal. There is considerable room to enhance the framework for evaluations of employment services, including via the application of counterfactual evaluations—subject to appropriate ethical and methodological constraints—and consideration of a greater range of measures of service quality.

8.72 Evaluations must have the built-in capacity to assess whether services are successful in building the capacity of jobseekers across a range of domains. This is consistent with a service model which delivers holistic support to unemployed people and enables social as well as economic participation. Evaluations should also assess the system's ability to support employers. This will be critical in light of the demand-led measures the Committee recommends elsewhere in this report.

8.73 Program evaluation is an important capability for the public service. The Committee welcomes work by government to build and strengthen this capability. DEWR should partner with key stakeholders including University researchers and the Australian Centre for Evaluation (a preferable approach to ad-hoc commissioning of large commercial consultancy led evaluations), supporting a culture of peer-review. Greater transparency in evaluations builds confidence in results, builds research capacity and a learning culture in the public sector, and encourages government to explore additional cooperative and partnership-based evaluation models.

8.74 Noting the evidence regarding gaps in the evaluation framework, the Committee is of the view that government should implement a new evaluation framework. This is likely to require revisions to the current *Evaluation Strategy for Workforce Australia Employment Services 2022–2028*. The framework appears narrow and largely focused on employment outcomes and cost effectiveness. While these are primary goals, other considerations must form part of a more holistic approach to evaluation if the system is to move beyond the failed work first focus. Cost effectiveness should not be seen as a proxy for endless cost reductions which bear no relationship to ensuring a quality service. A focus on employment is also reflected in evaluation questions relating to the payment system and provider performance framework, which ask whether those elements of the employment services system are effective in driving employment outcomes.

Recommendation 25

8.75 The Committee recommends that the Australian Government establish a unit within the new Employment Services Quality Commission responsible for continuous research and learning regarding service delivery and quality improvement and sharing of good practice. The unit should undertake its work with the Department of Employment and Workplace Relations, service partners, clients and external research partners including Universities and the Australian Centre for Evaluation, with its functions to include:

- **leading work to identify and share best practice in the design and delivery of employment services;**
- **identifying and mapping pathways to employment, including services that would best support jobseekers along those pathways and the costs associated with service delivery; and**
- **developing an ongoing collaborative research agenda for the sector, including measures to enable greater access to data to support research efforts.**

8.76 The Committee is also concerned that providers' access to data they have recorded in the system is restricted, noting that this may limit—or at least delay—a provider's ability to deliver effective employment supports. Lack of access to this data also adds to administrative burden, particularly if providers are obliged to maintain 'shadow' systems which result in the duplication of work.

8.77 Providers should have real- or near real-time access to data they record in systems that they are required to use, in the form that meets the provider's business needs. This is in order to improve services to clients and reduce administrative burden by forcing providers to maintain data in duplicate 'shadow' administrative systems for accountability and compliance purposes.

Recommendation 26

8.78 The Committee recommends that the Australian Government ensure all service partners can access information they enter into the department's IT systems unless there are clear, defendable reasons for not making that data available.

8.79 Existing contractual arrangements severely limit opportunities to innovate, including by discouraging providers from trialling new initiatives. Employment services must have the in-built capacity to trial and evaluate new service offerings. This is critical to identifying and sharing best practice, responding to changing labour markets, and enabling continuous improvement.

8.80 Trials and pilots were previously supported under the NEST and in earlier iterations of employment services. This indicates that innovation can form part of mainstream employment services assuming policy settings do not constrain new initiatives.

8.81 Measures such as removing sites used to trial service models from performance evaluations, and the implementation of dedicated sandboxes or innovation zones to enable testing of new approaches in a low-risk environment should be implemented to reduce barriers to innovation. Further, rewarding those who do innovate through giving preference during mid-term licence allocations warrants consideration.

8.82 Both NIAA and DSS have implemented measures to support trialling of initiatives in the CDP and DES programs. The government should actively monitor those trials to identify lessons and examples of best practice which may support reforms to the mainstream employment services system.

Recommendation 27

8.83 The Committee recommends that the Australian Government ensure a rebuilt Commonwealth Employment Services System permanently design in the capacity to experiment with innovative service delivery approaches. Trials should be subject to rigorous co-design with stakeholders including participants, providers, peak bodies, and academic and policy experts, and should be subject to robust monitoring and evaluation. 'Innovation zones' should be considered along with exclusion of approved trials of new initiatives from performance metrics so as not to discourage or punish providers and services which try new approaches.

8.84 In reaching its conclusions in this chapter, the Committee acknowledges there is some degree of inherent overlap between the functions proposed for the Employment Services Quality Commission and DEWR. If the Australian Government adopts these broad recommendations, then more detailed delineation of these functions can be worked out by DEWR. Wherever the lines are drawn matters far less than the important of establishing a positive culture of close collaboration between DEWR as data custodian, active system steward and enabler of the service ecosystem and the Employment Services Quality Commission as procurer and funder of services. Similarly, if the proposed Commission is established, minimising duplication with other regulators should be a design principle.

9. Gateway to services

This chapter examines the features of an effective gateway service. The first steps of a jobseeker's engagement with the system will be initial contact and onboarding, assessment(s) to determine the appropriate employment service, and then referral or registration with a service provider (including online services). The gateway service also includes processes related to re-assessment, transfers between services and exits from services thereby ensuring that jobseekers continue to receive appropriate support when their circumstances change. It is important to get these processes right in order to identify a jobseeker's needs and capacity and determine the most appropriate services that align to their current pathway to employment at any point in time—in order to have both an effective and cost-efficient service model.

As outlined in earlier chapters, the gateway service would be a function of Employment Services Australia (ESA). Compelling evidence was received about the need for gateway services to be undertaken by the public sector, particularly assessment and referral processes. The design features proposed seek to address issues that were identified across the employment services system, including not only Workforce Australia but also ParentsNext. The initial referral process is also a key touchpoint between all programs in Australia's employment services system—such as Disability Employment Services (DES) and Community Development Program (CDP). The Committee has limited itself to consideration of gateway services for DES and CDP as they relate to interaction with Workforce Australia, however, encourages further consideration on ways to streamline processes and ensure consistency across services as part of rebuilding a Commonwealth Employment Services System.

Changes need to be made to ensure that a jobseeker's initial engagement with government is no longer impersonal and dehumanising. Applying for income support is a confronting experience as it means that a person has no other source of income and little or no liquid assets. In addition, most individuals are almost certainly anxious and concerned about being able to find a job, if not shocked at the loss of prior employment. Applying for government support does not mean that a person lacks motivation to find a job, rather that they lack the financial resources needed while finding a job. Nevertheless, the myth of the 'dole bludger' appears to have infected almost every part of the income support and employment services ecosystem, including messages sent from Centrelink. The initial contact and onboarding process must take into account findings from the Robodebt Royal Commission and avoid any conduct or language that reinforces shame associated with accessing income or employment support.

During the registration and onboarding process, people seeking income support frequently do not make the distinction between elements related to the income support application and those that relate to the employment services system. As a result, it is no surprise that people are often reluctant to disclose personal information or barriers to

employment in their initial assessment and seek to rush through decisions in order to connect with online or provider-led services in order to start receiving income support. As far as it is possible, the model for ESA's assessment framework needs to provide clear delineation between income support and employment support.

Issues with the assessment and referral processes are also exacerbated by the fact that the goal seems to be to move jobseekers into online services or match them with a provider immediately. There is no time allowed during interviews to build the trust required to disclose barriers or options for jobseekers to express even basic aspiration or goals. Individuals also have limited scope to learn about the services that may be available or the performance of providers in order to make an informed choice about what provider or support services may be best for them. The new model for ESA gateway services should ensure that all individuals, whether on income support or not, have access to information on the role and function of employment services, including by ensuring consistent information on government websites and enabling jobseekers to contact relevant officers to obtain advice. Jobseeker agency over the choice of provider or service has been demonstrated to get better engagement and results.

The reformed assessment framework proposed would keep the Job Seeker Snapshot (JSS), subject to trials of possible amendments. The evidence supports use of the JSS as a quick way of identifying those who are most likely to achieve an outcome through digital-hybrid services, but changes will be needed so that people are only referred to digital-hybrid services where there is very high confidence this is appropriate.

A new more in-depth Assessment Service would be added as part of the assessment framework. The more time-intensive assessment process would see the creation of an initial Participation and Jobs Plan that maps a person's current pathway to employment and identifies a suitable mix of support services. It is proposed that the Assessment Service by ESA would include greater use of face-to-face or video interviews, and that a sufficient number of interviews would be allowed to properly understand a person's aspirations and barriers. The Committee envisages that investment in the assessment process would help to identify those individuals who should be referred to services that build social capabilities or address non-vocational barriers before transferring to services that seek to build employability or help with job search. The experiences of the aged care sector highlights the broader benefits and potential cost savings that come from greater disclosure of barriers before connection with the right services.

Finally, issues related to people who are incapable of work—either permanently or temporarily—were also examined. It is apparent that there are people receiving Jobseeker who should be receiving the Disability Support Pension (DSP) but are unable to navigate the assessment process, or who have disability, chronic illness and chaotic lives not properly recognised in the assessment process. Minor adjustments are proposed to address this issue. At any point in time, there will also be those on Jobseeker who are in fact sick and exempted from participation due to temporary incapacity. There would be merit in reintroducing Sickness Allowance, and extending eligibility for that allowance to those experiencing sustained incapacity who are not eligible for the DSP. Measure must also be implemented to address any challenges jobseekers face in accessing the medical and other evidence needed as part of the application for DSP or temporary exemptions.

Initial contact and onboarding

9.1 Access to income support requires that a person register with Centrelink. As part of this process, the person will usually complete a Job Seeker Snapshot (JSS) to assess program eligibility and have their Participation Interview—usually conducted over the phone—with Centrelink.[1]

9.2 It is the responsibility of the claimant to book their Participation Interview if lodging their income support claim online. They will then receive a call from a private number at the scheduled time.[2] The interview will assess eligibility for income support and relative levels of disadvantage and supports referral to other services.[3]

9.3 The Participation Interview also allows Centrelink to determine whether the individual is subject to RapidConnect. RapidConnect is established under the social security law and provides that until a jobseeker attends an initial interview with a provider or for online participants agrees to their Job Plan, they will not receive income support.[4] This can create an inherent inequity in that online jobseekers can sign their Job Plan straightaway and start to access their income support, whereas, those referred to a provider, need to be booked into a provider appointment, attend appointment and then sign their Job Plan, that can delay their access income support.

9.4 Stakeholders raised issues with the process of registration for income support. Key challenges included obtaining useful information from websites, long wait times to speak to Centrelink officers, and a lack of useful advice.[5] Accessing the employment services system can be dehumanising for jobseekers who are often treated as if they intend to exploit the system for personal gain.[6] This is notwithstanding evidence that this stereotype applies only to a very small number of jobseekers.[7] One individual recounted the following experience:

> [M]essages were more often than not punitive, you will be punished if you provide incorrect information, don't provide information on time etc. … [They] were never couched in terms of 'we're here to assist you in finding a job and support you until

1 Ms Melissa Ryan, First Assistant Secretary—Workforce Australia for Individuals, Department of Employment and Workplace Relations (DEWR), *Committee Hansard*, 3 November 2022, p. 45.

2 See Headspace, *How to apply for the Centrelink JobSeeker Payment Online*, https://headspace.org.au/headspace-centres/geelong/how-to-apply-for-the-cen/, viewed 20 November 2023.

3 DEWR, *Submission 254*, p. 54.

4 DEWR, *Submission 254*, p. 54. See also Department of Social Services (DSS), *Social Security Guide: 'RapidConnect'*, https://guides.dss.gov.au/social-security-guide/1/1/r/05, viewed 20 November 2023.

5 See, for example, Name Withheld, *Submission 116*, pages 1–2; Ms Karen Zaskolny, *Submission 131*, p. [1]; Mx Eve Geyer, *Submission 220*, p. [1]; 'Julie', Private capacity, *Committee Hansard*, 20 September 2023, p. 35.

6 See, for example, Ms Karen Black, *Submission 94*, p. 2; Ms Karen Zaskolny, *Submission 131*, p. [2]; Mrs Kerry Hynes, *Submission 138*, p. 2; Dr Colin Harrison, *Submission 152*, pages 2-3; Name Withheld, *Submission 160*, p. 6; Name Withheld, *Submission 230*, p. [3].

7 See, for example, Mrs Nicole Mattsson, National Services Design and Integration Leader, IntoWork, *Committee Hansard*, 14 March 2023, p. 63; Mr Kieran Kearney, CEO, Workways Australia (Workways), *Committee Hansard*, 6 June 2023, p. 22; Mr Steve Wyborn, CEO, IntoJobs *Committee Hansard*, 14 March 2023, p. 63 who indicated it would be between 5-10 per cent.

you do'. They gave the impression that the message was really 'we know you're rorting the system, you're a bludger and we'll catch you and punish you'.[8]

9.5 The pervasive stereotype of the 'dole bludger' was also raised during the Robodebt Royal Commission, with evidence indicating that stigma can have a significant negative impact on income support recipients' self-perception and willingness to seek support.[9] The Robodebt Royal Commission recommended Services Australia design policies and processes with a primary emphasis on the recipients it is meant to serve, stating that this should entail:

- avoiding language and conduct which reinforces feelings of stigma and shame associated with the receipt of government support when it is needed;
- facilitating easy and efficient engagement, with options of online, in-person and telephone communication available according to the particular circumstances of the customer cohort including itinerant lifestyles, lack of access to technology, lack of digital literacy, and the particular difficulties rural and remote living;
- explaining processes to recipients using clear terms and plain language; and
- acting with sensitivity to financial and other forms of stress experienced by income support recipients and taking all practicable steps to avoid the possibility that interactions with government might exacerbate stress.[10]

9.6 Stakeholders noted that a jobseeker's initial contact with a service provider similarly focuses on compliance and enforcement rather than on support. For example, the Antipoverty Centre noted that the first interaction with a provider typically focuses on signing a Job Plan rather than understanding an individual's needs and aspirations.[11] The Australian Council of Social Service (ACOSS) stated that there is a pervasive threat of payment suspension during the process of developing the Job Plan.[12] This was also reflected in other submissions. For example:

- One individual stated that they were in tears during their initial appointment with their provider when told that they would be expected to apply for 20 jobs on top of their studies, despite facing barriers to employment.[13]
- Another individual recounted feeling that they had little choice or agency, noting that if they did not sign a Job Plan or attend an appointment, their payments may be suspended, reduced, or cancelled.[14]

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8 Name Withheld, *Submission 116*, p. 2.

9 Robodebt Royal Commission (2023), *Report of the Royal Commission into the Robodebt Scheme,* pages 331–332.

10 Robodebt Royal Commission (2023), *Report of the Royal Commission into the Robodebt Scheme,* p. 342.

11 Mr Jay Connan, Co-coordinator—Research and Policy, Antipoverty Centre, *Committee Hansard*, 19 September 2023, p. 14

12 Australian Council of Social Service (ACOSS), *Submission 203*, p. 39.

13 Name Withheld, *Submission 221*, p. [2]. The provider ultimately supported the individual to be re-assessed into an alternative service. However, this does not always occur.

14 Name Withheld, *Submission 125*, p. [2].

- Ms Kaye Demetriou stated that despite having cataracts removed 14 days prior, and advising the employment consultant of this matter, she was forced to attend an initial appointment with their provider in person.[15]

Jobseeker assessments

9.7 The assistance provided to jobseekers must be based on individual needs and their capacity to benefit. This necessitates a robust and effective assessment framework that identifies both need and capacity and ensures that jobseekers are allocated to services that are the most appropriate to their circumstances.[16]

9.8 The Job Seeker Assessment Framework is the overarching structure of processes, tools, and resources used to identify the strengths and barriers of jobseekers. Core elements include the JSS and the Employment Services Assessment (ESAt).[17] The Framework also captures the Digital Services Reviews which occur at four and eight months for participants in Workforce Australia Online.[18]

9.9 Some stakeholders raised concern that the core function of the Assessment Framework is rationing expenditure rather than comprehensively assessing jobseekers' needs and barriers to employment.[19] For example, Economic Justice Australia (EJA) stated:

> The JSS appears to be used as a tool that enables the reduction of expenditure on service provision by rationing available services and minimising human involvement in conducting intake assessments. The JSS enables the number of people eligible for intensive assistance to be 'controlled by varying the threshold scores of the JSCI'. On this metric, the goal appears to be cost-effectiveness.[20]

Initial assessment: Job Seeker Snapshot

9.10 The JSS is a questionnaire which collects information on jobseekers' circumstances, including job search confidence, experience, education, background, and ability to use online tools. The JSS incorporates the Job Seeker Classification Instrument (JSCI), which weighs numerous factors to assess relative disadvantage and the likelihood of an individual becoming long-term unemployed (LTU). The JSCI score is used to determine the most appropriate service for the jobseeker.[21]

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15 Ms Kaye Demetriou, *Submission 267*, p. 1.

16 See Institute for Employability Professionals (IEP), *Submission 291*, p. [13].

17 DEWR, *Submission* 254, p. 190. See also DEWR, *Job Seeker Assessment Framework*, www.dewr.gov.au/job-seeker-assessment-framework, viewed 20 November 2023.

18 DEWR, *Submission 254.1*, p. [26].

19 See, for example, MAX Solutions (MAX), *Submission 146*, p. 23; Campbell Page, *Submission 150*, p. [6]; Workskil Australia (Workskil), *Submission 196*, p. 15; SYC Ltd (SYC), *Submission 189*, p. 8; Per Capita, *Submission 252*, p. [30].

20 Economic Justice Australia (EJA), *Submission 153.1*, pages 2–3.

21 DEWR, *Submission 254*, pages 54, 56. See also DEWR (2022), *Job Seeker Snapshot Overview*, p. [3], www.dewr.gov.au/job-seeker-assessment-framework/resources/job-seeker-snapshot-overview, viewed 20 November 2023.

9.11 Statistical profiling has been used in employment services since the early 1990s, and the JSCI has been used since 1998. On occasion, new factors are added and others are removed. However, the basis of this model has remained largely unchanged.[22]

9.12 The Department of Employment and Workplace Relations (DEWR) reported that 65.5 per cent of participants complete the JSS by phone, and 28.0 per cent complete the JSS online.[23] During trials of the JSS conducted from 2018 to 2020, most participants had little difficulty completing the JSS online, and found the website easy to navigate.[24] DEWR noted that several enhancements were made to the JSS with rollout of Workforce Australia, including:

- reduced duplication via pre-population of responses from income support data;
- grouping of questions and the introduction of a cleaner, more modern interface;
- integrating questions to determine an individuals' internet and digital skills and ability to use and access Workforce Australia Online; and
- the introduction of new metrics which do not affect the JSCI score, including job search interests and confidence in the job search process.[25]

9.13 In addition to supporting the referral of jobseekers to services, the JSS is used to identify individuals who:

- disclosed domestic violence, family grief or trauma and may need to be referred to a Services Australia Social Worker; or
- would benefit from referral to Skills for Education and Employment (SEE) or Adult Migrant English Program (AMEP) to assist with language, literacy and numeracy.[26]

9.14 Several stakeholders raised concern as to the accuracy and comprehensiveness of the JSS and impacts on referrals.[27] The Committee heard that inaccuracies are often a result of the jobseeker's reluctance to disclose personal information and the use of aggregated and algorithm-based assessment tools.[28] For example, CoAct stated:

> [A] jobseeker is often motivated to report only things which present them, and their circumstances, in the best possible light and may be believe that disclosing barriers is detrimental. Other jobseekers may be unaware of the impact various circumstances may have on their capacity to find and sustain employment.[29]

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22 DEWR, *Submission 254*, p. 57. See also DEWR (2022), *Job Seeker Snapshot Overview*, p. [13].
23 DEWR, *Submission 254.5*, p. 9.
24 DEWR, *Submission 254*, p. 58.
25 DEWR, *Submission 254*, p. 58.
26 DEWR, *Submission 254*, pages 56-57.
27 See, for example, Campbell Page, *Submission 150*, pages [5-6]; CoAct, *Submission 151*, p. 10; WISE Employment, *Submission 169*, p. 12; Multicultural Australia, *Submission 182*, p. 22; SYC, *Submission 189*, p. 8; Workskil, *Submission 196*, p. 9; Workways Australia Ltd (Workways), *Submission 239*, p. 23.
28 See, for example, CVGT Employment (CVGT), *Submission 106*, p. 13; IntoWork Australia (IntoWork), *Submission 156*, p. 3; atWork Australia (atWork), *Submission 210*, p. 5; Jobs Australia, *Submission 185*, p. 12; Mr Con Kittos, Executive Chairman, Asuria People Services (Asuria), *Committee Hansard*, 26 May 2023, p. 27.
29 CoAct, *Submission 151*, p. 10.

9.15 CoAct went on to note that during the income support claiming process, jobseekers are under stress and focus predominantly on access to payments, which is not conducive to sharing personal or sensitive information or to jobseekers making informed decisions about their provider. CoAct asserted that registration for income support should be handled separately from assessment and referral.[30]

9.16 Several other stakeholders similarly told the Committee that jobseekers are typically focused on income support during the initial assessment process and are reluctant to disclose information to Centrelink for fear it will impact their payments.[31]

9.17 The disclosure of personal and sensitive information requires a relationship of trust between the jobseeker and assessor. Stakeholders expressed doubt as to whether such a relationship can be built in within the current JSS process.[32] Access Care Network Australia (ACNA) stated it is often difficult to balance requests for personal and sensitive information with a strengths-based assessment that promotes jobseekers' sense of worth and the value they contribute to society.[33]

9.18 Jobseekers also told the Committee that the assessment process did not accurately capture their needs or work capacity. For example, one individual stated:

> I was assessed as able to return to English language teaching even though I told the assessor that wasn't physically practical due to the demands of the job. The assessment was based on assumptions, not evidence.[34]

9.19 Providers also expressed concern as to the accuracy and comprehensiveness of the JSS, noting that jobseekers may require multiple contacts (an average of two to four) to begin disclosing the full suite of barriers to employment.[35]

9.20 The failure of the JSS to reliably identify and respond to mental health challenges was a concern for stakeholders.[36] This was reflected in findings by the Productivity Commission which highlighted under-identification of mental health issues:

> [The] JSCI [is] conducted over the phone in less than 5 minutes by a Services Australia assessor … [A] 2014–15 National Health Survey estimated that 42 per cent of Newstart and 29 per cent of Youth Allowance recipients had a

30 CoAct, *Submission 151*, p. 12.

31 See, for example, Workskil, *Submission 196*, p. 15; The Salvation Army Employment Plus (SAEP), *Submission 199*, p. 34; National Employment Services Association (NESA), *Submission 260*, pages 54–55; MatchWorks, *Submission 263*, p. 21.

32 See, for example, Joblink Plus, *Submission 157*, pages 11-12; MTC Australia (MTC), *Submission 164*, pages 4-5; Mission Australia, *Submission 190*, p. 9; Workskil, *Submission 196*, p. 15; Yilabara Solutions, *Submission 231*, p. 16.

33 Dr Ricki Smith, CEO, Access Care Network Australia (ACNA), *Committee Hansard*, 26 May 2023, p. 30.

34 Name Withheld, *Submission 137*, pages [1–2].

35 See, for example, MAX, *Submission 146*, pages 23–24; IntoWork, *Submission 156*, p. 3; MTC, *Submission 164*, pages 4-5; WISE Employment, *Submission 169*, p. 12; SYC, *Submission 189*, p. 8; VERTO, *Submission 202*, p. [10]; Yilabara Solutions, *Submission 231*, p. 16; Asuria, *Submission 246*, p. 15; MatchWorks, *Submission 263*, p. 21.

36 See, for example, atWork, *Submission 210*, p. 5; SAEP, *Submission 199*, p. 11; Western Australian Association for Mental Health (WAAMH), *Submission 248*, p. 15; Jobs Australia, *Submission 185*, p. 13.

> mental illness, but only 16 per cent of Newstart and 7 per cent of Youth Allowance recipients self-reported a mental illness when they completed the JSCI.[37]

9.21 This concern about the JSS being conducted online or by phone (rather than face-to-face) was echoed by several stakeholders.[38] MAX Solutions (MAX) noted that the current format for the JSS does not support people with disability to disclose matters which are likely to impact on their ability to participate in services:

> One scenario we have seen … on several occasions is job seekers presenting at initial appointments with significant physical disabilities and classified as what was formally Stream A [closest to the labour market]. When we speak to them they rightly say that they don't see themselves as having a disability. Whilst this is exactly the attitude we want all our job seekers to have, it doesn't minimise the impact their condition will have on finding the right job and employer and the level of additional support that may be required. If the [JSS] had been completed in person, arguably the person asking the questions could have recorded that information and asked follow-up questions to ensure any issues were taken into account in the streaming process.[39]

9.22 During its European delegation, the Committee heard that in Denmark the initial meeting with a client is required to be face-to-face.

9.23 DEWR stated that jobseekers are often reluctant to disclose personal information during the initial contact with Services Australia, noting that trials of the JSS found that for the purposes of this initial contact jobseekers are more likely to disclose barriers to employment and indicators of vulnerability online rather than face-to-face. Subsequent in-person engagement with a provider and the building of a relationship of trust are therefore critical to ensuring that jobseekers feel supported to disclose sensitive information and to developing the supports that are needed to move the jobseeker closer to the labour market.[40]

9.24 DEWR also noted that during the 2022 evaluation of jobactive, stakeholders raised concern that the JSCI may lack specificity and can result in jobseekers being referred to inappropriate services. DEWR stated that the efficacy of the JSS is likely to increase under Workforce Australia's simplified servicing model.[41]

9.25 Stakeholders raised concern that failure to identify barriers to employment—and particularly barriers associated with digital literacy—may result in jobseekers being

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37 SAEP, *Submission 199*, p. 11, citing Productivity Commission (2020), *Mental Health.* Inquiry Report No. 95*,* www.pc.gov.au/inquiries/completed/mental-health/report, viewed 20 November 2023.

38 See, for example, CoAct, *Submission 151*, p. 10; SAEP, *Submission 199*, p. 26; Yilabara Solutions, *Submission 231*, p. 16.

39 MAX, *Submission 146*, p. 23.

40 DEWR, *Submission 254*, pages 55, 58. See also Ms Ryan, DEWR, *Committee Hansard*, 3 November 2022, p. 44; DEWR (2018), *Evaluation of jobactive: Final Report*, pages 70–73, www.dewr.gov.au/employment-services-evaluations/resources/evaluation-jobactive-final-report, viewed 20 November 2023.

41 DEWR, *Submission 254*, p. 55.

inappropriately referred to digital services. Without additional support, jobseekers may languish on the digital caseload until they reach the maximum allowable period for online assistance. At this point, a jobseeker will be LTU by most metrics and may be more difficult to support when they transition to provider-led services.[42] Stakeholders indicated that whether a jobseeker is accurately streamed to online or provider-led services is often more important than the length of time spent in online services or the quality of supports a jobseeker receives in that program.[43]

9.26 There were also calls for enhanced transparency in relation to certain aspects of the Job Seeker Assessment Framework, including algorithms that determine the service to which a jobseeker is referred.[44]

Employment Services Assessments

9.27 The ESAt is a comprehensive assessment by health or allied health professionals in Centrelink. It is designed to determine an individual's ability to work and their work capacity, including personal or vocational reasons for long-term reduced capacity. The ESAt is also used to determine the most appropriate employment service for a jobseeker—for example Disability Employment Services (DES) or Workforce Australia provider-led services. Jobseekers may be referred for ESAt for additional assessment after they have completed the JSS. Providers may also refer jobseekers to the ESAt if new information is disclosed after the JSS is complete. An ESAt is valid for two years.[45]

9.28 Concerns about the ESAt reflected broader concerns with the jobseeker assessment process. For example, Workways Australia Ltd (Workways) noted that ESAts may not be accessible, with jobseekers waiting weeks or months for appointments.[46]

9.29 Other stakeholders highlighted challenges in obtaining medical evidence to support ESAts. Yilabara Solutions indicated that this is a particular issue for First Nations jobseekers who may have little engagement with medical and other health services due to cost, transport issues, and fear of repercussions.[47]

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42 See, for example, WDEA Works, *Submission 168*, p. 5; SAEP, *Submission 199*, pages 11, 35; Dr Michael McGann, private capacity, *Committee Hansard*, 14 March 2023, p. 24; Mrs Kathleen Newcombe, Group CEO, Sarina Russo Job Access (SRJA), *Committee Hansard*, p. 14. Issues associated with jobseekers remaining on in online services without additional support, and the maximum duration for online services, are discussed in Chapter 10.

43 See, for example, Asuria, *Submission 246*, p. 22; Professor Shelley Mallett, Director—Social Policy and Research, Brotherhood of St Laurence (BSL), *Committee Hansard*, 14 March 2023, p. 24; Mrs Karena Newland, CEO, Jobfind Centres Australia (Jobfind), *Committee Hansard*, 14 March 2023, p. 54.

44 See, for example, Dr David O'Halloran, *Submission 108*, p. [8]; Joblink Plus, *Submission 157*, p. 12; BSL, *Submission 249*, pages 9, 46, 48.

45 See DSS, *Submission 192*, p. 9; DEWR, *Submission 254*, pages 54–55.

46 Workways Australia, *Submission 239*, pages 15, 23.

47 Yilabara Solutions, *Submission 231*, p. 16.

9.30 SSI called for a review of ESAts, including the approach to gathering data, and to categorising participants; noting that evidence requirements are complex and are exacerbated by financial and language barriers.[48]

9.31 Similar feedback was reflected in the DES review, where stakeholders advocated for people with disability to be allowed to access DES while awaiting medical evidence.[49]

9.32 Some measures have been implemented to address these issues. For example, the Department of Veterans' Affairs has partnered with Services Australia around measures to reimburse medical providers who treat eligible veterans.[50] Further, in November 2023, the Australian Government announced the tripling of the incentives for GPs to bulk bill Commonwealth Concession Card holders.[51]

Model for an assessment framework

9.33 Stakeholders made suggestions for how the current Job Seeker Assessment Framework could be improved to ensure that it collects accurate information on jobseekers and ensures they are allocated to the most appropriate service. There was fairly broad consensus that, subject to enhancements, the JSS could be retained as a means of quickly and effectively identifying those jobseekers who are capable and confident using digital (hybrid) services and who are likely to quicky exit into employment—with more in-depth assessment for other jobseekers.[52]

9.34 This view broadly reflected the three-stage approach to assessment in the *I Want to Work* report:

1 Identify those who can self-manage online.

2 Comprehensive assessment to decide the most appropriate level of services.

3 In-depth, ongoing assessment of skill, capabilities and needs while in assistance, to personalise services they will receive while in the system.[53]

9.35 ACNA argued that if there are doubts about a jobseeker's capacity to self-manage online, assessors could ask a jobseeker to demonstrate their ability to search for jobs

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48 SSI, *Submission 193*, p. 10.

49 DSS (2022), *New Disability Employment Support Model – Consultation report*, p. 8, https://engage.dss.gov.au/new-disability-employment-support-model/new-disability-employment-support-model-consultation-paper/, viewed 20 November 2023.

50 Department of Veterans' Affairs, *Provider Claims,* www.dva.gov.au/get-support/providers/claiming-and-compliance/provider-claims, viewed 20 November 2023.

51 The Hon Mark Butler MP, Minister for Health and Aged Care, *Medicare bulk billing strengthened as largest investment in 40 years takes effect*, Media Release, 1 November 2023.

52 See, for example, Professor Leila Green, Dr Kylie Stevenson, Dr Kelly Jaunzems, Ms Claire Hanlon and Mr Arthur Hanlon (Professor Green et al), *Submission 120*, p. [7]; CoAct, *Submission 151*, p. 10; WISE Employment, Submission 169, p. 12; SSI, *Submission 193*, p. 3; APM, *Submission 213*, p. 10; Mr Kittos, Asuria, *Committee Hansard*, 26 May 2023, p. 27.

53 Employment Services Expert Advisory Panel (2018), *I Want to Work Employment Services 2020 Report*, p. 64, www.dewr.gov.au/new-employment-services-model/resources/i-want-work, viewed 20 November 2023.

online rather than merely asking the jobseeker to self-report.[54] ACNA also asserted that in-depth assessment must be viewed by a jobseeker as a human-centered experience, to enable assessors to collect observational data. Moreover, the assessment should not—at least initially—focus on a jobseeker's weaknesses or deficits, but instead seek to understand a jobseeker's history. This includes talking about a jobseeker's hopes and aspirations. ACNA also emphasised the importance of a conversational approach.[55] WISE Employment described a similar process, noting that such a process should involve:

> … using open-ended questioning techniques and a 'whole of person 'approach, encompassing all life domains which might impact and present barriers … such as health, family, community connectedness, housing, transportation, and overall wellbeing. This … would help identify the strengths that could be used to support the person on their employment journey as well as other needs or barriers.[56]

9.36 ACNA emphasised that it is important that information gathered during assessment informs subsequent program referral and is used to underpin delivery of assistance. ACNA also stated that once a jobseeker is referred to and has commenced with their provider, information gathered via the initial assessment must be available to the provider, to avoid a jobseeker having to repeat their story and to enable seamless transitions from assessment to planning.[57]

9.37 The Enterprise and Training Company (ETC) similarly observed that assessments should be progressive 'living documents' and should include detailed information on factors such as experience, skills, attitudes, motivation, barriers, and support needs. According to the ETC, assessments should be customisable to diverse job seeker circumstances and local employer expectations.[58]

9.38 Other stakeholders indicated that the assessment process should involve mapping jobseekers' employability and core skills to labour market requirements, and that jobseekers should be supported to understand how they can fill skills and training gaps that present barriers to achieving their goals.[59] During its European delegation, the Committee heard that the Netherlands is experimenting with innovative ways to adopt a broader view of skills for jobseekers seeking to re-enter the labour market or change sectors, by assessing, mapping and placing value on skills obtained via life experience. This is, in essence, a creative way of identifying transferable skills outside just those obtained through formal training or paid work. The Committee also heard that in Austria, a dual-stream approach to assessments is applied:

- **preventative assessments**, that seeks to identify people at risk of long-term unemployment early on and offering tailored personal assistance; and

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54 Dr Smith, ACNA, *Committee Hansard*, 26 May 2023, p. 30.

55 ACNA, *Submission 179*, pages 5-6. See also Dr Smith, ACNA, *Committee Hansard*, 26 May 2023, p. 30.

56 WISE Employment, *Submission 169*, p. 12.

57 ACNA, *Submission 179*, pages 5-6. See also See, for example, Dr O'Halloran, *Submission 108*, p. [5]; Mr Kittos, Asuria, *Committee Hansard*, 26 May 2023, p. 27.

58 Enterprise and Training Company (ETC), *Submission 133*, p. 4.

59 See, for example, The Multicultural Professional Network Ltd (MPN), *Submission 99*, p. 2; Australian Centre for Career Education (ACCE), *Submission 149*, p. 8.

- **curative assessments**, that looks to identify barriers and understand a person's capabilities and goals, to help ensure that appropriate, person-centred support is provided.

9.39 Similarly, the Committee was told that a service trials in France are focusing on the use of detailed social and professional diagnoses to help guide clients to access the assistance that they need to improve their employability.

9.40 Stakeholders presented examples of where person-centred assessment process had been used. For example:

- MTC Australia (MTC) stated that when jobseekers are referred, they conduct an in-depth assessment to identify a jobseeker's specific needs and identify those with complex vocational and non-vocational barriers. This is used to determine whether a jobseeker would benefit from referral to allied health or other programs. In-depth assessment also assists MTC to learn jobseekers' aspirations, evaluate job readiness, and their transferrable skills.[60]
- CVGT Employment (CVGT) drew attention to the Intake Phase under the previous Disability Employment Network, stating that during intake a jobseeker underwent assessment via Disability Pre-employment Instrument. This was a process of gathering information over four to six weeks, conducted face-to-face with an assessment officer. Face-to-face interaction was found to be an effective mechanism to identify the nature and impact of complex barriers and to help set the starting point for appropriate assistance.[61]
- The Australian Centre for Career Education (ACCE) highlighted work undertaken with the City of Greater Dandenong, Hume City Council, and Mooney Valley Council pathway programs since 2017 to assist disadvantaged jobseekers. This involved augmenting local career counselling services and making greater use of the Employment Readiness Scale. ACCE also noted that in Canada many employment services use the PRIME tool, which is designed to capture dimensions of employability and changes to those dimensions over time following assistance.[62]
- MAX outlined their assessment tool, which specifically asks questions to assess motivation and readiness to work. This is followed by a further assessment when the job seeker is ready to commence in work, focused on self-confidence and on identifying the need for in-work support. Once in work, a further assessment of the jobseeker's level of self-confidence is undertaken.[63]

9.41 Stakeholders also argued that independence in the assessment process is important as there is a risk that providers will try to have jobseekers reclassified to claim additional fees, or to avoid responsibility for jobseekers who may be difficult to place

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9.1 [60] MTC, *Submission 164*, pages 4-5.

[61] CVGT, *Submission 106*, p. 13.
[62] ACCE, *Submission 149*, pages 3, 13.
[63] MAX, *Submission 146*, p. 24.

in employment.[64] MTC stated that assessment should not be undertaken by a provider, to ensure that program referral is not influenced by external factors.[65]

9.42 The Committee also heard that Services Australia should not deliver assessments. For example, Workways noted low satisfaction with the agency's delivery of ESAts,[66] while APM Employment Services (APM) indicated that making Services Australia responsible for assessments would risk conflating assessment with the management of income support.[67]

9.43 Other stakeholders supported a model under which Services Australia would deliver assessments, noting that Services Australia already employs staff with the relevant skills and training (such as social workers).[68]

9.44 The skills of the staff conducting assessments were also identified as critical to their success. For example, Economic Justice Australia (EJA) stated that staff must be able to understand key barriers to employment.[69] The ACNA observed that the ability to work respectfully with a diversity of jobseekers and must be able to understand the impact of context, unconscious bias, and cultural belief. This requires staff with self-efficacy and self-awareness, and with the ability to adapt to a jobseeker's needs:

> An assessor is not someone who sits there with a clipboard and asks a bunch of questions in order.[70]

9.45 Consultation for the recent DES review similarly identified a need for appropriately trained assessors who understand the programs, supports, and services available. The consultation found that assessors should have specialist knowledge of barriers to employment—including specific disability types—to ensure they understand the impact of those barriers on a jobseeker's employment prospects. The consultation recommended that assessors possess skills and qualifications in allied health, occupational therapy, and employment services.[71]

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64 Associate Professor Siobhan O'Sullivan, private capacity, *Committee Hansard*, 14 March 2023, p. 8.

65 MTC, *Submission 164*, pages 4-5.

9.2 66 Workways, *Submission 239*, p. 15.

67 Mr James Muller, General Manager, APM Employment Services (APM), *Committee Hansard*, 14 March 2023, p. 56.

68 See, for example, Ms Eagle, EJA, *Committee Hansard*, 17 May 2023, p. 10; Dr Cassandra Goldie, CEO, ACOSS, *Committee Hansard*, 17 May 2023, p. 10.

69 Ms Catherine Eagle, Principal Solicitor—Welfare Rights and Advocacy Service, EJA, *Committee Hansard*, 17 May 2023, p. 5.

70 Dr Smith, ACNA, *Committee Hansard*, 26 May 2023, p. 35.

71 DSS (2022), *New Disability Employment Support Model – Consultation report*, p. 9.

Referral process

9.46 A key objective of contracting out employment services is to ensure jobseekers can exercise greater choice.[72] This was reflected in the 2017 Productivity Commission review which found that user choice in the provision of human services improves outcomes by:

- giving people agency over their own lives,
- empowering people to make decisions according to needs and preferences; and
- incentivising providers to be more responsive to the needs of users, driving innovation and efficiency in service delivery.[73]

9.47 Jobseekers referred to Workforce Australia Services are shown a list of providers to choose from at their Participation Interview. This will include specialist providers if the jobseeker is eligible and if there is a specialist provider in the local area. Jobseekers who do not choose a provider are referred to one by default.[74]

9.48 DEWR noted that from July 2022 to September 2023 there were 207,864 initial referrals to Workforce Australia Services providers. This includes participants who were referred by Services Australia, or transferring from Workforce Australia Online, Transition to Work (TtW) or another employment service program, but excludes people who transitioned from jobactive and people who moved between Workforce Australia Services sites. Of these initial referrals:

- 76.6 per cent were recorded as 'preference allocation', where the provider was manually selected from a list of available sites; and
- 23.4 per cent were auto-allocated by DEWR's IT system.[75]

9.49 According to DEWR, the three key factors influencing a jobseeker's choice of provider are location; previous relationship with the provider; and word of mouth. Under previous employment services, DEWR published Star Ratings and user reviews for providers. However, the extent to which jobseekers used the ratings in making choices about providers was low, with only four per cent of respondents to a 2017 survey indicating that they were aware of Star Ratings. As of July 2023, performance data for Workforce Australia providers is released on a quarterly basis.[76]

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72 Commonwealth of Australia (1996), *Reforming Employment Assistance: Helping Australians into Real Jobs – Ministerial Statement by Senator the Hon Senator Amanda Vanstone, Minister for Employment, Education, Training and Youth Affairs*, pages 13, 16.

73 Productivity Commission (2016), *Introducing Competition and Informed User Choice into Human Services: Identifying Sectors for Reform*, Preliminary Findings Report, p. 5, www.pc.gov.au/inquiries/completed/human-services/identifying-reform/report, viewed 20 November 2023. Referenced in DEWR, *Submission 254*, p. 61.

74 DEWR, *Submission 254*, p. 62. See also DEWR, *Submission 254.8*, p. [10].

75 DEWR, *Submission 254.8,* p. [8].

76 DEWR, *Submission 254*, pages 61–62. See also CVGT, *Submission 106*, p. 7.

Jobseeker agency in the choice of provider and services

9.50 The Committee received mixed evidence as to whether jobseekers are able to exercise informed choice when selecting their provider.

9.51 Joblink Plus stated that jobseekers are able to make an informed choice about their provider, since they are free to select a generalist provider even where they are eligible for specialist servicing.[77] Asuria People Services (Asuria) similarly noted that jobseekers have their choice of provider, but acknowledged that a lack of information and the complexity of the assessment and referral process can impact the extent to which jobseekers are able to exercise that choice.[78]

9.52 Professor Jeff Borland explained that employment services are an 'experience' good rather than a 'search good'. This means that jobseekers are rarely able to obtain sufficient information about the quality of a provider prior to being allocated to services. Most of the information available to a jobseeker is generated through experience of service delivery. In addition, once a jobseeker is allocated to a provider, they are often 'locked in' with that provider. This is due to the limited number of alternative providers, familiarity with the first provider and their staff, and the impact of financial and other stresses on the jobseeker's capacity to make deliberative choices.[79] The experience of becoming 'locked in' with a specific provider was also reflected in evidence from Professor Mark Considine, who stated:

> [A]ll the data is that people don't switch. They're incredibly sticky. They take the first supply that comes along, and, even if there's $1,000 on the table for switching, they don't switch. So that part of the model, I think, is absolutely unhelpful to us. It's not going to improve responsiveness to the consumer.[80]

9.53 There is a prevailing belief that greater choice and competition in human services drives better outcomes for clients, however this is not borne out by more recent academic and policy research as outlined in Chapter 2. In particular, choice and competition have been found to lead to poor outcomes for clients from low socioeconomic backgrounds, leading to higher levels of inequality. In addition, while outsourcing of services can reduce costs to government, evidence indicates that this often comes at the expense of service quality.[81]

9.54 In its 2017 report on competition and informed user choice in human services, the Productivity Commission observed that users should have choice over the services they access and who provides them unless there are sound reasons otherwise, stating that choice empowers users to have greater control over their lives and can generate incentives for providers to be responsive to their needs. The commission

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77 Joblink Plus, *Submission 157*, p. 13.

78 Mr Kittos, Asuria, *Committee Hansard*, 26 May 2023, p. 27.

79 Professor Jeff Borland, *Submission 171*, p. 6. See also Professor Borland, private capacity, *Committee Hansard*, 14 March 2023, p. 6; Dr Victor Quirk, *Submission 209*, p. 8.

80 Professor Mark Considine, private capacity, *Committee Hansard*, 14 March 2023, p. 7.

81 Institute for Public Policy Research (2023), *The smarter state: Between the 'magic money tree' and the 'reform fairy'*, p. 15, www.ippr.org/research/publications/the-smarter-state, viewed 20 November 2023.

also acknowledged that there will be some circumstances where user choice is not desirable, and that in such cases it is critical that the best interests of users, rather than government or providers, remains at the heart of service provision.[82] In their submisison to the 2017 inquiry, the BSL went a step further, stating:

> While user choice refers to the right for consumers to enter or exit a given service, agency implies not merely choice, but also voice; the opportunity to have meaningful input into the menu of choices available …
>
> [B]efore attempting to apply 'user choice' to new service areas, government [should] reconsider how to introduce greater user voice into services areas where individual budgets are already being used, such as by creating opportunities for coproduction with citizens.[83]

9.55 Research has also found that quasi-market systems and associated policy settings assume that clients require reward and punishment to drive behavioural change. These systems fail to recognise that clients also have strong intrinsic motivations—including a desire for greater agency and a desire to build interpersonal relations—and fail to recognise that unlocking these motivations is often much more effective in terms of achieving outcomes than extrinsic motivation. Evidence indicates that this is a key issue for the employment services system.[84] For example, CoAct stated:

> Enabling genuine jobseeker choice and a sense of agency is critical to supporting both engagement and effective capacity building. Jobseekers who feel controlled or compelled to undertake particular activities are less likely to engage positively with their Provider, or the employment preparation and job search process.[85]

9.56 The AUWU observed a lack of transparency in relation to the reasons jobseekers will be connected with a particular provider.[86]

9.57 Multicultural Australia noted that jobseekers' often low level of understanding of the employment services system, coupled with a tendency to invest deep respect in the authority of government services, limits a jobseeker's ability to exercise choice and control. This can be a particular issue for migrant and refugee jobseekers.[87]

9.58 Some stakeholders made suggestions as to what may be done to improve jobseeker choice. Jobs Australia asserted that information on local providers and their strengths

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82 Productivity Commission (2017), *Introducing Competition and Informed User Choice into Human Services: Reforms to Human Services*, pages 2, 5.

83 BSL (2017), *Reforms to human services: response to the Productivity Commission*, p. 3, https://library.bsl.org.au/bsljspui/bitstream/1/9385/1/BSL_subm_Prod_Comm_Reforms_to_human_services_2017.pdf, viewed 20 November 2023.

84 See, for example, E Patall, H Cooper, and J Robinson (2008), 'The effects of choice on intrinsic motivation and related outcomes: A meta-analysis of research findings', *Psychological Bulletin,* 134(2), p. 270; Institute for Public Policy Research (2023), *The smarter state: Between the 'magic money tree' and the 'reform fairy'*, pages 15–16; C Sykes (2023), 'How Australia's employment services system fails jobseekers: Insights from self-determination theory', *Australian Journal of Labour Economics*, 26(1), p. 100.

85 CoAct, *Submission 151*, p. 12

86 Ren McSweeney, NSW Division Member, Australian Unemployed Workers' Union (AUWU), *Committee Hansard*, 19 September 2023, p. 5.

87 Multicultural Australia, *Submission 182*, p. 19.

and specialisations should be made available.[88] The Ethnic Communities Council of Queensland (ECCQ) made a similar suggestion, noting that this could include key information on the diversity of provider staff, the provider's employer networks, and the provider's connection with relevant community services.[89]

9.59 CoAct noted that jobseekers' ability to make informed choices about their provider—like their ability to engage with assessment processes—is impacted by the stress associated with claiming income support and rapid connection requirements. CoAct suggested that the process to choose a provider be separated from the process to claim for income support, and that jobseekers be given additional time to make their choice, including to conduct research into providers in the local area where necessary.[90]

9.60 Workways observed that in some cases jobseekers are referred to multiple services or providers and will be unsure of which provider to engage and which service would be of greatest benefit. The information on providers in different services is also highly variable. This creates distress and delay for the jobseeker.[91]

9.61 In addition to exercising choice in relation to their provider, jobseekers must have greater agency as to the services to which they are referred and the assistance they receive.[92]

9.62 EJA indicated that this choice should extend to online and provider-led services, with jobseekers asked if they would prefer online or in-person services during their initial engagement with Services Australia and given greater flexibility to change services at a later date where this is necessary and appropriate.[93]

9.63 The Salvation Army Employment Plus (SAEP) asserted that the skills and experience of frontline staff is critical to enabling jobseekers to make informed decisions about service and supports. SAEP noted that many jobseekers do not fully understand the services available.[94]

9.64 CoAct observed that giving jobseekers greater choice over their provider and over supports they receive contributes to better outcomes, emphasising that jobseekers who feel compelled to undertake particular activities are unlikely to engage positively with their provider or with the employment preparation and job search process.[95]

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88 Jobs Australia, *Submission 185*, p. 15. The need for access to good and up-to-date information about what is available, and how and why those services will benefit them was also supported in the submission from WISE Employment, *Submission 169*, p. 14; Mission Australia, *Submission 190*, p. 9 MatchWorks, *Submission 263*, p. 26.

89 Ethnic Communities Council of Queensland (ECCQ), *Submission 206*, p. 4.

90 CoAct, *Submission 151*, p. 12.

91 Workways, *Submission 239*, p. 10.

92 See, for example, ETC, *Submission 133*, p. 2; National Foundation for Australian Women (NFAW), *Submission 135*, p. [3]; SRJA, *Submission 145*, p. 19; SSI, *Submission 193*, p. 3.

93 EJA, *Submission 153.1*, p. 7. ACOSS endorsed this view. See ACOSS, *Submission 203.1*, p. 1.

94 SAEP, *Submission 199*, p. 41.

95 CoAct, *Submission 151*, p. 12. A similar theme was presented that advocated a consumer driven mechanism be established to help jobseekers to get a job from Dr O'Halloran, *Submission 108*, p. [8].

9.65 DEWR highlighted areas where jobseekers can exercise control over the assistance they receive. According to DEWR, key examples include the ability to meet mutual obligations in a range of ways using the Points Based Activation System (PBAS), and jobseekers' control over the training they receive.[96]

9.66 DEWR also observed that jobseekers on the online caseload may elect to move to online services at any time—either by making a request online or by contacting the Digital Services Contact Centre (DSCC) or the National Customer Service Line (NCSL) directly. DEWR has also increased outbound calls as a form of welfare check for online participants—including to assist participants to transfer to provider-led services where this is necessary.[97] However, even where it is identified that a jobseeker is not faring well in or should never have been referred to online services, DEWR cannot mandate that a jobseeker move to provider-led services until the 'default' period of online service ends.[98] DEWR also noted that services for online participants are very different from, and less intensive than, the services delivered by providers, and described the role of the DSCC as 'caseload management'.[99]

Transfers and handovers once in assistance

Changing providers and services

9.67 One form of greater agency for jobseekers is allowing them more flexibility and support for to change providers or services once in assistance.[100]

9.68 atWork Australia (atWork) asserted that transfers between providers must be made easier and more accessible, including via enhancements to the Workforce Australia Online account and NCSL.[101] As another stakeholder stated, existing arrangements for transferring providers limit jobseeker choice:

> [U]nemployed workers have a restricted ability to change providers, often being forced to remain with a dysfunctional provider or being unable to become a client of a decent one. This is most prevalent in outer suburban or regional areas.[102]

9.69 Professor Leila Green et al observed that, in addition to changing providers, jobseekers should be enabled to move between services if appropriate to their circumstances. Professor Green et al indicated that whether such a move is appropriate should depend on the jobseeker's perceptions of the progress they have made and their views on the quality of the support they are receiving.[103]

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96 DEWR, *Submission 254*, pages 62-63.
97 See DEWR, *Submission 254*, p. 66; Ms Ryan, DEWR, *Committee Hansard*, 20 September 2023, p. 46.
98 Ms Ryan, DEWR, *Committee Hansard*, 3 November 2022, p. 53.
99 Ms Ryan, DEWR, *Committee Hansard*, 3 November 2022, p. 45.
100 See, for example, SRJA, *Submission 145*, p. 19; ECCQ, *Submission 206*, p. 4; Dr Quirk, *Submission 209*, pages 8, 9.
101 atWork, *Submission 210*, p. 7.
102 Name Withheld, *Submission 160*, p. 13.
103 Professor Green et al, *Submission 120*, p. [8].

9.70 DEWR noted that jobseekers can request a transfer to a different provider if this is their preference. Some transfer requests are automatically actioned, while others will be reviewed by the NCSL. Participants and providers may also request review of transfer decisions. Between 1 July and 31 December 2022, a total of 35,140 jobseekers exercised the choice to transfer to a different provider after commencing in services.[104] While no detailed data was provided, evidence from participants during hearings and sites visits indicates a substantial number will have initiated a transfer to stay with their original provider after they moved and were auto-reallocated to a different provider.

9.71 DEWR also noted that jobseekers may transfer between online and provider-led services. Typically, moving from online to provider-led services only requires that a jobseeker make a request through the DSCC or using their online account. Moving from provider-led to online services can be more complex. For example, the request must be supported by the provider, and must be reviewed by the NCSL before being actioned. The NCSL considers a range of factors, including whether the jobseeker agrees to transfer, is able to self-manage, and would benefit from online services.[105]

9.72 DEWR provided data on transfers and exits from Workforce Australia Online, noting that between 4 July 2022 and 30 June 2023, 37,434 individuals had transferred to Workforce Australia Services, 925 had transferred to Transition to Work (TtW) and 2,270 had exited to another employment service program (such as DES).[106]

Moving in and out of Community Development Program regions

9.73 The Community Development Program (CDP) operates in remote Australia and is designed around the unique social and labour market conditions in remote areas. The program aims to support jobseekers contribute to their communities and build skills. Jobseekers are referred to CDP if they have a residential address located in a CDP region. CDP regions cover around 75 per cent of Australia's land mass and capture over 1,000 communities. There are around 40,000 CDP participants.[107]

9.74 While eligibility criteria for the program do not require participants to identify as First Nations peoples, First Nations peoples have consistently made up around 80 per cent of the CDP caseload. As of 30 June 2023, 86 per cent of the caseload identified as First Nations.[108]

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104 DEWR, *Submission 254*, pages 60, 62. See also DEWR, *Workforce Australia Guideline – Part B: Workforce Australia Services*, pages. 22-24.

105 DEWR, *Submission 254*, p. 60. See also DEWR, *Workforce Australia Guideline – Part B: Workforce Australia Services,* p. 11.

106 DEWR, *Submission 254.5*, pages 33–34, 35.

107 National Indigenous Australian Agency (NIAA), *The Community Development Program (CDP),* www.niaa.gov.au/indigenous-affairs/employment/cdp, viewed 20 November 2023. See also DEWR, *Submission 254.1*. pages [1, 6–14].

108 See, for example, Senator the Hon Katy Gallagher, Minister for Finance (2023), *Order for the Production of Document No. 276—Community Development Program*, 25 August 2023, p. 68; Australian Bureau of Statistics (ABS) (2017), *Census of Population and Housing: Understanding the Census and Census Data, Australia—Community Development Programme Participation*, www.abs.gov.au/ausstats/abs@.nsf/Lookup/2900.0main+features101442016, viewed 20 November 2023; House of Representatives Standing

9.75 Jobseekers are often transient between CDP and mainstream employment services. During jobactive (July 2015 to June 2022), there were 47,938 exits from jobactive to CDP for 34,791 jobseekers. Of this cohort, 25 per cent moved multiple times between the programs. Proportions of transient jobseekers also vary across regions. For example, in Broome 34.6 per cent of exits related to jobseekers moving to the CDP.[109]

9.76 Regional Development Australia (RDA) Kimberly observed that transitions between programs may be explained—at least in part—by seasonal conditions and cultural practices. According to RDA Kimberly, existing boundaries between CDP and Workforce Australia do not consider regional ties nor the needs or demographic characteristics of participants.[110]

9.77 A jobseeker may elect to be serviced by a Workforce Australia or CDP provider irrespective of their residential address. However, the choice to be serviced by a CDP or Workforce Australia provider must be approved by both the National Indigenous Australians Agency (NIAA) and DEWR. Approval depends on whether it is practical for the jobseeker to be serviced by the relevant provider. Accordingly, it is less likely that approval would be given for the jobseeker to be serviced by a CDP provider if they do not live close to the boundary of a CDP region. This jobseeker may remain eligible for both services. DEWR and the NIAA told the Committee that the process to for a jobseeker to elect to be serviced by a specific provider can be onerous and asserted that a key consideration in designing a new remote employment services program must be enabling participants to move easily between programs and regions.[111]

9.78 The Nirrumbuk Aboriginal Corporation (NAC) agreed with this view, indicating that a new service should also address concerns that the CDP and Workforce Australia operate in silos.[112]

Recognising disability and illnesses

9.79 A small proportion of people who are compelled to participate in Workforce Australia are Disability Support Pension (DSP) recipients under the age of 35 and with an assessed work capacity of at least eight hours a week. These individuals will have compulsory participation requirements instead of mutual obligation requirements.[113]

Committee on Indigenous Affairs (2021), *Report on Indigenous Participation in Employment and Business*, p. 63.

109 DEWR, *Submission 254.1*. p. [3].

110 Regional Development Australia (RDA) Kimberley, *Submission 105*, p. [4].

111 See DEWR, *Submission 254.1*. p. [2]; Ms Beneditke Jensen, First Assistant Secretary—Employment Policy and Analytics, DEWR, *Committee Hansard*, 17 May 2023, p. 17; NIAA, *Submission 176*, p. 5; Ms Julie-Ann Guivarra, Deputy CEO, Policy and Program, NIAA, *Committee Hansard*, 17 May 2023, p. 13.

112 Mr Grande, NAC, *Committee* Hansard, 26 May 2023, p. 44.

113 See DSS, *Social Security Guide: 3.6.1.110 Participation requirements for DSP recipients*, https://guides.dss.gov.au/social-security-guide/3/6/1/110, viewed 20 November 2023. Participation requirements are similar to, but typically less onerous than, mutual obligation requirements, and are adapted to the person's disability. For example, a Disability Support Pension (DSP) recipient may be required to complete set hours of Work for the Dole (WfD), participate in a work experience program, or participate in a rehabilitation program.

The Department of Social Services (DSS) reported that around 215 members of this cohort were in Workforce Australia Online and 150 were in Workforce Australia Services as of 31 March 2023.[114]

9.80 DEWR observed that of the 220,000 people on that Workforce Australia caseload that had undertaken an ESAt as of 30 September 2022 (including those on the DSP), 60 per cent had a confirmed mental health condition, 58 per cent had a confirmed physical health condition, and 55 per cent had multiple health conditions.[115]

9.81 DEWR noted that, as of 29 September 2023, 11.8 per cent of the Workforce Australia caseload were subject to an exemption from activity requirements. Medical incapacity was listed as the most common reason for an exemption. Obtaining an exemption for medical incapacity typically requires the 'jobseeker' to provide medical evidence. Additional medical evidence may also be required if a person seeks to have their exemption extended or to have a subsequent exemption applied. Stakeholders indicated that obtaining medical evidence can be challenging, and lead to additional stress and anxiety. For example, one participant stated:

> I got mutual obligations exemption medical certificates. But that was anxiety-inducing in itself—the fact that every three months I had to run the risk of some Centrelink person with no medical experience overruling a doctor's medical certificate. It got to the point where they just stopped accepting them—giving me the whole, 'Your condition is permanent and therefore you are not exempt,' and all that kind of stuff. So now it is a two-week anxiety cycle of meeting my obligations under DES and everything else and then having my fortnightly meetings with them. It is just, like—unemployment is not fun enough as it is.[116]

9.82 Evidence indicated that the abolition of the Sickness Allowance and tightening of eligibility criteria for the DSP resulted in a small number of people with illnesses and disability being referred to employment services despite not being able to work and being unlikely to obtain work.[117] Stakeholders indicated that the policy settings for both employment services and income support needed to be adapted to better support people with short-term or episodic disabilities or health conditions.[118]

Eligibility for Disability Support Pension

9.83 COTA Australia indicated that that there are individuals in the jobseeker market who should receive the DSP. However, complexities in the assessment process for the

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114 Ms Jo Evans, Group Manager—Participation and Family Payments, DSS, *Committee Hansard*, 26 May 2023, p. 9.

115 Dr Louise O'Rance, Assistant Secretary—Data Management and Reporting, DEWR, *Committee Hansard*, 3 November 2022, p. 26.

116 Mr Jeremy Heywood, President, AUWU, *Committee Hansard*, 19 September 2023, p. 7. See also Name Withheld, *Submission 117*, p. [1].

117 See, for example, Name Withheld, *Submission 160*, p. 15; ACOSS, Submission 203, pages 19-20; Dr Simone Casey, Senior Adviser—Employment, ACOSS, Committee Hansard, 17 May 2023, p. 7; Ren McSweeney, AUWU, 19 September 2023, p. 5.

118 See, for example, atWork, *Submission 210*, p. 5; WISE Employment, *Submission 169*, p. [14].

DSP means that these people may not be found eligible. Others may not apply for the Pension due to the perception that they will be found ineligible. COTA Australia noted that when these individuals are streamed into Workforce Australia, they may be permitted to satisfy their mutual obligations through volunteering. However, these individuals are often not offered education and training due to an assumption that they cannot be retrained or made ready for work.[119]

9.84 During site visits, some individuals told the Committee that while they met the DSP criteria, they were not assessed as eligible or struggled to obtain evidence. DSS confirmed that people with episodic disability or health conditions face challenges in gathering medical evidence. DSS also confirmed that people with a partial capacity to work may not qualify for DSP because they have been assessed as able to work more than 15 hours per week or their condition may not be considered permanent.[120]

9.85 Individuals may be allocated to a program of support while waiting for their DSP claim to be processed. Often, this results in individuals being referred to Workforce Australia Services during this time.[121]

Sickness Allowance

9.86 The Sickness Allowance was an income support payment that provided financial assistance to people who were temporarily prevented from working or studying due to illness and who did not have access to adequate income support. With the consolidation of Working Age Payments from March 2020, Sickness Allowance was rolled into JobSeeker, and closed to new entrants at that time. Sickness Allowance ceased entirely in September 2020. Historically, Sickness Allowance was paid at the same rate as the main unemployment payment.[122]

9.87 Under current policy settings, people with short-term illnesses who do not have the capacity to work, and people who have longer-term conditions which do not meet the criteria to access the DSP, can obtain an exemption to job search and other requirements by providing a medical certificate. If the person does not have a certificate, they must look for work.[123]

9.88 Stakeholders put to the Committee that accessing medical certificates to support exemptions can be cumbersome, with individuals stating that they are currently obliged to visit their GP every three months to obtain a medical certificate.[124]

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119 Mr Corey Irlam, Acting CEO, COTA Australia, *Committee Hansard*, 19 September 2023, p. 44.

120 DSS, *Submission 192*, p. 5; See also Ms Robyn Shannon, Acting Deputy Secretary—Disability and Careers, DSS, *Committee Hansard*, 26 May 2023, p.4.

121 Ms Benedikte Jensen, First Assistant Secretary—Employment Policy and Analytics, DEWR, *Committee Hansard*, 3 November 2022, p. 37.

122 See DSS, *Guide to Social Security*, *Sickness Allowance*, https://guides.dss.gov.au/social-security-guide/1/2/5/30, viewed 20 November 2023.

123 Ms Shannon, DSS, *Committee Hansard*, 26 May 2023, p.10.

124 See, Name Withheld, *Submission 117*, p. [1]; Mr Jeremy Heywood, President, AUWU, *Committee Hansard*, 19 September 2023, p. 7.

9.89 Stakeholders called for reinstatement of the Sickness Allowance, with one stating that it is unjust to have people with permanent chronic health issues, and who have little prospect of gaining employment, be categorised as jobseekers and placed on JobSeeker only to end up as part of the LTU cohort or unemployable.[125]

Committee comment

9.90 A jobseeker's first interaction with employment services will typically be when they register for income support and are contacted by Centrelink to arrange an interview to assess their eligibility for employment assistance. This is a confronting time for many people and the process should be as welcoming and supportive as possible to lower anxiety and build trust. Trust is essential if a jobseeker is to disclose their barriers and aspirations and make an informed choice about the support(s) they receive.

9.91 In its interim report, the Committee expressed concern that the process of contacting jobseekers to refer them to ParentsNext is inappropriate and adds to the considerable stress and anxiety already felt by parents of young children. The Committee recommended that initial contact with participants be reframed to ensure it is person-centred and informs participants of the roles, functions, and benefits of the program.

9.92 Similar concerns persist across the broader employment services system. Accordingly, the Committee remains concerned that:

- too many jobseekers are unable to access proper advice upfront about employment services and make informed choices;
- the initial engagement focuses far too much on obligations and the consequences for non-compliance, rather than on support and the benefits that could be realised through participation; and
- allocation to a provider is not based on what service or support is best for a person. Rather, DEWR's 'secret sorting hat' appears to allocate people based on provider viability.

9.93 Simply put, for many people the intake process does not enable a proper assessment of a person's barriers and aspirations and starts things off on the back foot, breeding fear and distrust from the outset.

9.94 The current overwhelming focus on compliance and enforcement reinforces the ugly cultural stereotype of the 'dole bludger'—the myth that assumes all jobseekers are lazy and seeking to exploit the system for personal gain, rather than people who are seeking necessary financial support, who have intrinsic motivations to seek work, and who will make genuine efforts to search for work if the right support is provided.

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125 Name Withheld, *Submission 230*, p. [1]. See also Name Withheld, *Submission 160*, pages 21–22.

9.95 It is critical that a rebuilt system take account of the lessons of the recent Robodebt Royal Commission by designing policies and processes around the people they are intended to serve, including by avoiding language and conduct that reinforces feelings of shame in being unemployed and accessing support. The Committee accepts the overwhelming evidence that a deficit model that focuses overly on extrinsic motivations is less effective than a more supportive, strengths-based approach that builds trust and tailors a plan and supports to the individual.

9.96 The Committee considers that the recommendation in its interim report regarding initial contact with jobseekers is equally applicable across the employment services system. Initial contact must be built around the jobseeker that the system is meant to support, and must:

- ensure jobseekers have sufficient information about the role and function of employment services, including by ensuring consistent information on government websites and enabling jobseekers to contact relevant officers to obtain advice;
- recognise that engagement with services can add to existing stress and anxiety for jobseekers—particularly those who experience more significant disadvantage;
- focus on the roles, functions, and benefits of employment services rather than on obligations, responsibilities, and compliance; and
- avoid conduct and language which reinforces any shame or stigma associated with accessing income support payments or employment assistance, including conduct or language which suggests the jobseeker intends to exploit the system. Consistent with the recommendations of the Robodebt Royal Commission, communications should use plain, sensitive language.

9.97 The principles above should not suggest that no information about mutual obligations or other requirements should be provided. Of course, a clear explanation of those requirements will be necessary, particularly if the system is to transition smoothly to a new mutual obligation and compliance framework as outlined in Chapter 14. Indeed, anecdotal evidence suggests that some clients may require additional information on their participation requirements, how to comply with them, and how to engage with the system more generally. The Committee considers that providing this information in an accessible form during initial engagement, with the information also available on an ongoing, as-needs basis (for example, via relevant government websites), should help to improve understanding of the system among clients and help to reduce breaches of participation requirements. However, the focus of initial engagement must be to build trust, assess needs; and emphasise the support and benefit of providing a service to someone.

Recommendation 28

9.98 The Committee recommends that the Australian Government reframe its initial contact with and messaging to jobseekers as quickly as possible. A better framework for contacting jobseekers should include the following key elements:

- **Clear, consistent information is available on relevant government websites about the roles, functions, operation, and benefits of employment services.**
- **Jobseekers are able to contact responsible agencies directly for advice on employment services and income support within a reasonable timeframe.**
- **Avoiding conduct or language that reinforces shame associated with accessing income or employment support.**
- **Ensuring communications use plain, sensitive language.**
- **Communications notifying jobseekers of their Participation Interview are unambiguous as to reasons for the contact and clearly explain the purpose of the interview.**
- **If possible, outbound calls show a dedicated phone number, so recipients know who the contact is from. This should acknowledge potential concerns as to spoofing, spam and fraud.**

9.99 Also clear to the Committee is that current assessment arrangements are deficient. In particular, assessments rely too heavily on self-reporting and prioritise rapid allocation to programs and services over understanding and tailoring responses to barriers and needs.

9.100 The Committee notes that jobseeker assessment is routinely conducted online or by phone and—at least in the view of jobseekers—is indistinguishable from the process to claim income support. Accordingly, as eligible applicants for the JobSeeker and Youth Allowance (Other) are understandably focused on doing whatever is necessary to secure income support (and sometimes desperately so), people often fail to disclose key barriers to employment, and responses to questions are coloured by fear that responses will impact payment eligibility. Compounding this issue is that the JSS seeks to assess the likelihood of a jobseeker exiting income support, rather than the likelihood of finding sustained, quality employment.

9.101 In addition, to the extent that jobseekers are given choice and agency in relation to providers and services, they often make choices with limited information and insufficient time. Moreover, jobseekers are currently expected to make decisions about services and providers while in a state of anxiety and stress and on the basis of a desire for rapid access to income support and the actual or perceived distance travelled to access supports. This must change.

9.102 The Committee is perplexed by evidence that a large percentage of people in online services are not digitally literate and concerned that many people in online services have not been adequately assessed. It is proposed that a reformed assessment process should be delivered by Employment Services Australia (ESA) and incorporate:

- a reformed JSS which raises the level of confidence that a person should be referred to online (hybrid) services; and
- a new more in-depth Assessment Service for people not confirmed as clearly suitable for online (hybrid) services to map a person according to where they are

against pathways to employment and propose a suitable mix of services. The assessment process should be a valuable intervention in its own right with an emphasis on face-to-face dialogue and building trust, rather than simply a crude rapid referral process to a provider.

9.103 There is merit in keeping the JSS as a means of identifying jobseekers who are closest to the labour market and who should be supported in ESA's digital or hybrid services. This is contingent on making changes to the JSS so that it effectively identifies those who are closest to the labour market and who possess a sufficient level of digital literacy to engage with online services. Changes should be trialled before being rolled out across the employment services system.

9.104 Where it is not very clear from the JSS that a person is suitable for digital or hybrid services, a client should be referred for face-to-face or at least video assessment by an appropriately skilled officer (subject to their preferences around in-person and remote engagement). This would aim to fully understand the jobseeker's circumstances, capabilities and needs.

9.105 A key change from current arrangements is that the focus would be understanding the jobseeker and on building rapport and trust which supports full and accurate disclosure— even if this takes multiple interviews. Implementing the new Assessment Services would accordingly require changes to RapidConnect so that instead of being rapidly allocated to a contracted provider, a jobseeker not referred quickly to online services would be rapidly referred for in-depth assessment.

9.106 The Committee envisages that a better upfront assessment process delivered by the public sector would identify some jobseekers who have little to no short-term prospects of securing employment or have other barriers that should be addressed before seeking quality work. For these people, ESA should be able to prepare a Participation and Jobs Plan setting out agreed goals and activities would then comprise a person's mutual obligation requirements, including social participation goals, accessing other key services or foundation skills (for example, numeracy, literacy, or English language), in-work training at a social enterprise or suitable local programs. Re-assessments can later then lead to an adjustment to a person's plan and referral to employment services or other supports for job search.

9.107 Jobseekers must be provided with clear, detailed information on services and service delivery partners in their local area—and further afield, where appropriate—to enable them to make informed decisions about their supports. This should be accompanied by advice on the most appropriate delivery partner(s) or service(s). In addition, when a jobseeker has selected a service delivery partner, their transition should be accompanied by a warm referral and supported by IT systems designed in accordance with the 'tell government once' principle, so that a person is not obliged to repeat their story multiple times to different audiences.

9.108 Core to ensuring individuals make an informed choice as to their preferred services and service delivery partner will be giving people sufficient time to make decisions. In the view of the Committee, provided people are meaningfully participating in the detailed assessment process this should fulfil their initial mutual obligations. At the

point at which a person is obliged to choose a service they should be given up to a week to make their decision (subject to extensions of time where appropriate). If a choice is not made only then would a jobseeker be allocated to a service partner by default.

9.109 Consistent with international experience of multiple countries, the Committee considers that the nexus between claiming income support and assessing a jobseeker in the employment services system should be separated. This is critical to disclose information about their circumstances, barriers, and aspirations without fear that this will affect their eligibility for income support.

9.110 Accordingly, the Committee considers that the new ESA Regional Hubs outlined in Chapter 4 should deliver the new Assessment Service. Ideally, subject to resourcing, ESA Regional Hubs would also be enabled to refer jobseekers who are not on income support—and may not be employment services participants—to services in the local area.

9.111 The Committee acknowledges that there will need to be a reorganisation of resources to establish a more in-depth assessment process for some jobseekers including more face-to-face interviews. The Committee is persuaded by strong evidence of the benefits of assessment processes in aged care that occurs independent of commercial interests. Taking time to connect a person with the right service and build their agency over that choice has broader benefits and potential cost savings over time.

9.112 The Committee does not make any specific recommendations relating to ESAts used for referral to DES, noting that the reformed assessment process is likely to capture several of the matters considered during the ESAt, and that ESAts are likely to be considered in some detail during the current reform of the DES program. However, the Committee encourages the Australian Government to consider whether there would be value in incorporating the delivery of ESAts into the assessment functions of ESA as part of a broader reform agenda.

9.113 Noting that the new assessment framework—including the establishing of ESA and ESA Regional Hubs—may take time to implement, the Committee strongly encourages the Australian Government to consider measures to improve assessments in the existing framework, with a focus on giving jobseekers additional information and choice in relation to providers and services.

Recommendation 29

9.114 The Committee recommends that the Australian Government co-design a new jobseeker assessment service, including the following key elements:

- **The Job Seeker Snapshot (JSS) is retained, subject to amendments to ensure it accurately identifies jobseekers who are best suited to online-hybrid services. The amendments should be trialled ahead of national rollout and should be subject to robust monitoring and evaluation.**

- **All jobseekers, except those determined via the JSS to be suited to online services, are rapidly referred to Employment Services Australia for comprehensive assessment of the jobseekers' aspirations and barriers.**
- **Following assessment, Employment Services Australia (via Regional Hubs):**
  - **provides details of the services and providers in the area;**
  - **recommends service(s) that would be most beneficial for the jobseeker;**
  - **identifies people who have little to no short-term prospects of securing employment, who have other barriers that should be addressed before referral to a provider or who would be better supported by a non-provider service, and prepares a Participation and Jobs Plan for those clients that underpins their mutual obligations; and**
  - **identifies people who should be referred to a provider for case management and support with job search, providing the jobseeker up to a week to select their provider and supports a handover.**
- **A client who shows commitment and meaningfully engages with Employment Services Australia during the assessment process fully meets their mutual accountability requirements for that period.**
- **Performance measures for Employment Services Australia focus on the appropriateness of services to which jobseekers are allocated.**

9.115 The Committee also considers it important that all service delivery partners be able to refer individuals for re-assessment by if they believe the jobseeker would be better assisted through a different service. This would include where the jobseeker's circumstances have changed. Controls must be implemented to ensure providers are not able to use this process inappropriately to move jobseekers with high needs or challenging behaviours to different services to escape responsibility where they are eligible and suitable for support. Similarly, jobseekers should be able to seek re-assessment on their own initiative.

9.116 Measures should also be implemented to enable jobseekers to self-initiate transfers between services with minimal administrative burden, subject to the service to which the jobseeker wishes to transfer having been identified as appropriate in their assessment by ESA. Transfers should also be accompanied by warm referrals, and the jobseeker should be provided with sufficient information on their (potential) new service partner to enable an informed decision.

9.117 The system should also not allow jobseekers to be permanently stuck with a service partner where no progress is being made or they have not secured work. The Committee proposes there be a maximum time that a person should be attached to a service partner, following which an automatic re-assessment by ESA would occur to determine if: a person should remain with their current service; if another service or support or option would be more appropriate; or a person would be better case managed directly by ESA who would prepare a new Participation and Jobs Plan. A timeframe of 18–24 months is proposed, noting evidence from Ireland that 12 months

is too short for many disadvantaged people to significantly progress towards employment.

Recommendation 30

9.118 The Committee recommends that the Australian Government develop and implement measures to:

- **enable providers to refer jobseekers back to Employment Services Australia for re-assessment;**
- **enable jobseekers to self-initiate transfers between providers and services with minimal administrative burden, subject to the provider or service having been identified as appropriate during their assessment;**
- **allow jobseekers to seek re-assessment by Employment Services Australia; and**
- **require re-assessment by Employment Services Australia of jobseekers being supported by a provider who have not secured work within a defined period.**

9.119 While noting that the CDP is out of scope for this inquiry, the Committee is concerned that it can be difficult to move across CDP and Workforce Australia regions without disruption to services. While jobseekers can choose to be exclusively serviced by one program or the other, the administrative process to exercise this choice is cumbersome.

9.120 The Committee's site visits to the Northern Territory indicated a need to simplify the process for jobseekers who are transient between the CDP and the mainstream employment services system (for example due to cultural responsibilities) to elect to be serviced exclusively or primarily by one service. Measures to simplify this process should be implemented as soon as possible.

9.121 The Committee also encourages the NIAA, DEWR, and DSS to carefully evaluate the current boundaries between CDP regions and mainstream employment services regions as part of the ongoing review of the CDP.

Recommendation 31

9.122 The Committee recommends that the Australian Government:

- **review the boundaries of Community Development Program (CDP) regions with a view to incorporating clearly urban areas (such as the southern area of Darwin) into mainstream employment services while allowing a 'buffer' or 'overlap' zone where people can choose to be allocated to CDP or mainstream services; and**
- **simplify the process for jobseekers who move regularly between remote and non-remote regions and give consideration to allowing a person to nominate**

one program through which they will be primarily serviced and stay attached to that service.

9.123 The Committee received a range of evidence including through site visits and discussions with case managers and unemployed people regarding the incentives and disincentives caused by social security policy and the broader welfare system.

9.124 Probably the most common disincentive identified was concern about the loss of the concession card (which provides significant discounts including on health, utilities, and other services) and the perceived difficulty of 'getting back on Centrelink' if a job doesn't work out. The Committee strongly welcomes the Government's initiative in the *White Paper: Working Futures* to extend the 'zero-rate' period and allow people to keep their concession card for 12 fortnights which directly responds to this evidence. Taper rates were not seen as nearly as significant by most jobseekers or providers, noting that only a small minority of people use the existing earnings threshold. A minor adjustment to the proposed 12-fortnight period to 13 or 14 fortnights would be desirable, as this would allow all people to cover two cycles of quarterly bills and utilities.

9.125 The Committee is concerned by evidence that participants in employment services who are not eligible for the DSP but who have chronic or sustained illness are obliged to repeatedly source medical certificates and other medical evidence to sustain exemptions from mutual obligations. This includes people for whom searching for work is not viable at least in the short to medium term due to illness or injury— for example people doing chemotherapy, recovering from trauma or accidents or suffering from sustained but not permanent mental illness. At any point in time it appears that around 10 per cent of so-called 'jobseekers' are not in fact able to work and are simply sick, and the process of repeatedly seeking exemptions or suffering suspensions is time wasting and anxiety-provoking.

9.126 The Committee proposes that Government consider reinstating Sickness Allowance and extending eligibility for Sickness Allowance to people with sustained, longer-term medical conditions that make employment unlikely in the foreseeable future. While on Sickness Allowance a person should not be subject to mutual obligations or requirements in their Participation and Jobs Plan. Subject to appropriate controls, there should be a more sensible ability for the acceptance of medical certificates of longer than three months where it is clear that a condition requires longer treatment or recovery time.

9.127 The Committee also accepts the significant weight of evidence that there are a small minority, but still sizeable cohort, of people who should be on the Disability Support Pension but who either:

- meet the criteria but are not being properly assessed; or
- are not able to quite meet the impairment thresholds by accumulating sufficient points in one table.

9.128 It is not clear why all such people need to be referred to a provider for job-search, as opposed to a Services Australia or DEWR case manager or other support services until they are more 'job ready'.

9.129 The Committee is not suggesting that the 2012 changes to impairment thresholds be revisited as this is not within the Terms of Reference for this inquiry or something on which sufficient evidence was provided.

9.130 However, the Committee does suggest some adjustments to better assess the eligibility of jobseekers who are extremely-LTU (unemployed for more than five years) for the Disability Support Pension, noting that many of these jobseekers have multiple health conditions and chaotic lives. Measures should include:

- social work assistance provided to better assess and assist extremely-LTU people likely to be deemed eligible for DSP to gather medical evidence and submit a properly completed DSP application;
- build in extreme long-term unemployment as a clear example of social exclusion to the psycho-social assessment tables; and
- support a whole of person assessment for extremely-LTU people, possibly by allowing accumulation of a small number of points from across the impairment tables. Currently, a person has to meet all points from one table and cannot pool points from across tables. A modest adjustment to this may be warranted for extremely-LTU people.

9.131 Any such changes need to be carefully considered and designed so as not to create an incentive for a person to be extremely-LTU, while recognising the reality that there are some LTU people who are never going to secure work and should be on the DSP, but who simply cannot navigate the application process or who just miss out due to the nature of their multiple health conditions and disabilities.

9.132 The Committee also has concerns about challenges for many jobseekers in obtaining medical evidence—irrespective of whether this is to apply for exemptions, the ESAt, or for another purpose. Government should implement measures to support access to medical evidence. This may include fully subsidising medical appointments used to obtain such evidence—irrespective of whether the relevant practitioner or supplier offers bulk billing. The November 2023 Australian Government decision to triple the incentive for GPs to bulk bill Commonwealth Concession Card holders is an important start, but for many the medical evidence needed will not be from GPs. The Committee also notes that there are processes in place to reimburse medical providers for services for eligible veterans. These processes might be expanded or used as a model.

Recommendation 32

9.133 The Committee recommends that the Australian Government consider reinstating the Sickness Allowance and extending eligibility for the Allowance to people with sustained, medium, or longer-term medical conditions that

preclude them from seeking employment in the foreseeable future and allow medical certificates for longer than three months where appropriate.

Recommendation 33

9.134 The Committee recommends that the Australian Government consider possible minor adjustments, as proposed in this report, to better identify jobseekers who are extremely-long-term unemployed and are eligible for and should be granted a Disability Support Pension. This should be done without revising the impairment tables or creating a perverse incentive to become extremely long-term unemployed.

Recommendation 34

9.135 The Committee recommends that the Australian Government develop and implement measures to reduce the cost of obtaining medical evidence for purposes relating to employment services, up to and including offering subsidised medical appointments for this purpose.

10. Service provision and program design: Digital or hybrid services

This chapter examines the design and delivery of digital-based employment services, including measures to ensure jobseekers are equipped to engage with digital services and key features of services offered via digital or hybrid (digital plus other supports) approaches.

The digitalisation and automation of government services (including employment services) can have positive impacts. However, when there is a lack of human intervention in the administration of such systems, they can cause harm to vulnerable people—as evident by the findings of the Robodebt Royal Commission. The Committee therefore considers it critical that a robust Digital Protections Framework be implemented to protect the rights of often vulnerable people, with measures related to the use of personal information and data within the employment services IT system.

Equitable access to online tools and digital services is also critical to a successful employment services system, while being able to get online and use technology confidently has a range of broader benefits. Reports that many Australians have difficulty accessing online information and support due to lower digital literacy and language barriers are concerning. Greater effort and support are needed to help people to improve digital literacy. There should also be a special focus on ensuring First Nations peoples and people from CALD backgrounds can access and engage with digital services in appropriate languages. The design of digital employment services also needs to recognise that not everyone will have access to, or be able to afford, the internet and associated technology. The Committee would encourage the Australian Government to explore options to ensure jobseekers have access to data and smart phones (as outlined in Chapter 11).

Digital employment services provided by the public sector, including—potentially—the adoption of a hybrid service model that enhances and augments digital forms of assistance through pro-active outreach and access to other support services, should continue to play a part in the employment services system (as outlined in Chapter 5). A digital or hybrid service will remain appropriate for jobseekers who are closest to the labour market. Digital-based services are consistent with the approach recommended by the *I Want to Work* report and with the approach to public employment services in other comparable countries while noting that other jurisdictions are implemented enhanced supports for this cohort delivered by the public sector.

With respect to the current default period for participation in online services, measures should be taken to ensure that people who are not faring well are not abandoned and left to languish for up to 12 months. However, the Committee is not persuaded that

referral to provider-led services in a shorter time is yet justified by the evidence currently available, including findings from the New Employment Services Trial (NEST).

A firmer evidence base should be established through Service Improvement Trials using a Randomised Control Trial (RCT) methodology to establish the optimal default time for various cohorts of people. This might include trialling six-, nine-, 12-, and 15-month periods, with and without other interventions. Subject to the outcomes of properly constituted RCTs, it could be expected that the default period for digital or hybrid services may vary depending on a person's characteristics and geographic location.

It will take to develop this evidence-base, and the Committee proposes various actions to ensure that people assessed as close to the labour market are receiving appropriate support. Service augmentations should include:

- Reforms to the assessment and referral process to improve the level of confidence that the right people are being referred to digital services (as outlined in Chapter 9).
- The Department of Employment and Workplace Relations (DEWR) and Employment Services Australia (ESA) actively manage this caseload and be properly resourced to transform itself into a large hybrid service provider with capacity for proactive outreach, some face-to-face services, and referrals to additional support services where appropriate.
- Improvements to the online information and tools currently available. Integration of ESA's regional and local service system mapping, more sophisticated tools for career advice and job matching, and the use of data analytics and insights from machine learning and artificial intelligence (AI) to equip jobseekers with information that will help them with their job search will all improve the digital service over time.
- The Digital Services Contact Centre (DSCC) be provided with the ability to require re-assessment of a person and referral to face-to-face provider services where appropriate within the current 12-month default period (as outlined in Chapter 9).

Online information and tools also have a place in supporting employers. However, there appears to be little value in the online jobs board within Australia's employment services system. Commercial digital jobs marketplaces are more mature and competitive and advertise a far greater array of opportunities. The existing jobs board in Workforce Australia largely replicates what is available via commercial platforms in a less sophisticated manner.

Options have been identified that the Australian Government should seriously consider, such as replacing the current jobs board with a framework that integrates commercial platforms into the Commonwealth Employment Services System. This framework should include enabling automatic reporting of activities and supporting data sharing to inform policy insights and system improvements. Such a change would need to be on the basis of competitive neutrality and fair access. It must also be underpinned by robust privacy, cybersecurity, and service standards, as well as safeguards relating to the use of technologies (including prevention of algorithmic discrimination by AI).

Capacity to use online tools and digital protections

10.1 Engagement with both Workforce Australia Online and Workforce Australia Services requires a jobseeker to have access to and be able to use the internet and app-based services. For example, jobseekers are required to self-report completion of mutual obligations via the Workforce Australia app or website (which requires a myGov profile). However, as a safeguard for those who are unable to self-report, providers can also record how a participant has met their requirements.[1]

10.2 The Department of Employment and Workplace Relations (DEWR) noted that in the period from 1 July 2022 to 30 June 2023, approximately 10 per cent of participants were rated as having low digital skills or difficulty accessing the internet and were encouraged to choose provider-led services. Around 54 per cent of those participants elected to be referred to Workforce Australia Online. Of those referred to Workforce Australia Online, around 25 per cent participants transferred to provider-led services within three months.[2]

10.3 Several stakeholders raised concern that the increasing digitalisation of employment services (and human services generally) creates challenges for people with low digital literacy and limited access to technology. These issues are discussed in more detail below.

10.4 A compounding for some people challenge is that activities in Workforce Australia must be recorded in English. The Nirrumbuk Aboriginal Corporation (NAC) raised concern at a lack of information and tools available in First Nations languages,[3] while the Ethnic Communities Council of Queensland (ECCQ) recommended that online resources and reporting tools be available in multiple languages.[4] The Disability Royal Commission also noted the need to provide information in formats and languages that recognise the diversity of people with disability.[5]

10.5 The Australian Council of Social Service (ACOSS) and Economic Justice Australia (EJA) recommended the development of a Digital Protections Framework, noting the increasing digitalisation and automation of services and the impacts that automated decision-making can have on vulnerable people.[6] ACOSS recommend that such a framework ensure people have access to robust complaint and review processes, and that measures be implemented to protect individuals against the automated suspension of payments and intrusive surveillance.[7]

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1 See Department of Employment and Workplace Relations (DEWR), *Submission 254*, p. 217.
2 DEWR, *Submission 254.5*, p. 10.
3 Nirrumbuk Aboriginal Corporation (NAC), *Submission 180*, p. [3].
4 Ethnic Communities Council of Queensland (ECCQ), *Submission 206*, p. 7.
5 Disability Royal Commission (2023), *Final Report: Volume 6: Enabling autonomy and access*, pages 72–73.
6 Ms Sarah Sacher, Law Reform Officer, Economic Justice Australia (EJA), Committee Hansard, 17 May 2023, p. 6; Dr Cassandra Goldie, CEO, Australian Council of Social Service (ACOSS), Committee Hansard, 17 May 2023, p. 7.
7 ACOSS, *Submission 203*, pages 12, 40.

10.6 EJA stated that there is a need to clarify how personal data is used throughout the Workforce Australia system, particularly through the Job Seeker Snapshot (JSS), and a need to ensure that the information collected is subject to effective safeguards.[8]

10.7 The Robodebt Royal Commission found that a lack of human intervention in the administration of government systems was a key contributor to the harm created by the scheme and raised concern that the use of increasingly complex artificial intelligence (AI)—if not correctly managed—could lead to disastrous impacts on users of government services. The Robodebt Royal Commission recommended that the Commonwealth consider:

- introducing a consistent legal framework in which automation in government services can operate, including clear pathways for those affected by decisions to seek review, accessible information on websites advising that automated decision-making is used and explaining how the process works, and public access to business rules and algorithms to enable independent expert scrutiny; and
- establishing a body, or expanding an existing body, with the power to monitor and audit automate decision-making processes with regard to their technical aspects and their impact in respect of fairness, the avoiding of bias, and client usability.[9]

Digital literacy

10.8 Stakeholders indicated that while it is assumed that employment services participants are digitally literate, this is untrue for many jobseekers—and particularly those from vulnerable cohorts who already experience significant barriers to social and economic participation.[10]

10.9 The Centre for Policy Futures at the University of Queensland (CPF-UQ) noted that digital literacy is treated separately from employability during assessments, and that as a result there are jobseekers with low digital literacy who are assessed as 'job-ready' and obliged to self-manage online.[11] SSI similarly recommended that digital literacy screening in initial assessments be enhanced.[12]

10.10 The importance of the distinction between digital literacy and job readiness was reaffirmed by stakeholders during the Committee's European delegation visit. For example, the French Public Employment Service highlighted that autonomy in using a digital platform is different from autonomy in job search. Accordingly, some people who are digitally literate still need help from a case manager to help identify training, labour market needs, and job opportunities.

10.11 DEWR acknowledged that an ongoing challenge is ensuring online services are personalised and targeted at those who have the digital skills and literacy that allow

8 EJA, *Submission 153.1*, pages 6, 7.
9 Robodebt Royal Commission (2023), *Report of the Royal Commission into the Robodebt Scheme,* p. 488.
10 See, for example, Ms Juliet Vrakas, *Submission 91,* pages [4, 8]; Centre for Excellence in Child and Family Welfare (CECFW), *Submission 200*, p. 8.
11 Centre for Policy Futures—University of Queensland (CPF–UQ), *Submission 217*, p. 4.
12 SSI, *Submission 193*, pages 3, 11.

them to self-manage their employment goals. DEWR informed the Committee that it will continue to monitor the effectiveness of jobseeker assessments as they relate to digital literacy, noting that digital literacy questions complement the assessment process but do not determine eligibility.[13]

10.12 Own Words noted that those who struggle with reading and writing are often not empowered to take ownership of their written CV and instead use a template or rely on their provider to create a CV. Moreover, the option to create a video CV via Workforce Australia Online is not well understood and does not enable jobseekers to create a concise CV or résumé that will be of value in applying for work.[14]

10.13 The National Indigenous Australians Agency (NIAA) noted that First Nations peoples often have lower levels of digital literacy, compounded by socio-economic, language, health, and geographic challenges. The NIAA asserted that understanding the digital inclusion needs of First Nations jobseekers will support the design of platforms that are more effective and deliver better outcomes for communities.[15]

10.14 Digital literacy is a particular concern for people from culturally and linguistically diverse (CALD) backgrounds, including migrants and refugees. Stakeholders recommended additional digital literacy training for these cohorts, as well as provision of non-digital options for engaging with services and asserted that new and updated applications and programs must be rigorously tested with jobseekers before being implemented to ensure accessibility.[16]

10.15 DEWR funds several programs that include digital literacy training, including Foundation Skills for Your Future (FSFYF), Skills for Education and Employment (SEE), Employability Skills Training (EST), and Career Transition Assistance (CTA).[17]

10.16 The Committee also heard that there would be merit in providing all jobseekers with additional training, information, and support in relation to the use of digital platforms.[18] For example, Training Alliance Group (TAG) called for training on the use of MyGov, mobile apps, email, Points Based Activation System (PBAS) reporting and Centrelink voice activation. According to TAG, while programs such as CTA include training of this kind, many jobseekers who could benefit from additional support are ineligible.[19]

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13 DEWR, *Submission 254.5*, p. 49. Jobseeker assessments–including screening for digital literacy—are also discussed in Chapter 9.

14 Own Words, *Submission 312*, pages 1, 2, 3.

15 National Indigenous Australians Agency (NIAA), *Submission 176*, p. 6.

16 See, for example, ECCQ, *Submission 206*, pages 7–8; Settlement Council of Australia (SCoA), *Submission 211*, p. 15; Refugee Council of Australia (RCOA), *Submission 226*, p. 8; Workways Australia Ltd (Workways), *Submission 239*, p. 12.

17 DEWR, *Submission 254*, pages, 150, 152, 159, 173.

18 See, for example, Ms Karen Zaskolny, *Submission 135,* p. [2]; WDEA Works, *Submission 168,* p. 5; The Salvation Army Employment Plus (SAEP), *Submission 199*, p. 35.

19 Training Alliance Group (TAG), *Submission 195*, p. 4.

Access to the internet and to technology

10.17 In addition to concerns regarding digital literacy, access to technology was identified as a key barrier to participation. The CPF-UQ noted that digital inclusion is heavily mediated by affordability of digital devices and services, stating that this makes the Workforce Australia 'self-service' platform inherently less accessible to those who cannot afford to be digitally connected.[20]

10.18 Anglicare WA observed that the success of Workforce Australia depends heavily on participants having access to digital technology and expressed concern that around 900,000 Australian households lack reliable internet access. In addition, 57 per cent of Australians on lower incomes report difficulty paying for broadband services. Accordingly, Anglicare WA recommended that government:

- work with industry to provide subsidies for digital devices;
- facilitate access to low-cost broadband for low-income households; and
- review education and training funding models to allow for equitable access to subsidies for students at lower education levels.[21]

10.19 This was echoed by evidence from an employment services participant, who told the Committee that access to computers would help jobseekers to find work.[22]

10.20 Mr Matthew Ford observed that regional and remote Australians are at greater risk of being unable to use the internet to search the internet for job vacancies, noting that these jobseekers are often obliged to use computers at sites managed by service providers. Jobseekers in remote areas may need to travel significant distances to access these sites.[23] Regional Development Australia (RDA) Kimberly similarly stated that the focus in Workforce Australia on digital services does not reflect the needs of those living in Broome, noting that many in that area lack reliable internet access and digital literacy.[24]

10.21 Another stakeholder asserted that even jobseekers with reasonable levels of digital literacy may not have the means to engage effectively in elements of the job search process, such as attending interviews by weblink. The stakeholder also observed that jobseekers often lack reliable internet access due to housing insecurity, high connection and data costs, and geographic isolation.[25]

Online employment assistance for jobseekers

10.22 Workforce Australia Online was designed to support those who are more job-ready, including those who enter and leave employment services relatively quickly. These

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20 CPF–UQ, *Submission 217*, p. 4.
21 Anglicare WA, *Submission 127*, pages [6–7, 10].
22 Julian, private capacity, *Committee Hansard*, 20 September 2023, p. 27.
23 Matthew Ford, *Submission 7*, pages [3, 5, 6]
24 Regional Development Australia (RDA) Kimberly, *Submission 105*, p. [4].
25 Name Withheld, *Submission 162*, p. [5].

jobseekers self-manage job search and other activities with some support from the Digital Services Contact Centre (DSCC).[26]

10.23 The 'default' period of time for which a participant will remain in online services is currently 12 months. This may be extended to 18 months if the jobseeker is engaged in education or training. Once a participant has reached their maximum time in online services, they are automatically referred to a provider. Participants will receive a notification via email or SMS four weeks, and then again one week, prior to being transferred. The notifications advise the participant of their upcoming move and suggest they select a provider. If the participant does not select their own provider, a provider is selected automatically by the IT system.[27]

10.24 Participants in online services cannot be compelled to move to provider-led services unless they are no longer eligible for Workforce Australia Online.[28]

10.25 DEWR confirmed that a person may be in online services—and, at least nominally, be classified as 'job-ready'—even where they may have been on income support for an extended period, stating:

> The policy around maximum time in online services is how long you have been on our digital platform for. So there will be people who come into our service, and they've already been on income support for some period of time. They've been in another program or they haven't been attached to programs.[29]

10.26 DEWR noted that policy settings for online services were informed by evaluations of Online Employment Services Trial (OEST), Online Employment Services (OES) and New Employment Services Trial (NEST) which found that employment outcomes (based on exit data) for online and provider-led services were roughly equivalent. Further, around half of OES participants surveyed reported that 12 months was an appropriate time to remain in online services. OEST participants expressed mixed views as to whether six months is an appropriate length of time for digital servicing.[30]

10.27 In addition to moving to provider-led services after 12 months (or 18 months) on the digital caseload, participants may leave online services in a variety of ways. These include transferring to another program—for example, Disability Employment Services (DES) or the Community Development Program (CDP), electing to transfer from online to provider-led services, and leaving employment services altogether.[31]

10.28 In the period from implementation of Workforce Australia to 30 June 2023, there were 139,576 exits from online services. Of these:

- 70.9 per cent were exits from employment services altogether;

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26 DEWR, *Submission 254*, p. 65. See also Ms Melissa Ryan, First Assistant Secretary—Workforce Australia for Individuals, DEWR, *Committee Hansard*, 20 September 2023, p. 44.

27 DEWR, *Submission 254.5*, p. 36.

28 Ms Ryan, DEWR, *Committee Hansard*, 3 November 2022, p. 45.

29 Dr Louise O'Rance, Assistant Secretary—Data Management and Reporting, DEWR, *Committee Hansard*, 20 September 2023, p. 47.

30 DEWR, *Submission 254*, pages 65–66.

31 DEWR, *Submission 254.5*, p. 33.

- 27.5 per cent were transfers from online to provider-led services—the majority were to Workforce Australia Services; and
- 1.6 per cent were transfers to other programs such as DES and CDP.[32]

10.29 The majority of transfers to provider services occurred in the first 91 days in online services, with another upswing in transfers at 12 months (the 'default' period for online services).[33]

10.30 Of the participants who exited services, two thirds exited for employment-related reasons, while the remainder exited for administrative reasons (for example, their application for income support was rejected). Of those who exited for employment-related reasons, 66.9 per cent did so within six months in online services.[34]

10.31 DEWR is developing an assurance plan for online services, with the aim of enhancing user experience via enhanced quality, efficiency. The plan will include minimum quality standards for online services and define how assurance activities will be planned, conducted, and reported. The plan is expected to be developed by the end of 2023 and will be implemented on an iterative basis.[35]

10.32 DEWR is also developing additional performance measures for online services and expects to commence reporting on these during the second half of 2023.[36]

10.33 In addition, an early survey of over 6,000 participants in online services showed that nearly two-thirds were satisfied with the service. According to DEWR, this reflects the greater flexibility and autonomy that online services provide.[37]

Support for jobseekers on the digital caseload

10.34 Several stakeholders raised concern that the current 'digital first' approach in Workforce Australia misses opportunities for early intervention and leads to jobseekers disengaging from the labour market. Additional support may then be needed to address the jobseeker's lack of direction and confidence when they transition to provider-led services.[38]

10.35 Dr David O'Halloran stated that the current 'digital first' approach to service delivery under Workforce Australia:

- ignores research suggesting that effective and appropriate employment services are important for all unemployed people—irrespective of their connection to the

32 DEWR, *Submission 254.5*, p. 34.
33 DEWR, *Submission 254.5*, p. 34.
34 DEWR, *Submission 254.5*, p. 34.
35 DEWR, *Submission 254.5*, p. 47.
36 DEWR, *Submission 254.5*, p. 47.
37 DEWR, *Submission 254.5*, p. 49.
38 See, for example, MAX Solutions (MAX), *Submission 146*, p. 12; WDEA Works, *Submission 168,* p. 5; Jobs Australia, *Submission 185*, p. 7; SAEP, *Submission 199*, pages 11, 35; APM, *Submission 213*, pages 10–11.

labour market—and that those who are highly employable are more likely to find sustainable work if matched with a caseworker who can expertly assist them; and

- takes an overly optimistic view about the ease of job searching that ignores the pervasive negative views toward the unemployed by recruiters as well as the biases inherent in the design of applicant tracking algorithms.[39]

10.36 Asuria People Services (Asuria) asserted that Workforce Australia takes a passive approach to online service delivery, with many users comparing their experience to online jobs boards. Asuria stated that this leads to jobseeker disengagement from employment services, and accordingly to longer period of welfare support and to heightened risks of negative effects known as 'scarring', which lower participants' overall job readiness.[40]

10.37 CareerOne noted that a limitation of the current online service is that it does not assist individuals to be understand the opportunities for which they may be suited immediately or in the future, and instead provides only limited recommendations based on the individual's submitted Candidate Profile.[41] CareerOne also noted there are technology-based opportunities to provide jobseekers with suggestions on how to make improvements to their job search.[42]

10.38 DEWR noted that their role is one of caseload management, with a different service model compared to provider-led services.[43] That said, DEWR acknowledged that there were ways that the service for jobseekers in online services could be improved, such as broadening the remit of the DSCC to include an early appointment or welcome that the gives the participant information about the supports available.[44]

10.39 International experience indicates an accelerating trend towards digitalisation of services for those who are closer to the labour market, with some jurisdictions experimenting with digital provision supplemented by more active caseload management and some capacity for video or face-to face servicing.[45] During its European delegation, the Committee heard that the Netherlands conducted randomised control trials (RCTs) of online-only services, online services with additional enforcement measures, and a hybrid model which combined online services with additional in-person counselling or job coaching. A finding of the RCTs was that participants in the hybrid model, which involved three face-to-face meetings over an 18-month period, were 2 per cent more likely to find employment relative to participants in the other groups. The RCTs also found that increased enforcement did not lead to better employment outcomes (that is, increased 'outflow' into employment).

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39 Dr David O'Halloran, *Submission 108*, p. [4]. See also Sarina Russo Job Access (SRJA), *Submission 145*, p. 11.

40 Asuria People Services (Asuria), *Submission 246*, p. 21. Asuria emphasised that the risks and impacts are still greater for more vulnerable people who should never have been allocated to digital services.

41 CareerOne, *Submission 311*, p. [2].

42 CareerOne, *Submission 311*, pages [4, 6].

43 Ms Ryan, DEWR, *Committee Hansard*, 20 September 2023, p. 45.

44 Ms Ryan, DEWR, *Committee Hansard*, 20 September 2023, p. 48.

45 See, for example, VERTO, Submission 202, p. [20]; APM, *Submission 213*, p. 10.

10.40 The Netherlands' public employment service now offers a blended online and face-to-face service, with initial meetings with jobseekers conducted face-to-face in order to build trust. Sarina Russo Job Access (SRJA) summarised the Dutch experience as follows:

> In response to severe budget cuts, the Dutch PES developed digital channels to interact with jobseekers with the aim of serving every jobseeker only via digital channels in the first three months of their unemployment (with the exception of those with disabilities and those aged over 50). However there has been concern that, for some customers, e-services are not as effective as face-to-face services. The PES is now focusing on providing a blended service … aiming to provide the right service for the right customer at the right time via the right channel.[46]

10.41 SRJA indicated that while a 'digital first' approach may be appropriate for at least some jobseekers, no employment services should be 'digital only'. SRJA stated that not commencing investment in participants immediately on leaving employment fails to capitalise on the period when the participant is the most motivated in their job search.[47]

10.42 The National Employment Services Association (NESA) noted that while there have been experiments with digital-only services in some countries, most established public employment services use omnichannel or blended offerings which incorporate digital and in-person support:

> International experience also indicates that augmented services bringing together human and ICT strengths deliver the best result for participants and employers. These digital services models include rigorous holistic assessment and streaming processes focused on identifying competencies, actual support needs and fit to service interventions.[48]

10.43 According to NESA, exemplary international models which a reformed employment services system in Australia may wish to drawn upon include the public employment services in Belgium, Germany and the Netherlands.[49]

10.44 A primary safeguard for jobseekers in Workforce Australia Online are Digital Services Reviews. These are voluntary assessments that occur after a participant has been in online services for four and eight months and are designed to review a jobseeker's capacity to use the online service and allow them to move to provider-led assistance. Depending on a jobseeker's responses to the questionnaire, they may be provided with information on online services that can help them find a job or may be encourages to opt out of Workforce Australia Online and transfer to a provider.[50]

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46 SRJA, *Submission 145*, p. 12.
47 SRJA, *Submission 145*, p. 12.
48 National Employment Services Association (NESA), *Submission 260*, p. 52.
49 NESA, *Submission 260*, pages 52–53.
50 DEWR, *Submission 254*, p. 66. See also DEWR *Submission 254.5*, p. 42.

10.45 DEWR stated that in the NEST, most of the participants who completed a Digital Service Review were found to be suitable for online servicing.[51] However, evidence from the NEST evaluation found that only half of the participants in online services completed the review at the four-month point.[52]

10.46 Other safeguards for participants in Workforce Australia Online include four-month activation requirements, the ability for participants to opt out of digital services; the automatic transfer of jobseekers to provider-led services at 12 months (if the jobseeker is not working, studying, or training), and access to the DSCC.[53]

10.47 DEWR also stated that participants have access to support via websites and via messages and notifications. These include information and advice on matters such as onboarding, compliance with mutual obligations, and employment-related events in a participant's local area. Notifications are regularly reviewed to ensure content is clear and helpful, with input from stakeholders such as ACOSS.[54]

10.48 A virtual digital assistant is also available on the Workforce Australia website, with responses from the assistant developed using content from the website and program and policy information.[55]

The role of the Digital Services Contact Centre

10.49 The DSCC is DEWR's dedicated contact centre for Workforce Australia Online participants. Support provided through the DSCC covers:

- information and technical support in using the online system, such as assisting jobseekers to opt out of online services and to select a provider;[56]
- assistance for online participants with mutual obligation requirements;
- assistance to connect to complementary programs, activities and other support;
- processing Employment Fund (EF) requests for online participants; and
- engagement with participants to confirm continued suitability of online services.[57]

10.50 Since 1 July 2022, DEWR's contact centres (primarily DSCC) have received 345,168 inbound contacts from individuals via telephone and email. The majority have been via telephone (86.5 per cent). The majority of contacts (85.8 per cent) were requests

51 DEWR, *Submission 254*, p. 66.
52 See DEWR (2021), *New Employment Services Trial Evaluation Phase 1 Report*, pages 126–127, www.dewr.gov.au/employment-research/resources/new-employment-services-trial-evaluation-phase-1-report, viewed 20 November 2023.
53 DEWR, *Submission 254*, pages 65-66. See also Ms Ryan, DEWR, *Committee Hansard*, 20 September 2023, p. 48.
54 DEWR, *Submission 254.5* p. 40.
55 DEWR, *Submission 254.5*, p. 41.
56 DEWR, *Submission 254.1*, pages [19-25].
57 DEWR, *Submission 254*, p. 41.

for information. Other reasons for contact included activity reporting (5.1 per cent), referrals (4.3 per cent), and requests to transfer or opt-out of services (2.9 per cent).[58]

10.51 The DSCC formally introduced performance metrics to measure its service to users in February 2023. These are outlined in **Table 10.1** below, along with the DSCC's performance against the measures for the 2022–23 financial year. As reflected in the table, targets were not met for three of the measures. In particular, the call handling rate of 81 per cent was well below the 95 per cent target, and the call wait time of 2 minutes and 54 seconds fell well short of the 60 second target.

Table 10.1 DSCC performance metrics

Measure	Target	2022-23 Result
Speed to resolve matter*	100% under 20 days	Met 99% of the time
Average speed to answer	Under 60 seconds	2 minutes, 54 seconds
Call handling rate	Over 95%	81%
Occupancy**	80%	81%
Customer satisfaction	Over 75%	81%

Source: DEWR, *Submission 254.5*, p. 40.
* Speed to resolve data provided for 2022-23 is incomplete. DEWR was unable to report on performance of records received on or after 16 June 2023.
** Occupancy measures the time staff are on call-related activity compared to logged-in time. At other times staff are increasing their knowledge and undertaking administrative tasks.

10.52 Performance metrics are currently under review, taking into account 12 months of data and improvements to data recording.[59]

10.53 The DSCC has also increased its outgoing calls as a form of welfare check for online participants, including to assist participants to transfer to provider-led services if necessary.[60] For example, the DSCC trialled outbound calls to individuals flagged as not completing a Job Plan. Calls included targeted advice as well as assessment of whether the person may be better served by a provider.[61]

10.54 The Committee visited and observed the DSCC in operation. Observations indicated that staff are very competent in their knowledge of the service and capacity to assist participants and genuinely engaged and caring.

10.55 However, the Committee also heard that staff at the DSCC do not consider themselves a service provider but rather a support service. By contrast, other stakeholders see the DSCC (or DEWR generally) as the largest provider of employment services, noting that DEWR is now responsible for service delivery for the online caseload.

58 DEWR, *Submission 254.5*, p. 39.
59 DEWR, *Submission 254.5,* p. 40.
60 DEWR, *Submission 254*, p. 66.
61 DEWR, *Submission 254.5*, p. 18.

Time spent in online services

10.56 As outlined above, the 'default' period for online services is 12 months. This may be extended to 18 months if the participant is in work or study.

10.57 Several stakeholders argued that the default period should be reduced—particularly if jobseekers do not also receive face-to-face support. The Committee heard that leaving jobseekers without support for up to 12 months can result in the jobseeker being long-term unemployed (LTU) when they ultimately transfer to provider-led services. This creates challenges for the provider in terms of behaviour management, support needs, and degree of disengagement from the service system.[62]

10.58 SYC Ltd (SYC) noted that even in the NEST—where jobseekers would remain in online services for six months, jobseekers who transitioned to provider-led services showed less capacity to apply for vacancies online or create a CV.[63]

10.59 There was not consensus on the most appropriate period for which a jobseeker should remain in online services. However, most stakeholders who considered the matter supported reducing the default time in online services to three or six months, particularly if a hybrid or 'digital plus' service model is not adopted.[64]

10.60 MatchWorks asserted that the transition from online to provider services should occur at three months. MatchWorks argued that early intervention minimises the scarring effects of unemployment and can identify barriers that may not have been disclosed during initial jobseeker assessment. MatchWorks also stated that where a jobseeker remains in online system until they are LTU, there is an avoidable cost to other government-funded social care services.[65]

10.61 MAX Solutions (MAX) noted that when a jobseeker transitions from digital to provider-led services, they have three months before being required to complete either a training program or Work for the Dole (WfD). MAX observed that this is a 'tragic misread' of the importance of placing the most job-ready people in work quickly and stated that while there is a role for digital services, the period of online servicing should not exceed six months.[66]

10.62 Stakeholders also called for participation in online services to be reviewed at critical milestones—particularly if a 'digital only' model is to be retained—to ensure that online engagement remains appropriate.[67] NESA recommended that jobseekers are contacted by phone within the first month of joining online services to make this

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62 See, for example, CVGT, *Submission 106*, p. 15; Campbell Page, *Submission 150*, p. [7]; Workskil Australia (Workskil), *Submission 196*, p. 16; APM, *Submission 213*, pages 10–11; Australian Chamber of Commerce and Industry (ACCI), *Submission 236*, p. 4; Asuria, *Submission 246*, p. 22.

63 SYC Ltd (SYC), *Submission 188*, p. 9.

64 See, for example, WDEA Works, *Submission 168,* p. 5; Jobs Australia, *Submission 185*, p. 7; SYC, *Submission 188*, p. 9; NESA, *Submission 260*, p. 52.

65 MatchWorks, *Submission 263*, p. 4.

66 MAX, *Submission 146*, p. 12.

67 See, for example, CoAct, *Submission 151*, p. 11; APM, *Submission 213*, p. 11; Asuria, *Submission 246*, p. 22.

assessment. NESA also stated that a similar assessment should be made each time the jobseeker accrues a demerit under the Targeted Compliance Framework (TCF).[68]

Moving from online to provider-led services

10.63 Jobseekers in Workforce Australia Online may opt out of online services at any time by initiating a transfer to a provider via their online account or by contacting either the DSCC or the National Customer Service Line (NCSL). Information and advice on transferring from online to provider-led services is available on the Workforce Australia website.[69]

10.64 In the first year of Workforce Australia Online, approximately 11 per cent of the participants who moved through online services chose to transfer to provider-led services. Around 75 per cent of those transfers were supported by the DSCC, while the remainder relied on online tools. The most common reason for transfer was a preference for face-to-face servicing (43 per cent), followed by digital literacy or technology-related issues (24 per cent).[70]

10.65 EJA noted that not all jobseekers will self-advocate if they are having trouble with Workforce Australia Online.[71]

10.66 The option to transfer from online to provider-led services is not fully understood and may not be user-friendly—particularly for vulnerable jobseekers. The Settlement Council of Australia (SCoA) stated that opting out of online services is particularly challenging for people from CALD communities, emphasising that the process must be made easier so participants can access culturally appropriate services that meet their needs.[72]

10.67 APM noted that the findings of the OEST indicated that just 30 per cent of jobseekers were aware of the choice to opt out of online services, with most jobseekers having little knowledge about face-to-face services available.[73] Through engagement with jobseekers, the Committee heard instances of Workforce Australia Online participants struggling and wanting to move to provider-led services but being unaware of the option to do so.[74]

10.68 Dr Michael McGann emphasised the importance of promoting awareness of the choice to opt out of online services. Dr McGann also indicated that more should be

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68 NESA, *Submission 260*, p. 52. See also SAEP, *Submission 199*, pages 11–12. SAEP stated that it would expect that the majority of jobseekers in online services find work within the first six months.

69 DEWR, *Submission 254*, p. 67. An overview of participant-initiated transfers from online to provider-led services, as well as transfers supported by the virtual digital assistant and the DSCC, is included in Attachment F of DEWR's supplementary submission. See DEWR, *Submission 254*, pages 57–64.

70 DEWR, *Submission 254.5*, p. 35.

71 EJA, *Submission 153.1*, p. 6.

72 SCoA, *Submission 211*, p. 15.

73 APM, *Submission 213*, p. 10.

74 See, for example, Julie, private capacity, Committee Hansard, 20 September 2023, p. 35.

done to track a participant's progress—including responding to signs a jobseeker is experiencing difficulties and by undertaking proactive outreach.[75]

10.69 DEWR highlighted that information on transferring to a provider is available via the Workforce Australia website and by contacting the DSCC. According to DEWR, DSCC staff are trained to pick up on cues that online services may not be suitable for a participant.[76] Support is also available via the virtual digital assistant:

> A range of terms can be used to obtain information about transferring to a provider. This includes, but not limited to, phrases such as 'switch to provider services', 'can I leave online and go to a provider', 'I want to opt out of online services', [and] 'can I have a meeting with someone to help me with my résumé and suitable work'.[77]

10.70 Jobseekers in provider-led services may also request transfer to Workforce Australia Online. Acceptance of this requires the support of the jobseeker's provider and the jobseeker meeting eligibility criteria. A jobseeker may not be referred from provider-led to online services if they have a high level of disadvantage, have not been able to satisfactorily manage their mutual obligations while in provider servicing, or have a recent Employment Services Assessment (ESAt) recommending provider servicing.[78]

10.71 There can be challenges moving from provider-led to online services—including for participants who are well-placed to manage their job searches without additional support. One submitter stated that despite having advanced qualifications and substantial work experience, she was refused the opportunity to transfer back into online services—without a satisfactory explanation.[79]

10.72 The Australian Unemployed Workers' Union (AUWU) highlighted that calls made to their helpline indicated that many people seeking information on transferring to online services wanted that information as they did not wish to stay with their provider.[80]

Online engagement with employers

10.73 Workforce Australia Online for Business is intended to support business with their recruitment and workforce planning needs. Employers can advertise vacancies; find, review, and shortlist candidates; and access information and resources. Jobs advertised on three external jobs boards (Adzuna, CareerOne and Jora) also feed into the Workforce Australia jobs board. To access all features of Workforce Australia Online for Business, a business must register and be authenticated.[81]

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75 Dr Michael McGann, *Committee Hansard*, 14 March 2203, p. 24.
76 DEWR, *Submission 254.5*, p. 37. See also Ms Ryan, DEWR, *Committee Hansard*, 20 September 2023, p. 48.
77 DEWR, *Submission 254.5*, p. 35.
78 DEWR, *Submission 254.5*, p. 10.
79 Name Withheld, *Submission 118*, p. [1].
80 Dr O'Halloran, Advocacy and Research Officer, Australian Unemployed Workers' Union (AUWU), *Committee Hansard*, 19 September 2023, p. 5
81 DEWR, *Submission 254*, p. 90.

10.74 Between 1 July and 31 December 2022 there were more than 6,600,000 jobs advertised on Workforce Australia. These were almost entirely sourced from external marketplaces (97.7 per cent). No other source (for example, registration by an employer or a service provider), accounted for more than one per cent of advertisements.[82]

10.75 When advertising on the Workforce Australia job board, an employer can choose the method by which candidates should apply. For example, applications could be submitted via Workforce Australia, via the employer's website, or using an external jobs board. A business may also contact a prospective candidate directly.[83]

10.76 Job searches and applications using external platforms such as SEEK are not automatically logged or counted in DEWR's IT system. A jobseeker will need to send an email to a specific email address with their jobseeker ID to have the job search credited for the purposes of their mutual obligation requirements.[84]

10.77 DEWR noted that the various methods by which a person may apply for a job make it 'extremely difficult' for IT systems to capture data on the outcome of recruitment processes. The Workforce Australia evaluation will look to answer how well the online service is assisting businesses to connect with suitable candidates. Further, while improvements to job matching have been implemented, businesses continue to express frustration about receiving applications from individuals purely to meet mutual obligation requirements.[85]

10.78 Stakeholders argued that Workforce Australia Online for Business is not meeting employers' needs, noting difficulty registering vacancies,[86] lack of access to jobseekers on the digital caseload,[87] and the limited reach of the jobs board compared with commercial platforms such as SEEK.[88]

10.79 SEEK commissioned Lewers Research to conduct research into the job searching behaviours of jobseekers and recruitment methods of employers. This involved both surveys and qualitative interviews with jobseekers and employers. Among employers who provided responses to the surveys and participated in interviews, 97 per cent used SEEK to recruit their staff, and 86 per cent used SEEK as a primary recruitment channel. Only 18 per cent used Workforce Australia and just three per cent used Workforce Australia as their primary recruitment channel. Use of Workforce Australia was also lower than other platforms such as Facebook, Linkedin, and Indeed.[89]

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82 DEWR, *Submission 254*, p. 91.
83 DEWR, *Submission 254.5*, p. 43.
84 Ms Nicolle Johnston, Assistant Secretary—Digital Experience and Services, DEWR, *Committee Hansard*, 3 November 2022, p. 49.
85 DEWR, *Submission 254.5*, pages 43–44.
86 ACCI, *Submission 236*, p. 3.
87 See, for example, Campbell Page, *Submission 150*, p. [7]; Per Capita, *Submission 252*, p. 51.
88 See, for example, Mr Matthew Ford, *Submission 7*, p. [2]. Australian Local Government Association (ALGA), *Submission 172*, p. [2].
89 SEEK, *Submission 242*, p. 8.

10.80 The research commissioned by SEEK also found that Workforce Australia participants are significantly more likely to use SEEK than Workforce Australia despite being required to log into the Workforce Australia platform to record mutual obligations. Just 52 per cent of jobseekers reported that it was likely or very likely that they would find a job through Workforce Australia, compared with 77 per cent for SEEK. However, the research found that Workforce Australia is used more by jobseekers than other commercial platforms such as Indeed and LinkedIn.[90] While apparently data-driven, the research commissioned by SEEK ultimately argued for the superiority of SEEK over other commercial job markets.

10.81 A further complication is that not all employers use internet job boards. Jobs and Skills Australia (JSA) noted that internet job boards give preference to metropolitan regions and higher skilled occupations. Data indicates that regional employers are more likely to use word-of-mouth or other social media channels for recruitment.[91]

10.82 A range of stakeholders argued that Workforce Australia should not attempt to compete with commercial platforms but should instead offer a unique service to employers including brokering job opportunities, assisting recruitment processes, and providing ongoing support to enable sustainable employment outcomes.[92] Associate Professor Jo Ingold (Dr Ingold) stated:

> You have to have a clear rationale and a clear value proposition that is enacted so that employers know they are going to get something different … When employers realise what employment services can do for them, and it is executed well—from pre-employment preparation through to post-employment support for both the candidate and the employer—it is great; it is compelling. But at the moment we have a system that is washing around the surface and not having the impact we would like it to have, which is why we are seeing all that churn.[93]

10.83 Jobs Victoria noted that they do not aim to compete with commercial platforms, but rather to complement those services by matching jobseekers to more inclusive job opportunities, and opportunities on government projects.[94]

10.84 Similarly, the Australian Local Government Association (ALGA) noted that there was an industry-specific job board—Careers at Council—for jobs in local government. They expressed frustration that when they sought to feed vacancies from their jobs board into the Workforce Australia system, the system was unable to take the feed.[95]

10.85 SEEK proposed a future state for employment services system that would clearly delineate the roles of employment services and commercial platforms. Under the

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90 SEEK, *Submission 242*, p. 7.

91 Mr Cliff Bingham, Assistant Secretary—Labour Market Research and Analysis, Jobs and Skills Australia (JSA), *Committee Hansard*, 20 September 2023, p. 61.

92 See, for example, CVGT, *Submission 106*, p. 20; SAEP, *Submission 199*, p. 52; atWork, *Submission 210*, p. [11]; Associate Professor Jo Ingold (Dr Ingold) and Mr Tony Carr, *Submission 216*, pages 4–5; Brotherhood of St Laurance (BSL), *Submission 249,* p. 55.

93 Dr Ingold, private capacity, *Committee Hansard*, 16 June 2023, p. 8.

94 Ms Trengove, Jobs Victoria, *Committee Hansard*, 14 March 2023, p. 54.

95 ALGA, *Submission 172*, p. [2].

proposed model, employment services would focus on case management support, while specialist jobs marketplaces would focus on career advice and resources and on listing vacancies and job matching. SEEK detailed their proposal as follows:

- Workforce Australia retires its jobs marketplace and maintains a narrowly focused digital platform to help jobseekers develop an agreed Job Plan, track progress towards goals and demonstrate compliance with mutual obligations.
- Specialist jobs marketplaces offer platforms for jobseekers to find work and employers to find staff and offer career tools and guidance on their use.
- Data and workflow integrations between Workforce Australia and these platforms are developed to agreed standards, subject to jobseeker consent.
- Resources that would have been invested in maintaining the Workforce Australia jobs marketplace and career advice are re-directed to provision of more intensive assistance to jobseekers with the greatest needs.[96]

10.86 SEEK stated that realising this proposal will require partnerships between DEWR and eligible jobs marketplaces which opt into the new system. A framework to address technical aspects of the proposed model should also be developed, including:

- regular sharing of data relating to jobseeker activity on the jobs marketplace with Workforce Australia to provide program-level accountability and inform future policy directions;
- building capability for jobseekers to automatically report job applications and other activities on the marketplaces to Workforce Australia to fulfil their mutual obligations requirements; and
- promoting relevant content to jobseekers using in-flow and adjacent marketing channels.[97]

10.87 The Committee also heard that the service offerings of commercial platforms could be improved. For example, Mr Dan Ehlers noted that platforms may exaggerate the number of jobs available in an area and give the impression that a job is available in an area when it is a considerable distance away. Mr Ehlers also observed that some jobs advertised via recruitment or labour hire companies are not genuine vacancies but are used by the agency to 'add more people to their books'.[98]

Committee comment

10.88 Engagement with employment services requires an increasingly high level of digital literacy. Many Australians—and particularly those facing intersectional disadvantage such as older people, First Nations peoples, and people from CALD backgrounds—do not necessarily possess the necessary digital capability to fully engage. This can

96 SEEK, *Submission 242*, p. 11
97 SEEK, *Submission 242*, p. 12.
98 Mr Dan Ehlers, *Submission 90*, p. 1.

entrench disadvantage for vulnerable people and widen the divide between those able and unable to use digital systems.

10.89 The Committee acknowledges that the government offers several programs which include a digital literacy component. However, eligibility for these programs may exclude jobseekers who would benefit from enhanced digital skills. All employment services participants have access to training and supports to improve their digital literacy, which could include expanding access to existing services or implementing a new digital literacy program.

10.90 Robust assessment processes are also critical to ensuring that people with lower levels of digital literacy are allocated to appropriate services and are not pushed further into disadvantage. Enhancements to assessment processes, including measures to ensure that only people with sufficient levels of digital literacy are allocated to online services, are discussed in further detail in Chapter 9.

10.91 Access to technology and reliable internet access can also be major barriers to engagement with employment services and the broader human services ecosystem. While internet access for the Australian public is beyond the scope of this inquiry, the Committee would encourage government to explore options to ensure jobseekers have access to data to the internet and to devices such as mobile phones by providing financial support where necessary. This matter is discussed in further detail in Chapter 11, in the context of enhancements to EF.

10.92 The Committee also acknowledges the difficulties reportedly experienced by many CALD and First Nations jobseekers because the Workforce Australia app only allows jobseekers to report completion of activities in English. This may create compliance challenges for jobseekers whose first language is not English, and potentially lead to the application of payment suspensions and financial penalties. It appears that the Workforce Australia website and factsheets on key programs are also only available in English (notwithstanding the availability of translating and interpreting services).

10.93 By contrast, key information on the Services Australia website is available in 81 languages, while the Centrelink Express Plus mobile app is available in English, Arabic, Vietnamese, Persian (Farsi) and Chinese (Simplified).

10.94 Digital reporting tools and websites for employment services should be available in, at a minimum, the languages most commonly spoken by participants on the employment services caseload. This should include First Nations languages to the extent that this reflects the number of First Nations peoples accessing services. The languages in which employment services website should also reflect those languages in which the Centrelink Express Plus mobile app is available, noting the value of increasing accessibility and better aligning reporting requirements across government services.

10.95 In addition, a strategy should be developed to ensure that websites and digital tools remain available in a range of languages, and to support the introduction of additional languages. This should include periodic updates to reflect changes to the makeup of the employment services caseload.

10.96 Noting that digital and language barriers are likely to continue to pose challenges for some cohorts of jobseekers, the Committee considers that all major updates to user interfaces should also be tested with target cohorts including older people, people from CALD backgrounds, people with disability, and First Nations peoples, before being implemented.

10.97 Increasing digitalisation and automation of employment services (and human services generally) can, unless appropriately managed, have a significant negative impact on vulnerable people. The Committee therefore considers it critical that a robust Digital Protections Framework be implemented. Consistent with the views put forward by stakeholders, such as framework should include, at a minimum:

- clear provisions for the circumstances in which decisions which have negative financial impact may be automated—with a focus on ensuring that decisions with a financial impact on people are made by a person;
- meaningful and accessible complaints and review processes;
- measures to protect individuals from intrusive surveillance; and
- measures to ensure that personal information and data is protected, with clear guidelines on how this data may be used and shared throughout the employment services system. Development of these measures should give consideration to the need to ensure that participant information can be shared to enable the system to function effectively, including to ensure that participants are not forced to repeat their experiences to multiple people and organisations and to avoid barriers to evidence-driven system and service improvements.

10.98 Implementation of such a framework should be conducted consistently with and give close consideration to whole-of-government work to implement related measures arising from the Robodebt Royal Commission.

Recommendation 35

10.99 The Committee recommends that the Australian Government ensure that all participants in employment services have access to training and supports to improve their digital literacy, noting that lack of digital literacy is frequently a barrier both to efficiently accessing services and to employment.

Recommendation 36

10.100 The Committee recommends that the Australian Government:

- **ensure that the digital tools for employment services and the primary government websites for employment services are available in, at a minimum, the languages in which reporting is available via the Centrelink Express Plus app, as well as in those languages most commonly used by jobseekers on the employment services caseload;**

- **develop and implement a strategy for increasing the number of languages in which online information and reporting tools are available, including in response to changes to the makeup of the employment services caseload;**
- **ensure major updates to digital tools and user interfaces for employment services are fully tested with target cohorts before being implemented. This should include testing with older people, people from culturally and linguistically diverse backgrounds, First Nations peoples, and people with disability; and**
- **develop a Digital Protections Framework to provide robust safeguards for clients and other stakeholders against the adverse impacts of increasing digitalisation and automation of services.**

10.101 As outlined in Chapter 5, the Committee considers that online services should remain a key component of the employment services system.

10.102 However, the Committee is concerned that the establishment of online servicing in Workforce Australia for nominally 'job-ready' participants has set up a hard binary between fully self-servicing and self-management in online services and 'standard' case management services delivered by providers. This is notwithstanding Australian and international research and observed experience demonstrating the value of a more graduated spectrum of support for jobseekers closer to the labour market. There is substantial evidence that other countries have recognised this risk and have implemented hybrid services providing additional support to engage with, motivate and support jobseekers with low barriers to employment to mitigate the risk of jobseekers becoming disheartened and disengaging from the labour market

10.103 At present, jobseekers remain in Workforce Australia Online for a default period of 12 months with little in the way of engagement from the DSCC. This means that although the majority of people secure work within the first 12 months, if a person does not do so then when they ultimately transition to provider-led services, they are considered LTU. After 12 months unemployed the evidence is that a person is considered far less employable (with some evidence indicating that the person is around 40 per cent less employable), and more likely to have mental health issues or behavioural challenges and require greater levels of support to return to the labour market.

10.104 The Committee appreciates that many providers and some experts have raised concerns and argued strongly for a reduced 'default' period for online services. These accord with both genuine concern to ensure that people who are not faring well in online service are not abandoned and left to languish on that caseload, as well as some degree of commercial self-interest by providers in obtaining more and easier to place jobseekers sooner.

10.105 The Committee has concluded that enhanced online services provided by the public sector should continue to play a part in the employment services system for those closest to the labour market. This is consistent with the approach recommended by the *I Want to Work* report, and that observed in public employment services in comparable international jurisdictions. The Committee considers that Australia should

move to a more blended, hybrid service approach, involving self-management via digital tools and additional support—potentially including some face-to-face capacity.

10.106 The Committee is not persuaded however on the evidence available at this point that referral to outsourced providers in a shorter time is yet justified or that there is any evidence as to what the optimal time should be. The fact remains that most jobseekers secure work within the 12-month period, and evidence from the New Employment Services Trial indicated that employment outcomes at 12 months were roughly equivalent for online and provider-led services.

10.107 Ultimately, the Committee proposes that:

- Reforms to the assessment and referral process be implemented to improve the level of confidence that the right people are being referred to predominantly online services (as outlined in the previous chapter).
- DEWR more actively manage the online caseload and be properly resourced to transform itself into a large hybrid provider with capacity for proactive outreach, some face-to-face service and additional supports where needed. Employment Services Australia's (ESA) regional and local service system mapping, more sophisticated online tools and use of data analytics will also improve the service offering over time.
- A firmer evidence base be established through Service Improvement Trials using RCT methodology to establish the optimal default time for various cohorts of people. There would be merit, for example, in trialling 6-, 9-, 12-, and 15-months service periods, accompanied by consistent proactive interventions. Subject to the outcomes of properly constituted trials, the 'default' period for a person to remain in online or hybrid services may be determined. This 'default' period may also vary depending on the person's characteristics, geographic location, and variations in the labour market.
- The DSCC be provided with the ability to request re-assessment of a person, including referral to face-to-face provider services where appropriate, at any time while the person is in online or hybrid services. Periodic reassessment should also be enabled under the current Workforce Australia Online.

10.108 The Committee stresses that the move to this new model will require that the DEWR think of itself as and be resourced by Government to transform itself into a hybrid provider, and not merely a reactive source of advice or *ad hoc* call centre support. This will be critical to the success of a rebuilt employment services system with a strong government core. An enhanced service model should be developed including, for example, regular, proactive outreach to jobseekers in digital services, including to evaluate progress toward employment; provide support, information, and referrals; and ensure the jobseekers understands how to transfer to provider services if they wish to do so. The Committee was pleased to note that the DSCC has begun to conduct more proactive outreach to jobseekers on the digital caseload and considers this should be continued and enhanced. The Committee strongly suggests that service changes routinely be the subject of randomised control trials to develop a proper evidence base to underpin interventions and reforms.

10.109 The Committee also considers that despite some evidence claiming it is relatively easy to transfer from online to provider-led services, many participants do not understand this option and may not have the support to make an informed decision. Reforms to online services must ensure that clients are provided with clear, accessible information about the circumstances in which a transfer to provider-led services may be appropriate, and the process to effect the transfer. This information should be available through relevant government websites and digital applications and should be provided to the participant as part of outreach and welfare checks—particularly for those people who have been identified as experiencing difficulties in online services.

Recommendation 37

10.110 The Committee recommends that the Australian Government should properly resource the Department of Employment and Workplace Relations (DEWR) to support its transformation into a hybrid provider with a spectrum of online services and more intensive supports, with a robust evidence base established via use of data analytics and randomised control trials including proactive outreach, for example:

- **general periodic welfare checks;**
- **coaching discussion of the client's progress in terms of building capacity and moving towards employment;**
- **proactive provision of information about skills development and training opportunities and other support services in a client's local community and region (supported by Employment Services Australia's mapping of the human services eco-system in each region);**
- **trialling an occasional video or face-to-face engagement, given the success this has had in overseas hybrid public providers; and**
- **information about transferring to provider-led services to people identified through engagement or data analytics as not faring well in online services or identified as being at higher risk of long-term unemployment.**

Recommendation 38

10.111 The Committee recommends that with respect to the optimal default time(s) that a client remains in online services:

- **The Australian Government review and establish a firmer evidence based through Service Improvement Trials using randomised control trial methodology, with a view to determining an optimal default time for participation in an enhanced online or hybrid service. This may include trialling six-, 9-, 12- and 15-months (accompanied by consistent proactive interventions) and assessing the outcomes for various cohorts of people, expecting that the optimal time may vary depending on a person's characteristics, geographic location, and variations in the labour market.**

- **The Department of Employment and Workplace Relations be provided with the ability to require re-assessment of a person in online services, and to mandate referral to face-to-face provider services where there is clear evidence that a person is not faring well and is unlikely to succeed without more intensive support.**

10.112 The Committee has given serious consideration to the proposal that the online jobs board in Workforce Australia be abandoned, and that a framework to integrate online jobs marketplaces platforms into the employment services system be implemented.

10.113 The Committee has concluded that, in principle, there appears to be little value in the Workforce Australia online jobs board within the employment services system. Commercial jobs marketplaces are mature and competitive and advertise a far greater array of opportunities. In addition, the existing jobs board in Workforce Australia largely replicates what is available via some of the commercial platforms, but in a less sophisticated and user-friendly manner. There is negligible exclusive use of the Workforce Australia jobs board by employers as commercial platforms are preferred by employers in meeting recruitment needs and by jobseekers in finding a job with appropriate pay and conditions.

10.114 The Government should seriously consider the proposal from SEEK to fully replace the current Workforce Australia jobs board with a framework to integrate commercial platforms into the employment services system. Under this model, employment services would focus on delivering a unique value proposition to employers including capacity building, recruitment, and HR support. In addition, the model would:

- enable jobseekers to automatically report job applications and other relevant activities through the existing commercial marketplace;
- enable regular data sharing on jobseeker activity with the employment services system to provide program-level accountability and inform future policy direction;
- ensure relevant content (for example, where to find help or training opportunities) is promoted to jobseekers using in-flow and adjacent marketing channels; and
- reduce duplication of job listings, thereby improving efficiency for clients.

10.115 The Committee has stopped short of reaching a final conclusion as it has been beyond our time and resources to fully analyse every aspect of the proposal and seek broader input regarding it. However, in principle the Committee is attracted to SEEK's proposal and recommends that DEWR lead a stand-alone piece of policy work and provide considered options to Government for decision.

10.116 The Committee also highlights a number of caveats and preconditions that would need to underpin any such change:

- *Neutrality.* If the government partners with SEEK, it would be important that the option to partner with government is open to other commercial marketplaces. Government may not wish to partner with all other marketplaces and enabling organisations, noting the risk of partnerships with disreputable entities. Accordingly, there would need to be certain transparent minimum standards and

approval arrangements and ensure there is full "interoperability" – *i.e.*, that clients are able to use all of the various firms government is partnering with.

- *Robust standards:* Only commercial marketplaces and enabling organisations who meet minimum privacy, cybersecurity and service standards would be able to partner with government. These standards should be developed in collaboration with all major digital jobs marketplaces.
- *Artificial intelligence (AI).* Safeguards and transparency will be needed relating to the use of AI technologies, including to prevent algorithmic discrimination against disadvantaged jobseekers.
- *Commercial advantage.* This requires overt consideration and careful management. There is likely to be commercial advantage to those platforms that capture the most traffic from public employment services, leading to growth in traffic, market share, brand profile, client networks and repeat business, and enhancements to the platform's AI algorithms more effective.
- *Quality control and access.* Government may wish to implement quality controls, limit access by certain employers; introduce robust data protection measures; and implement dispute resolution procedures.
- *Access to data for oversight and ongoing evaluation.* Arrangements would be needed to ensure government oversight (potentially by the proposed Employment Services Quality Commission) and access to data for evaluation purposes to ensure any partnerships continued to meet their objectives.

10.117 If a proposal is adopted to integrate commercial job marketplaces into the employment services system, government should also work with those marketplaces to support an ongoing process of improvement to their job matching services, informed by user feedback.

10.118 The Committee notes that it would also be possible to develop a framework for partnership without fully retiring the existing publicly provided jobs marketplace. It could be concluded that maintaining a basic public service is required to fulfil Australia's International Labour Organization (ILO) obligations, and potentially as a Customer Relationship Management system if ESA takes on a stronger role in employer engagement.

Recommendation 39

10.119 The Committee recommends that the Australian Government seriously consider the implementation of a policy framework to integrate commercial digital jobs marketplaces into the employment services system taking account of the conclusions of this report, including the following key elements:

- **Competitive neutrality and open access to all providers subject to meeting robust cybersecurity, privacy, and service standards.**

- **Safeguards and transparency relating to the use of artificial intelligence, including to prevent algorithmic discrimination against disadvantaged jobseekers.**
- **Jobseekers being able to automatically report activities through commercial marketplace partners to the employment services system.**
- **Regular sharing of data on jobseeker activity with the employment services system, to enable program-level accountability and inform future policy direction.**
- **Relevant content is promoted on behalf of businesses and industries using in-flow and adjacent marketing channels.**
- **Clients have regular access to a wide range of job opportunities and recommendations based on their candidate profile and/or job preferences.**
- **Eventual retirement of the online jobs board in Workforce Australia once commercial partnerships are established and working well.**

11. Service provision and program design: For jobseekers

This chapter examines the design and delivery of person-centred, tailored services for jobseekers, particularly as they apply to Job Coach case management services. A truly person-centred employment services system must provide clients with a genuine roadmap to employment: one that recognises there are a variety of pathways to participation, enables choice and control (although this does not mean choices are wholly unconstrained), and outlines commitments made by service partners as part of a genuinely mutual approach to employment support.

The current Job Plan in Workforce Australia is not a plan to get a job—it is a cut and paste list of mutual obligations that serves as a compliance monitoring tool. Clients need an actual plan that helps them to understand how the employment services system will help them achieve their goals and map out at least an initial plan to get a job or build capacity for employment. One way to do this is to document the kinds of supports to be provided, as outlined in Chapter 5, noting that those supports must be aligned to individual's needs and aspirations as identified during the assessment process but also evolve over time. Goal-based plans along these lines are more effective in helping clients as well as those who work with them. For this reason, it is proposed that a more comprehensive Participation and Jobs Plan form the core of a rebuilt system's planning tool for clients. This will also underpin a person's tailored mutual obligations and be a living document—regularly reviewed and adjusted as required.

It is envisaged that all clients in the Commonwealth Employment Services System would have a Participation and Jobs Plan. People in digital hybrid services would be provided with guidance on to develop a plan that combines job search with complementary supports and activities. People in case management services would negotiate their plan with their case manager, Job Coach, or service partner. Participation and Jobs Plans would also be in place for those registered with the public sector Employment Services Australia (ESA) Regional Hubs, such as those who have been referred to allied services or social participation programs and those who have failed to meaningfully engage with a contracted service partner. Adjustments to related processes will be required so that people are able to receive initial income support after acknowledging their mutual obligations, which would remain provisional until their Participation and Jobs Plan is in place.

A rebuilt employment service, consistent with revised policy objectives, should include overarching goals of helping people to progress into decent, secure work. This will require clear principles to be developed that articulate an Australian view as to what

constitutes ‘high-quality’ decent jobs, drawing on international experience and examples. Jobs and Skills Australia (JSA) would be ideally placed to lead this work.

Post-placement support will also be a critical element of the rebuilt system, especially in circumstances where the evidence is clear that longer term support is required to help a job match ‘stick’ or to help a person progress from initial or insecure work that may not meet their aspirations. A new service focused on support for career planning, career development and career transition should also be made available, particularly for people in lower-paid and precarious work. There are a number of international examples that the Australian system can draw from, with the career progression service to be established through a process of co-design and trialled before national rollout.

The employment services system also needs to ensure that there are flexible funds available to address clients’ barriers to employment. In this regard, the Employment Fund (EF) should be retained and complemented by other funding arrangements for complementary programs and social enterprises (as outlined in Chapter 13). However, the administration of the EF should be overhauled to increase flexibility and reduce the burden and complexity associated with claiming legitimate expenses. Consistent with the view that clients should not be required to shoulder additional costs when searching for work, there should be more certainty around access to EF for some expenses, such as acquiring driver licences or transport costs to job interviews.

The contentious issue of providers referring jobseekers to activities, services, or training delivered in-house or by related third parties, and accessing the EF to support such initiatives, warrants a change to the rules. A default principle should be adopted whereby contracted service partners (providers) should not be permitted to refer participants on their caseload to training programs which they or a related entity deliver except with express approval by DEWR. Approval would only be expected in limited circumstances, for example in thin regional markets.

Moreover, as a general principle the EF is for the direct benefit of and to pay for things directly for jobseekers, not to support providers to deliver services and activities that they do not want to provide at their own expense. Consistent with the Committee’s recommendations in its interim report—for ParentsNext’s Participation Fund—it is proposed that clear rules be developed which prohibit referrals to, and expenditure on, in-house or related entity programs except where explicitly permitted (whether in general guidelines or case-by-case approvals). When developing these rules, reasonable consideration should also be given to ensuring that clients in thin market areas have access to the training and supports they need, and to ensure that the programs are of high-quality and represent value for money. Clients should be told explicitly where a provider proposes to claim a training or other expense paid to themselves.

Pathway planning

11.1 Within the employment services system, a jobseeker's commitment to participate in employment services in return for income support is reflected in their Job Plan. The Job Plan is provided for in social security law and is referred to as an 'Employment Pathway Plan'.[1]

11.2 The Job Plan details the jobseeker's mutual obligation requirements, including:

- meeting points targets via Points Based Activation System (PBAS), including minimum job search requirements;
- attending and acting appropriately during any compulsory appointments;
- following up on work opportunities to which the participant is referred;
- attending and acting appropriately during a job interviews;
- accepting any offer of a suitable job and not voluntarily leaving a suitable job;
- accurately recording or report attendance at required activities; and
- meeting mandatory activation requirements.[2]

11.3 Providers are required to discuss the contents of the Job Plan with the jobseeker to ensure the jobseeker understands the Plan and the potential consequences of non-compliance with obligations at the first appointment.[3] Those in online services enter their Job Plan upon referral, with additional information available on the Workforce Australia for Individuals website.[4]

11.4 Most jobseekers are subject to RapidConnect arrangements, and accordingly cannot receive income support until they agree a Job Plan (online or with a provider). Those exempt from RapidConnect may also have their income support cancelled if they refuse to enter into a Job Plan.[5]

11.5 Stakeholders expressed concern that Job Plans are little more than compliance tools which set out the jobseeker's mutual obligations and called for the current Job Plan to be replaced by a genuine roadmap to meaningful employment.[6] At site visits and via evidence to the Committee, providers indicated that they develop comprehensive

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1 References in *Social Security Act 1991* and *Social Security (Administion) Act 1999*. See Department of Social Services (DSS), *Guide to Social Policy Law, 3.11.2 Job Plans*, https://guides.dss.gov.au/social-security-guide/3/11/2, viewed 20 November 2023.

2 See Department of Employment and Workplace Relations (DEWR), *Workforce Australia Guidelines–Part B Workforce Australia Services*, pages 125–126. Transition to Work (TtW) participants may also have a Jobs Plan but its contents vary. See DEWR, *Workforce Australia Guidelines–Part B Transition to Work*, p. 49. Copies of all Workforce Australia guidelines available via www.dewr.gov.au/workforce-australia/workforce-australia-information-providers#toc-guidelines, viewed 20 November 2023

3 DEWR, *Workforce Australia Guidelines–Part B*, p. 126–127.

4 See DEWR, *Obligations*, www.workforceaustralia.gov.au/individuals/obligations, viewed 20 November 2023.

5 DEWR, *Submission 254*, p. 54.

6 See, for example, Name Withheld. *Submission 126*, p. 6; Office of the Commonwealth Ombudsman, *Submission 134*, p. [1]; Australian Centre for Career Education (ACCE), *Submission 149*, pages 2, 6, 11; WDEA Works, *Submission 168*, p. 12.

plans with jobseekers to support progression to employment. However, these are separate from the Job Plan in the social security law and are designed to respond to concerns about high levels of prescription in the formal Job Plan.[7]

11.6 The Committee also heard that jobseekers must have greater choice and control over their Job Plans, and that plans must be a product of negotiation between jobseekers and providers—based on a relationship of trust.[8] Dr Ann Nevile stated that assistance for jobseekers must proceed from mutual accountability. This must involve giving jobseekers and providers freedom to develop tailored Job Plans that set out the aspirations and goals of the jobseeker, actions the jobseeker will take to achieve them, and assistance that they will receive.[9]

11.7 The Australian Centre for Career Education (ACCE) stated that jobseekers feel they have little input to their Job Plan, and that items in the plan may not adequately prepare jobseekers to look for work or support them to achieve their career goals.[10]

11.8 The Australian Council of Social Service (ACOSS) stated that additional time may be needed to negotiate a Job Plan and asserted that a person's first income support payment (at a minimum) should not be contingent on signing a Job Plan—to give participants time to consider options, obtain advice, and put forward proposals.[11]

11.1 Other stakeholders indicated that the Job Plan must recognise that employment may not be appropriate in the immediate or short term, and plans should capture a range of vocational and non-vocational supports.[12] This was broadly consistent with the view put forward by the Brotherhood of St Laurence (BSL) that employment services must adapt to participants' life stages and pathways to employment:

> [Workforce Australia should] work across the life course and with the types of jobseekers that are presently in the … system, and pick up what are described as capability pathways—things that range from social participation, pre-vocational programs and then employment pathways … [T]here is quite a heterogeneous group that require a differentiated approach based on their life stage and where they are, which is why we are quite worried about the adaptability of the present system and the providers within it to work for those jobseekers.[13]

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7 See, for example, MAX Solutions (MAX), *Submission 146*, p. 26; AMES Australia (AMES), *Submission 148*, p. 4

8 See, for example, Centre for Policy Futures–University of Queensland (CPF-UQ), *Submission 217*, p. 4; Dr Simone Casey, Senior Advisor—Employment, Australian Council of Social Service (ACOSS), *Committee Hansard*, 17 May 2023, pages 7, 11.

9 Dr Ann Nevile, *Submission 136*, p. 5.

10 ACCE, *Submission 149*, p. 6.

11 ACOSS, *Submission 203*, p. 43.

12 See, for example, AMES, *Submission 148*, p. 4; Name Withheld, *Submission 187,* p. [1]; Ms Sandra Elhelw Wright, CEO, Settlement Council of Australia (SCoA), *Committee Hansard*, 17 May 2023, p. 28; Ms Julie-Ann Guivarra, Deputy CEO—Policy and Programs, National Indigenous Australians Agency (NIAA), *Committee Hansard*, 17 May 2023, p. 15.

13 Dr Travers McLeod, Executive Director, Brotherhood of St Laurence (BSL), *Committee Hansard*, 14 March 2023, p. 23. The importance of a more structured service model which recognises various pathways to social and economic participation is discussed in Chapter 5.

11.1 During its European delegation, the Committee heard that other jurisdictions and programs have adopted alternative ways of mapping pathways to economic and social participation. For example, in the Netherlands there is a strong focus on mapping a client's skills rather than focusing on specific roles or qualifications. The Committee heard that this supports lifelong learning and development.

11.2 The National Employment Services Association (NESA) stated that genuine case management involves giving a jobseeker agency to determine an appropriate plan and coordinating support to address the jobseeker's needs. This includes assisting the jobseeker to navigate and access a range of service networks and supporting joined-up, wrap-around service delivery.[14]

11.3 The Department of Employment and Workplace Relations (DEWR) noted that the Job Plan has limited functionality in terms of mapping a participant's pathways to employment and is a means of formally recording a participant's obligations. Instead of setting fixed requirements in Job Plans, Workforce Australia uses PBAS to encourage participants to exercise choice as to the activities they complete.[15]

Defining and measuring job quality

11.4 Stakeholders indicated that there is a need to define 'quality' jobs for the purpose of the employment services system, particularly to enable pathways to employment which focus on sustainable work and career planning. Stakeholders also provided examples of where attempts have been made to define 'quality' or 'decent' work.[16]

11.5 Social Ventures Australia (SVA) noted that both the Organisation for Economic Co-operation and Development (OECD) and the UK Government have done 'considerable work' identifying indicators of quality employment, stating that employment services could be designed as part of a wider strategy to improve quality of jobs nationally.[17]

11.6 The OECD's framework to measure job quality uses the following three indicators: earnings, labour market security (including risk of job loss and its economic cost for workers) and working environment (non-economic aspects of job quality such as the nature and content of work performed, work time arrangements, and relationships) for benchmarking job quality across member countries.[18]

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14 National Employment Services Association (NESA), *Submission 260*, p. 29.

15 DEWR, *Submission 254*, p. 99. See also Ms Benedikte Jensen, First Assistant Secretary—Employment Policy and Analytics Division, DEWR, *Committee Hansard*, 3 November 2023, p. 46.

16 See, for example, The Multicultural Professional Network Inc (MPN), *Submission 99,* p. 4; Social Enterprise Australia (SEA), *Submission 307*, p. [10].

17 Social Ventures Australia (SVA), *Submission 232,* p. 13.

18 Organisation for Economic Co-operation and Development (OECD), *Job quality*, www.oecd.org/statistics/job-quality.htm, viewed 20 November 2023. Measuring job quality also forms part of the International Labour Organization's (ILO) 'Decent Work' agenda. See the ILO, *Decent work indicators*, www.ilo.org/integration/themes/mdw/WCMS_189392/lang--en/index.htm, viewed 20 November 2023. Both were cited by the Employment White Paper. See Commonwealth of Australia (2023), *Working Future: The Australian Government's White Paper on Jobs and Opportunities*, p. 48.

11.2 The UK's Office for National Statistics defines a series of measures which seek to capture 'quality' employment, including work hours; overtime; contract type and zero-hours contracts; pay; career progression; employee involvement in decision-making; union representation; and health and safety.[19] These are also reflected in 'Measuring Good Work' research conducted by the Carnegie Trust, which emphasised non-economic aspects of job quality such as health, safety, and psychosocial wellbeing; nature of work; social support and cohesion; and work-life balance.[20]

11.3 Defining 'quality' jobs is also a live issue in Australia. For example, the Melbourne Institute attempted to define job quality using the Household, Income and Labour Dynamics in Australia (HILDA) survey.[21] Boosting job security, wages, and other indicators of job quality were considered at the 2022 Jobs and Skills Summit.[22]

11.4 Jobs and Skills Australia (JSA) indicated that their legislative framework would permit the organisation to develop an accepted view of 'decent' or 'quality' jobs. However, JSA also acknowledged that developing such as view would require extensive qualitative research and consultation with key stakeholders.[23]

11.5 Stakeholders also indicated that additional data will also be required to assess whether Workforce Australia is successful in moving jobseekers into 'quality' employment. This may include data on the length of time a jobseeker has been in a work (beyond current 26-week timeframes), average wages in jobs obtained through employment services, the extent of career progression, and feedback on whether employment has contributed to overall wellbeing.[24]

Post-placement support and career progression

11.6 Several stakeholders indicated that there is a greater need for support of jobseekers post-placement, as well as for those in employment but at risk. The level and type of support needed will vary according to the individual and will fluctuate over a person's career.[25] Professor Jeff Borland noted that best practice in post-employment support

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19 UK Office for National Statistics (2022), *Job quality in the UK – analysis of job quality indicators: 2021,* www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/jobqualityindicatorsintheukhourspayandcontracts/2021, viewed 20 November 2023.

20 Carnegie UK Trust (2018), *Measuring Good Work: Final report of the Measuring Job Quality Working Group*, pages. 43,57–58, https://carnegieuktrust.org.uk/publications/measuring-good-work-the-final-report-of-the-measuring-job-quality-working-group/, viewed 20 November 2023.

21 See Melbourne Institute—University of Melbourne (UniMelb) (2019), *Four Dimensions of Quality in Australian Jobs*, Working Paper No. 7/19, https://melbourneinstitute.unimelb.edu.au/publications/working-papers/search/result?paper=3158675, viewed 20 November 2023.

22 See The Treasury (2022), *Jobs + Skills Summit: Outcomes,* pages 6–8, https://treasury.gov.au/sites/default/files/inline-files/Jobs-and-Skills-Summit-Outcomes-Document.pdf, viewed 20 November 2023.

23 Mr David Turvey, First Assistant Secretary, Jobs and Skills Australia (JSA), *Committee Hansard*, 20 September 2023, p. 64.

24 See, for example, The Salvation Army Employment Plus (SAEP), *Submission 199*, p. 46; Dr Michael McGann, private capacity, *Committee Hansard*, 14 March 2023, p. 14; Mr Cliff Eberly, Program Director—Resilient People and Places, Centre for Policy Development (CPD), *Committee Hansard*, 14 March 2023, p. 21.

25 See, for example, Youth Projects, *Submission 141*, p. 4; MAX, *Submission 146*, p. 36; SYC Ltd (SYC), *Submission 189*, p. 14; SAEP, *Submission 199,* p. 45; Name Withheld, *Submission 264*, p. [5].

involves ongoing monitoring and advice to employers and employees, tailored to the needs of both parties. An example of effective support would be providing access to a support worker who an employer can call should difficulties arise. The support worker might also meet regularly with jobseekers.[26]

11.7 Stakeholders indicated that post-placement support could be enhanced, noting that this will require additional investment. WDEA Works proposed that funding be made available to for post-placement support for long-term unemployed (LTU) people; that additional subsidies (beyond wage subsidies) be offered to employers; and that career development resources be developed for participants.[27]

11.8 NESA expressed support for piloting a career development approach to employment services, noting that there are various international examples which could be used as models. NESA stated that a career development approach would involve:

- regular case management support to build capacity and high-level employability skills and address risks to work retention;
- support to identify skills pathways and coordinate access to appropriate training to meet learner needs; and
- a development plan informed by the employer's skills needs to enable participants to add value to the employer's business while enabling opportunities for promotion and greater employment security.[28]

11.9 NESA's proposal was reflected in more general support for expanding eligibility for employment services to current employees seeking additional hours or to progress in their careers—particularly to employees in low-skilled, low-paid, or precarious work.[29] MAX Solutions (MAX) stated that this proposal would:

> … enable providers to engage with job seekers who are in work to support improved quality, quantity, and sustainability of employment through career advancement and career laddering approaches, or skills development and job search support to explore external opportunities without having to disengage from existing work.[30]

11.10 The Disability Employment Services (DES) program provides support to current employees via the Work Assist program. It also supports eligible employees who

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26 See Melbourne Institute—UniMelb (2016), *What are Best-Practice Programs for Jobseekers Facing High Barriers to Employment*, Policy Brief No. 4/16; p. 10; https://melbourneinstitute.unimelb.edu.au/publications/policy-briefs/result?paper=2168200, viewed 13 November 2023. See also Professor Jeff Borland, *Submission 171*; p. 16.

27 WDEA Works, *Submission 168*, p. 11. See also SYC, *Submission 189*, p. 14.

28 NESA, *Submission 260*, p. 65.

29 See, for example, Dr Victor Quirk, *Submission 209*, p. 8., Settlement Council of Australia (SCoA), *Submission 211*, pages 7–8; Dr Lisa Fowkes, Director—Employment, SVA, *Committee Hansard*, 17 May 2023, p. 32; Mrs Christine Castley, CEO, Multicultural Australia, *Committee Hansard*, 6 June 2023, p. 9.

30 APM, *Submission 213*, p. 15.

have difficulty fulfilling the requirements of their role due to injury, disability, or health condition.[31]

11.11 Certain organisations have also implemented their own career development services For example, the Australian Services Union (ASU) noted that it administers a Job Connect program to support members develop careers in the community and disability support sectors.[32]

11.12 The Committee also heard that providers are not incentivised to offer post-placement support over the long-term (beyond 26-weeks). Stakeholders called for the payment framework for employment services to recognise longer-term outcomes to encourage providers to invest in capacity-building and career progression.[33] The same time also heard that current funding arrangements can incentivise providers to monitor participants' engagement with their work placements solely for the purpose of achieving paid outcomes—rather than providing genuine support.[34]

The Employment Fund

11.13 The Employment Fund (EF) is a flexible pool of funds available to Workforce Australia Services providers and the Digital Services Contact Centre (DSCC). It can be used to purchase goods and services to help participants to secure sustainable employment and support them after they have started work.[35]

11.14 Notional credits are allocated for each participant in Workforce Australia Online and Workforce Australia Services, as follows:

- For Workforce Australia Online, $300 is allocated for each new participant, and $75 was allocated for each participant who transitioned from jobactive.
- For Workforce Australia Services, $1,600 is allocated for each new participant, and between $400 and $1,200 was allocated for each participant transitioning from jobactive depending on the participant's period of unemployment.[36]

11.15 Expenditure from the EF is at the discretion of the provider and the DSCC, based on individual circumstances. Moreover, credits are not quarantined to one participant. Providers and the DSCC can, for example, use the EF pay for items for a single participant that exceed their individual allocation, or use the EF to set up larger programs or services.[37] This is provided that expenditure satisfies principles such as funding integrity and value for money and falls within set funding categories.[38]

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31 Ms Robyn Shannon, Acting Deputy Secretary—Disability and Carers, DSS, *Committee Hansard*, 26 May 2023, pages 6, 7.

32 Mr Angus McFarland, Branch Secretary—NSW and ACT Branch, Australian Services Union (ASU), *Committee Hansard*, 16 June 2023, p. 14.

33 See, for example, NYCA, *Submission 166*, pages [6–7]; WISE Employment, *Submission 169*, pages 13, 18.

34 See, for example, Name Withheld, *Submission 116*, p. 3; Name Withheld, Submission 142, pages [1–2].

35 DEWR, *Submission 254*, p. 201.

36 DEWR, *Submission 254*, p. 201.

37 DEWR, *Submission 254*, p. 201.

38 DEWR, *Submission 254*, pages 202–203.

11.16 As set out in **Table 11.1** below, as of 31 December 2022 approximately 23 per cent of total EF funding had been committed. Most funding was committed for participants in Workforce Australia Services, reflecting the different service needs for participants in digital services and those in provider-led services.

Table 11.1 EF usage as of 31 December 2022

Service type	Credits	Committed	Participants assisted	Average commitment per participant
Workforce Australia Online	$15,910,350	$471,918 (3%)	807	$585
Workforce Australia Services	$462,666,000	$107,519,555 (23%)	114,663	$938
Total	$478,576,350	$107,991,473 (23%)	115,470	$935

Source: DEWR, *Submission 254*, p. 202

11.17 Expenditure is below long-term trends, as participants who transitioned from previous employment services attracted additional credits which provide a significant one-off increase.[39] Data for the period July 2022 to September 2023 suggests that there has been an increase in expenditure from the EF, with 41 per cent ($300.4 million) of the $727.6 million in credits allocated providers having been committed over that period.[40] In addition, in the first year of Workforce Australia, around $1.28 million was spent by the DSCC from the EF.[41]

11.18 There was general support for the policy objectives of the EF, with some individuals noting that they had benefited from financial support for work-related items.[42] Others noted difficulties in accessing EF following discussions with their providers in relation to training or licensing.[43]

11.19 The Committee also heard that administrative and governance arrangements for the EF require improvement if the EF is to be a truly effective source of financial support for jobseekers. A key concern was that claiming under the EF is complex and represents a significant administrative burden. This leads to providers being reluctant to use EF to support jobseekers.[44] CoAct stated:

> [There have been] many examples where, despite a jobseeker achieving an employment outcome, incorrect coding of an expense in an Employment Fund claim resulted in denial or claw-back of payments. Concerns around the potential for inadvertent non-compliance, coupled with ever increasing restrictions on the

39 DEWR, *Submission 254*, p. 202.
40 DEWR, *Correspondence with Senator Rice, tabled documents for supplementary budget estimates 2023–24*, 25 October 2023, p. [19].
41 DEWR, *Submission 254.5*, p. 38.
42 See, for example, Mr Paul Upcroft, *Submission 86*, p. [4];
43 See, for example, Mr Jeremy Heywood, President, Australian Unemployed Workers' Union (AUWU), *Committee Hansard*, 19 September 2023, p. 8; Julian, private capacity, *Committee Hansard*, 20 September 2023, pages 26, 27.
44 See, for example, MAX, *Submission 146,* p. 30; WISE, *Submission 169*, p. 13; Workskil Australia (Workskil), *Submission 196*, p. 16; MatchWorks, *Submission 263*, p. 11

range of allowable expenditure, has resulted in many providers being unwilling to use the Employment Fund to support jobseekers.[45]

11.20 Stakeholders also observed that EF guidelines restrict expenditure to work-related expenses and vocational supports, notwithstanding that jobseekers face a range of complex barriers to employment and require supports via multiple service sectors.[46]

11.21 The Committee heard that the following supports and training opportunities that can be critical to improving jobseekers' employability are not funded, are underfunded, or are difficult to access through the EF:

- soft skills development such as literacy, numeracy, and digital literacy, including non-accredited and in-house training;
- bespoke help such as wellness programs and confidence-building initiatives;
- post-placement support for jobseekers and employers;
- mentoring and coaching supports for First Nations peoples;
- devices and subsidies for phone and internet connections and data; and
- support obtaining drivers' licenses—including meeting the costs of lessons.[47]

11.22 Stakeholders told the Committee that guidelines for the EF can stifle innovation and prevent the development of bespoke solutions, asserting that there must be greater flexibility in how the EF can be used [48] Sarina Russo Job Access (SRJA) stated providers should be able to use the EF to assist people and families to address the causes of their unemployment, including addressing human capital-related needs.[49]

11.23 Yilabara Solutions similarly called for the flexibility to support First Nations peoples, including provision through the EF for:

- obtaining personal identification;
- obtaining Proof of Aboriginality;
- building stronger connections to culture and language;
- providing of cultural and professional support;
- engaging First Nations peoples in community liaison roles; and
- transport to and from training, medical, housing or welfare appointments.[50]

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45 CoAct, *Submission 151*, p. 13.

46 See, for example, National Foundation for Australian Women (NFAW), *Submission 135*, pages 2, 5; SYC, *Submission 189*, p. 10; Workways Australia Ltd (Workways), *Submission 239*, p. 21.

47 See, for example, Name Withheld, *Submission 2,* p. [3]; Name Withheld, *Submission 116*, p. 3; MAX, *Submission 146,* p. 30; AMES, *Submission 148*, p. 4; SYC, *Submission 189*, pages 5–6, 10; SAEP, *Submission 196*, pages. 9, 40; APM, *Submission 213*, p. 14; Name Withheld, *Submission 229*, p. [5]; Yilabara Solutions, *Submission 231*, p. 12.

48 See, for example, Joblink Plus, *Submission 157*, p. 13; SAEP, *Submission 196*, pages 9, 40; APM, *Submission 213*, p. 4; Victorian Chamber of Commerce and Industry (VCCI), *Submission 259*, p. 5.

49 Sarina Russo Job Access (SRJA)*, Submission 145*, pages 16, 18.

50 Yilabara Solutions, *Submission 231*, p. 17.

11.24 SYC Ltd (SYC) noted that under the New Employment Services Trial (NEST) there was considerably more flexibility to use the EF for skills training and workplace 'taster' programs. SYC also noted that Transition to Work (TtW) does not include an EF or similar financial entitlement. However, providers receive significantly higher upfront payment which can be used to tailor services to participants' unique needs. According to SYC, this enables TtW providers to deliver better employment outcomes than Workforce Australia providers.[51]

11.25 A related concern was that providers have discretion over how EF credits are spent and may elect not to fund supports, irrespective of whether the supports are vital to a jobseeker's path to employment and fall into a specified funding category.[52] One jobseeker stated:

> I raised the issue of drivers' licenses on one occasion as many jobs say this is an essential requirement (when really it shouldn't be). I asked if they would pay for me to get lessons but alas the one skill that may have been of great help to me, they could not help me with.[53]

11.26 The Committee also heard that the overall amount allocated to the EF for each participant ($1,600) is insufficient, particularly in light of the increasing complexity of jobseekers' needs.[54] Stakeholders also indicated that there has been a reduction in funding relative to the jobactive contract, as well as a reduction in the number and types of items that may be funded (see above).[55]

11.27 As noted in Chapter 4, ACOSS advocated for the establishment of an annual jobs and training offer for LTU people. According to ACOSS, this should be backed by the expansion of national complementary programs so that providers have the tools they need to assist LTU people, and by an annual credit to the EF in respect of LTU people.[56]

In-house services and related entities

11.28 Many Workforce Australia providers and related third parties deliver complementary programs and services such as accredited and non-accredited training. Some of fall under the program responsibilities of DEWR, while others could be funded by other sources.[57]

11.29 Providers may refer participants to Employability Skills Training (EST) and Career Transition Assistance (CTA) courses delivered in-house or by a related entity. When consultation was undertaken on purchasing arrangements for Workforce Australia, it

51 SYC, *Submission 189*, p. 6.
52 See, for example, Mr Mark Goodrick, *Submission 144*, p. [2]; Melissa Fisher, *Submission 235*, p. [1].
53 Name Withheld, *Submission 116*, p. 3.
54 MAX, *Submission 146,* p. 30.
55 See, for example, Yilabara Solutions, *Submission 231*, p. 12; SAEP, *Submission 196*, pages 9, 40.
56 ACOSS, *Submission 203.3*, p. 4.
57 DEWR, *Submission 254*, p. 38.

was proposed to ban referrals to in-house and related entity training for EST.[58] However, this was revised following strong feedback from industry. Providers are now required to ensure that at least 50 per cent of the clients they refer to EST and CTA are directed to other providers delivering those programs. In addition, EST cannot be funded through the EF.[59]

11.30 In the period 1 July 2022 to 30 September 2023, there were 1,303 commencements in EST for participants referred to in-house training, for a total value of $967,025. Over the same period, there were 395 commencements in EST for participants referred to training delivered by a related entity for a total value of $292,425. Based on this data, referrals to in-house training or training delivered by a related entity accounted for 11.5 per cent of commencements (total of 14,729), and 10.6 per cent of expenditure (total of $11.9 million).[60]

11.31 In the period 1 July 2022 to 30 September 2023, there were 1,540 commencements in CTA for participants referred to in-house training, for a total value of $2.44 million. Over the same period, there were 106 commencements in EST for participants referred to training delivered by a related entity for a total value of $155,520. Based on this data, referrals to in-house training or training delivered by a related entity accounted for 23.9 per cent of commencements (total of 6,868), and 27.3 per cent of expenditure (total of $9.5 million).[61]

11.32 Providers also have discretion on how they use the EF and are allowed to claim expenses under the EF for certain services delivered in-house and by related entities. This includes accredited training and professional services delivered by qualified psychologists or allied health professionals.[62]

11.33 In the period 1 July 2022 to 30 September 2023, a total of 166,515 commitments were made from the EF to a provider in relation to good and services produced or delivered in-house (including payments for which reimbursement had not yet been claimed), for a total value of $44.66 million. A total of 37,889 payments were made from the EF to related entities, for a total value of $11.78 million. Based on this data, commitments relating to goods and services produced or delivered in-house or by related entities amounted to 18.8 per cent of expenditure from the EF (total of $300.1 million over the period July 2022 to September 2023).[63]

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58 See Department of Education, Skills, and Employment (2021), *Exposure Draft for the new Employment Services Model 2022 Purchasing Arrangements, Appendix 2 RFP: Employability Skills Training and Placement Management Services (Statement of Requirements)*, p. 9; https://tenders.employment.gov.au/tenders/33bfb535-6e0f-ec11-b6e6-00224815762f/, viewed 20 November 2023.

59 DEWR, *Submission 254*, p. 38.

60 DEWR, *Correspondence with Senator Rice, tabled documents for supplementary budget estimates 2023–24*, 25 October 2023, pages [14, 18].

61 DEWR, *Correspondence with Senator Rice, tabled documents for supplementary budget estimates 2023–24*, 25 October 2023, pages [16, 18].

62 DEWR, *Submission 254*, p. 39.

63 DEWR, *Correspondence with Senator Rice, tabled documents for supplementary budget estimates 2023–24*, 25 October 2023, pages [11, 19].

11.34 Several stakeholders expressed strong concern in relation to providers referring participants on their caseloads to training delivered in-house and by related entities, noting that this practice gives rise to potential conflicts of interest and leads to participants being placed in poor-quality training that is not be effective in building participants' capacity or preparing them for employment. Anglicare Australia stated that there is 'almost no quality assurance' in relation to these course, and that the courses are 'unhelpful' and 'in many cases pointless'. Anglicare Australia also highlighted findings by the BSL:

> [Y]oung people struggling to get into the workforce are not well-served by training unlinked to viable job opportunities, with 20 per cent of long-term unemployed [LTU] young job seekers…having completed three or more courses in the last five years…Instead of linking training and work experience to a real job placement, training has simply become another income stream for providers.[64]

11.35 The Australian Youth Affairs Coalition (AYAC) similarly expressed concern about the impact of training delivered in-house or by related entities on young people, stating that young people had reported being pushed into generic training focused on basic tasks rather than being offered the more specific training they had requested.[65]

11.36 The Community and Public Sector Union (CPSU) stated that in-house and related entity referrals reflect a clear profit motive within the system, and simply establishes a mechanism for providers to boost their revenue.[66]

11.37 Per Capita observed that providers are paid up to 70 per cent of their fee upfront for jobseekers commencing in EST. As many Workforce Australia Services providers also have contracts to provide this training, the incentive to refer people from their own caseload is high and can result in conflicts of interest. Per Capita stated that it will be important to monitor the degree to which this permission is utilised going forward. Per Capita raised similar concerns in relation to the CTA program.[67]

11.38 The negative impacts on referrals to in-house and related third party training has been widely publicised, with journals noting that providers are paying themselves a very significant amount each year through in-house and related entity referrals, and that the training delivered can be poor or harmful. There are reports of providers giving jobseekers instructions on how to complete routine personal hygiene activities and suggesting failures to find employment are a result of the jobseeker's laziness.[68] Negative media attention in relation to these issues has persisted since at least the start of the Workforce Australia contract.[69]

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64 Anglicare Australia, *Submission 215*, p. 11.
65 Australian Youth Affairs Coalition (AYAC), *Submission 238*, p. 5.
66 Community and Public Sector Union (CPSU), *Submission 255*, p. [8].
67 Per Capita, *Submission 252*, p. [25].
68 See, for example, R Morton, 'Exclusive: Millions skimmed off government welfare contracts', *The Saturday Paper,* 26 August 2023; C Kelly, 'Australian job agency under fire over "employability" course that advises on washing and bathing', *The Guardian*, 13 October 2023.
69 See, for example, L Henriques-Gomes, 'Workforce Australia job agencies rake in millions more from training contracts', *The Guardian,* 27 July 2022.

11.39 Some providers argued in favour of referrals to in-house services and related third party services, stating that this practice can be beneficial to participants. However, those providers acknowledged the potential for conflict of interest, and stated that measures are (and should continue to be) in place to ensure the services represent value for money.[70] For example, Asuria People Services (Asuria) stated that self-referrals are particularly important where there is only one provider in a region and recommended that guidelines for the EF enable providers to deliver wrap-around, holistic services from common locations—including self-referral where there is a clear benefit to the participant.[71] Bamara expressed similar views, noting that the ability to deliver these wrap-around services from a single location is especially important in the context of supporting First Nations jobseekers.[72]

11.40 DEWR also acknowledged that allowing providers to refer their participants in-house services can give rise to conflict where the financial interests of the provider are perceived to be at odds with the participant's needs.

11.41 DEWR stated that it deploys several strategies to mitigate against unscrupulous practices, including monitoring the flow of CTA and EST referrals; specifying maximum per-minute rates that providers may charge the EF for professional services delivered by their own organisation; and limiting fees that can be charged by the provider's business. DEWR also has strong assurance processes such as ongoing audits, data analytics and participant verification surveys.[73]

Committee comment

11.42 A genuinely effective employment services system that seeks to achieve broader objectives including economic security, workforce participation and improved productivity needs to provide jobseekers with tailored, flexible support to meet their needs, informed by an understanding of the jobseeker's aspirations and the current and future labour market. This should be informed by a clear understanding of whether a job is of higher and lower quality, and whether it will lead to sustainable and secure employment over the longer term. The system must also be underpinned by sufficient and flexible funding arrangements.

11.43 The Committee was genuinely stunned to see the reality of the so-called 'Job Plan' when DEWR walked members through it in a public hearing. To call it a 'Jobs Plan' is frankly Orwellian. It is a list of statutory mutual obligations that an applicant for social security must sign before receiving a payment. It does not outline a roadmap to employment in any meaningful way and in reality the Plan is nothing more than a compliance tool. It bells the cat by revealing the flawed theory and excessive focus on supply-side measures and compliance which underly the current system.

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70 See, for example, MatchWorks, *Submission 263*, p. 12; Jobs Statewide, *Submission 272*, p. 11.
71 Asuria People Services (Asuria), *Submission 246*, p. 31.
72 Bamara, *Submission 214*, p. 11.
73 DEWR, *Submission 254*, pages 38–39.

11.44 The Committee considers that it is imperative that jobseekers receive the support they need as part of their pathway to employment, in accordance with the principles outlined in Chapter 5 and that the income support and compliance processes be separated from employment services and supports. Especially for people assessed as not suitable for online or hybrid services, this requires a plan which is co-produced with a jobseeker as a genuine roadmap to employment, including recognition that there will be multiple pathways to employment and that some of these will not involve preparing for or obtaining work in the immediate or short-term.

11.45 As part of rebuilding the system including the enhanced assessment process outlined earlier, a reimagined Participation and Jobs Plan is proposed. Such a plan should outline an individual's strengths and goals and the support that will help to meet these goals, including employment, pre-employment, and pre-vocational supports; training and skills development; work placements; and engagement with allied health, community, and social care services. Supports outlined in the Plan would necessarily vary with the jobseeker's needs and identified pathway to employment and be a living document.

11.46 The Committee understands that several providers have developed similar plans with participants on their caseloads, and that these plans have been more effective in helping participants and providers to map out pathways to employment. In simple terms the Committee encourages anyone interested in this or those responsible for redesigning this part of the system to imagine how they would like to be treated, or how they would assist a friend or family member facing unemployment. This would certainly not be by forcing someone to sign a standard list of dot points that bore no relationship to their aspirations, barriers, or circumstances.

11.47 Participation and Jobs Plans must also be based on genuine discussions between the jobseeker and provider, reflect the obligations of each party in terms of engagement and support, and evolve over time as a jobseeker's circumstances change. People referred to online services should be provided with guidance on how to develop a plan that balances a work first approach and their aspirations and goals.

11.48 The Committee acknowledges that in redesigning a new Participation and Jobs Plan, it will be necessary to adjust the processes whereby an individual accesses income support, given the statutory requirement to complete an 'Employment Pathway Plan' as a condition of receiving payments. The Committee would expect that a redesigned approach may be achieved without the need to change primary legislation. However, without the benefit of legal and technical advice, the Committee is not in a position to make detailed recommendations as to how this should occur. The Committee notes a number of possibilities and matters for further consideration by DEWR in advising Government, including the following:

- It is reasonable to inform an applicant of their participation requirements (mutual obligations) as part of the application process for income support, and to expect them to acknowledge these before an initial payment is made.
- It is unhelpful and counter-productive to expect a person to prepare a meaningful plan that meets their circumstances in a very short space of time when applying

for income support—especially while they are likely under intense emotional and financial stress.

- It is reasonable to impose a timeline on finalising an initial Participation and Jobs Plan, and to set some content requirements for the Plan. It is reasonable that timelines and content requirements be conditions of receiving income support.

11.49 Possible approaches to reconcile dilemmas associated with the interaction between the Participation and Jobs Plan and the receipt of income support without changes to legislation could include:

- Requiring a person applying for income support to acknowledge and commit to a redrafted set of broad and genuinely 'mutual' obligations, including:
  - the client making reasonable efforts to secure work; to undergo thorough assessment as required by Employment Services Australia (ESA); to prepare a Participation and Jobs Plan within a default timeline; and to comply with the requirements of their Plan and report as required.
  - ESA and contracted service partners be available to reassess circumstances and keep the Participation and Jobs Plan updated; to help clients make and prepare for job applications and interviews and secure work; to make recommendation or referrals to local Job Coach case management services and other supports; to help jobseekers access allied and community services; to provide information regarding complementary programs, study and training opportunities and financial support to overcome barriers to employment.
- Making clear that acknowledgment of genuinely mutual obligations is the first phase of a Participation and Jobs Plan, and that income support payments are provisional until a full Participation and Jobs Plan is finalised. Consideration could also be given to a default time by which a Plan must be completed (for example two fortnights).

11.50 In designing the new Participation and Jobs Plan, government should also give consideration to the approach to pathway planning in other jurisdictions. In particular, government should have regard to the 'A, B, C' approach (planning for the 'dream job', the job for which a client is qualified, and the job a client could reasonably manage) used in the Danish employment services system. Some further detail on this approach is included in Chapter 3.

11.51 Government should also give consideration as to whether a client should be treated as having 'commenced' in services when they sign a Participation and Jobs Plan, and whether upfront payments for providers should be linked to the signing of the Plan. Linking signing of a Plan to upfront payments may give the client a stronger basis for negotiating their supports with the provider. However, consideration must also be given to whether this would create a perverse incentive for providers to pressure participants into signing their Plan, even where the Plan does not reflect a genuine pathway to greater social and economic participation.

11.52 The goal-based, pathway driven Participation and Jobs Plan outlined above would be separate to this acknowledgement and should be added to the system for use by all clients—including those who may not be on income support. This would be a living

document, reviewed regularly, which sets out the activities with which the jobseeker will engage, outlines how they activities and other support offered will contribute to achieving the jobseeker's longer-term aspirations, and record participation. It will also clearly detail the obligations of government, providers and the DSCC to the jobseeker, as part of a genuinely mutual approach to employment support.

Recommendation 40

11.53 The Committee recommends that the Australian Government design and implement a new policy framework to give effect to the legislative requirement for an Employment Pathway Plan, which should include the following key elements:

- **An acknowledgement of the requirement to show commitment and engage meaningfully with the employment services system and a broad explanation of the genuinely mutual obligations which apply. This includes the preparation of a Participation and Jobs Plan within a default timeline and that a payment is provisional until the plan is approved.**
- **A new Participation and Jobs Plan is developed: by the participant— online if in hybrid services; with Employment Services Australia if being case managed there; or with a contracted partner Job Coach provider if referred for outsourced case management. This would be a goal-based plan which should include, at a minimum:**
  - **an overview of the participant's aspirations, needs, and circumstances;**
  - **the support the provider will deliver to help the jobseeker address their needs and achieve their aspirations;**
  - **activities in which the participant commits to engage, including how these will contribute to building capacity and moving toward employment;**
  - **timeframes for completing expected activities; and**
  - **agreed requirements for regular appointments (the timeframe for which may vary depending on individual circumstances).**
- **The Participation and Jobs Plan is a result of genuine negotiation between jobseeker and provider.**
- **The Participation and Jobs Plan is regularly reviewed and updated to ensure that it aligns with the current needs and circumstances of the jobseeker.**

11.54 Another critical issue, as outlined in earlier chapters, is that the current system primarily cares about quickly moving people off welfare and is blind to economic security. There is a lack of care or concern as to the 'quality' of jobs. This lack of clarity may impede career planning and generate confusion in relation to the supports which should be funded and offered to jobseekers. If broader objectives are adopted for a rebuilt system, consideration must be given to whether a job is of 'higher' or 'lower' quality. This already occurs in other jurisdictions. Without understanding this, it is likely to be difficult to design and implement new initiatives focused on longer-term career progression and reducing precarious employment.

11.55 A rebuilt employment service, consistent with revised policy objectives, should include overarching goals of helping people to progress into decent, secure work (while recognising that for some people may prefer casual or flexible working arrangements). This will require clear principles to be developed that articulate an Australian view as to what constitutes 'high quality' and 'low quality' work. These principles should capture matters reflected in international and Australian research, including pay and conditions and the quality of the working environment. Noting that the employment services system should—at least as far as possible—help enable Australia to respond to current and future skills needs, the principles should also capture the longer-term prospects of the relevant industry.

11.56 The JSA conducts substantial research and provides advice on labour market trends, training and skills needs, and current and future skills demand, and it is well placed to lead the development of principles which define 'decent' or 'quality' jobs. Government would need to consider timing and resourcing questions given JSA's existing responsibilities and work pressures.

11.57 Metrics should be developed to assess whether the employment services system has been successful in moving jobseekers into higher quality roles and secure work. The Committee sees merit in collecting data on matters such as length of time a jobseeker has remained in a position, average wages in jobs obtained through employment services—collected (potentially) using Single Touch Payroll (STP) data—and the extent of any career progression. Successes in terms of securing higher quality roles might also be measured via jobseeker and employer feedback.

Recommendation 41

11.58 The Committee recommends that the Australian Government, consistent with the adoption of broader objectives for a rebuilt employment services system such as economic security and productivity uplift, develop and articulate:

- **guiding principles for job quality informed by international experience and approaches, including a typology of 'lower' and 'higher' quality jobs, to set out an Australian view as to what constitutes decent work which the system should aspire to help people secure; and**
- **develop metrics to evaluate the success of the employment services system in supporting jobseekers to obtain 'quality' employment.**

11.59 Post-placement support is critical to enabling sustainable employment outcomes, including by ensuring the jobseeker adjusts to a new work environment, linking to training or onboarding support that would typically be facilitated by the employer, and paying for work-related items such as licenses, clothing, and tools. These functions can also help reduce perceived risks to the employer of hiring a jobseeker from the employment services caseload.

11.60 There would be merit in establishing a new service focused on career progression, accessible to the occupants of lower-paid, lower-skilled, or precarious employment.

This could be modelled on the proposal by NESA that such a service include, among other matters:

- case management support to address risks to work retention;
- targeted support that builds capacity and higher-level employability skills;
- support to identify pathways in and external to the participant's organisation; and
- employer engagement to coordinate access to training and skills development.

11.61 Noting that this service is expected to be used on an as-needs basis, the Committee considers that a fee-for-service model is the most appropriate means of funding this service. There may need to be prohibitions on contracted service providers from advertising this support or making self-referrals as an integrity and cost control measure with referrals instead coming via ESA.

11.62 The Committee notes that there are international examples of career development programs and encourages the government to learn from these models in developing a service offering for the Australian employment services system.

Recommendation 42

11.63 The Committee recommends that the Australian Government develop—through a process of co-design—trial and evaluate the cost-effectiveness of a career progression assistance program targeted to employees in lower-paid, entry-level, and insecure jobs. This should be funded on a fee-for-service basis.

11.64 The Committee concludes that a rebuilt employment services system should retain EF to support jobseekers with funding for work-related matters and individual supports aligned with their Participation and Jobs Plan. However, the Committee is concerned with the scope and complex administration requirements of the current fund.

11.65 Evidence is compelling that claiming reimbursement from the EF remains a difficult process and may be discouraging providers from using the EF to support participants. Numerous staff are tied up in administration and payment related activities. Anecdotally, the Committee heard that a key concern for providers are the significant evidence requirements associated with claiming. These issues should be addressed as a matter of some urgency.

11.66 Onerous administration requirements appear to be driven by a combination of a lack for clarity over what can be claimed; a punitive culture rather than a relational contracting model between DEWR and providers; and ongoing concern about own and related entity payments.

11.67 Clearly it is desirable that administration of the EF be simplified to ensure providers are able to claim reimbursement in a timely manner and are not discouraged from supporting participants on their caseloads—while still ensuring a sufficient level of oversight over public expenditure. The Committee considers that if access to the

Fund is to be rationalised and less resources devoted to unproductive administration then all drivers must be addressed.

11.68 The primary focus of the EF should be to directly support jobseekers to build capacity and move into employment rather than attempting to strictly control every instance of expenditure. With respect to clarity over what can be claimed, there would be merit in more clearly specifying some items such as Drivers Licences, transport costs to job interviews, appointments, or mandatory activities. There should be increased flexibility in how the EF may be used by expanding categories of permissible expenditure to include supports such as 'soft skills' training and mentoring for First Nations peoples.

11.69 Jobseekers should be clear and confident they will be supported to meet necessary or unavoidable costs of preparing for and finding employment. Funding should be made available—either via the EF or the creation of a separate entitlement—to meet these costs and should be directly available to the jobseeker. Funding should cover, at a minimum, the cost of transport to attend appointments, meetings, and interviews, and a data allowance to enable participants to access the websites and digital tools.

11.70 One way of achieving this is to link financial support (for example, a transport voucher) directly to registration of an activity or recording of an activity in their pathway plan. The Committee leaves the detail of the proposal to co-design.

11.71 The Committee also considers that a less onerous and punitive approach by DEWR to policing the fund should be trialled. The overheads involved and consequences for providers of a minor mistaken claim seem disproportionate to the risk, taking account of the number of staff involved and what appears to be terror by providers in getting something wrong even by a few dollars leading to overly risk-averse use of the EF and wasted resources tied up in administration and checking of receipts. A more relational contracting model using a 'Trust but Verify' approach and more assurance-based auditing of expenditure would seem reasonable given the relative maturity of the sector while ensuring a more onerous approach continues in relation to any in-house or related entity payments (discussed further below).

11.72 Government should also consider whether additional credits should be allocated to the EF for on an annual basis for very-LTU clients (those unemployed for two years or more), to support ongoing investment in supporting this cohort to achieve the goals and outcomes detailed in their Participation and Jobs Plan.

Recommendation 43

11.73 The Committee recommends that the Australian Government review governance arrangements for the Employment Fund, including administrative requirements for reimbursements and approved categories of expenditure. This should include:

- **clarifying the items that should be automatically allowable and directly accessible for jobseekers such as meeting transport costs to interviews,**

services and mandatory activities; data; and Drivers Licence training and acquisition;

- **simplifying the process to claim reimbursements using a less punitive 'Trust but Verify' approach to contracted partners to reduce the number of staff devoted to administration and compliance and free up these resources for more productive activities;**
- **increasing flexibility in how the Employment Fund may be used (for payments that are not to a provider or a related entity); and**
- **giving consideration to crediting the Employment Fund annually for very-long-term unemployed clients.**

11.74 The contentious issue of providers accessing the EF to support activities delivered in-house or by related third parties (including but not limited to formal complementary programs or training) warrants a change in approach and to the rules. Evidence indicates that this issue is widespread, with almost 20 per cent of all expenditure from the EF from July 2022 to September 2023 being used to fund activities of this kind.

11.75 The use of the EF for activities delivered in-house or by related entities also raises a more fundamental question for a rebuilt system: why there appears to be such reliance by providers on accessing the EF for things the Committee considers should be core activities in a properly functioning, quality service system. Examples of such matters include allied health supports, employability training, and group activities. This question cannot be answered simply but requires the public sector to re-establish a view over time of what a quality service is and what it should cost in order to consider optimal funding mechanisms.

11.76 As a general principle, the Committee considers that the EF is for the direct benefit of and to pay for things directly for jobseekers, not to support providers to deliver services, training or activities that they do not want to provide at their own expense. The Committee instinctively shares community and stakeholder concerns that contracted providers are accessing millions of dollars of funding from the EF for in-house and related entity payments and the high risk of inappropriate behaviours due to the perverse incentives that arise. However, without a clearer view as to whether the core funding available to providers is sufficient to provide a quality service, it is difficult to form a definitive view whether current access to the fund is driven by profiteering behaviour when providers seek funding for things that they should be paying from their own resources, or whether necessary activities can genuinely only be provided with support from the EF given current funding arrangements.

11.77 Also of concern is the discrete yet related issue of providers referring clients on their caseload to EST and CTA courses that they deliver or which are delivered by a related entity. There has been substantial negative media attention in relation to this issue, with some accounts claiming that millions have been 'skimmed' off government contracts by providers seeking to exploit the system by claiming payments for (often irrelevant or ineffective) training delivered in-house or by related entities. Government data confirms that referrals to in-house courses or courses

delivered by related entities is a widespread phenomenon. Approximately 11 per cent of all commencements in EST, and 24 per cent of commencements in CTA, follow referrals from the same entity which delivers the training, or from a related entity.

11.78 The Committee accepts evidence that many of the programs and training that jobseekers are referred to in related entities are of little to no value to the participant and seem to be driven primarily by mutual obligations requirements even aside from commercial incentives, and in the worst cases result in reports of participants suffering psychological harm. DEWR implicitly acknowledged this issue when it originally proposed that referrals to in-house courses and courses delivered by related entities for the EST program be prohibited. However, the Committee also acknowledges that training or services delivered in-house or by a related entity can, if properly managed, can be critical to ensuring that participants have access to employability and skills development in thin market areas.

11.79 Until a rebuilt system re-establishes a better evidence base regarding funding levels and a better commissioning and payment model, consistent with the Committee's recommendations in its Interim Report, default rules should be developed to prohibit referrals to, and expenditure on, own entity or related entity payments except where explicitly permitted (whether general guidelines or case by case approvals). This is guard against the risk of providers exploiting system for financial gain, and to help ensure that participants are only referred to high-quality training.

11.80 Guidelines should also be developed to ensure that in making rules and considering requests by providers, government gives reasonable consideration to ensuring that participants in thin market areas have access to the training and supports they need, and to ensure that the programs are of high quality and represent value for money. There should also be a safeguard that requires a client to be told in every instance when an own or related entity payment is sought from the EF, that activities funded must never be imposed by a provider on a client, and that they be advised of potential alternatives given the conflict-of-interest risk.

11.81 The Committee is also recommending in Chapter 13 that as part of rebuilding a Commonwealth Employment Services System, complementary programs be consolidated, with the supports provided through EST rolled into the core services of providers and regional gateways overseen by ESA. It is proposed that CTA would be retained. Accordingly, policy settings relating to referrals to in-house and related entity training programs and services would need to be reviewed during the reform process.

Recommendation 44

11.82 The Committee recommends that the Australian Government establish a clear default principle that:

- **Providers are not permitted to refer participants on their caseload to training programs which they deliver or which are delivered by a related entity except with express approval by the department which would only be expected in limited circumstances. Guidelines should be developed to**

clarify the circumstances in which approvals may be given. These should require DEWR to have regard to whether refusing to approve referrals would unduly restrict access to training or support in thin market areas, and to whether the training is of high quality and represents value for money.

- **Providers are not permitted to use the Employment Fund to pay for activities, services, or programs that they deliver or which are delivered by a related entity except with express approval from the department. Guidelines should be developed to clarify the circumstances in which these approvals may be given.**
- **There should also be a safeguard that requires a client to be told in every instance when an own or related entity payment is sought from the Employment Fund, that activities funded must never be imposed by a provider on a client, and that they be advised of potential alternatives given the conflict-of-interest risk.**

These default principles should be reviewed as part of the reforms leading to a rebuilt Commonwealth Employment Services System to determine whether they remain necessary.

12. Service provision and program design: For employers

This chapter examines services for employers, with a focus on improving engagement with the system, enhancing recruitment and work practices, and reducing perceived risks associated with hiring jobseekers from the employment services caseload.

Since marketisation, employment services in Australia have focused predominately on conditioning jobseekers for work. The needs of and connection with employers have frequently been overlooked. A figure often cited is that just that just four per cent of employers use government employment services to meet their recruitment needs. While this figure is contested, there is overwhelming evidence that employer engagement with and use of employment services is too low. There are multiple and complex reasons for this, including the flawed theories which underpin the employment services system, a systemic under-resourcing of employer engagement, excessive service fragmentation and competition within the system, poorly targeted mutual obligations and compliance settings, and under-investment in complementary and Active Labour Market Programs (ALMPs).

These concerns are exacerbated by the tendency of governments to remove providers from Employment Regions with each contract or licensing round, which limits the ability to build meaningful employer-provider relationships. It simply defies logic that in 22 per cent of employment regions, *all* providers lost their contracts in the last tender.

A rebuilt Commonwealth Employment Services System must focus more on demand connections and on 'hiding the wiring' for employers, with dedicated points of contact and engagement at a regional and national level. A dedicated, employer-focused engagement and support service should be implemented and delivered via Employment Services Australia's (ESA) Regional Hubs. Among other functions, this service would give employers access to job-ready candidates via a single point of contact, provide HR support, and support and facilitate changes to recruitment practices and inclusive approaches to work practices and workforce development.

Part of this service would also be encouraging and supporting employers to train and mentor new and existing employees, consistent with an employment services system in which employers have a lead role in delivering training and are seen not only as a destination for jobseekers but as key contributors to skills development. This crucial work may be supported by financial incentives such as enhanced wage subsidies or paid work experience.

While it is proposed that ESA Regional Hubs would deliver the employer-focused service in at least the majority of cases, there would also be scope to experiment with other partners in delivering the services in a close (probably co-located) partnership with

the Commonwealth. The Tasmanian Regional Job Hubs delivers a very similar service, on which the new model for the Commonwealth has been at least partially modelled. The Wyndham City Council (via Opportunity Wyndham) also delivers a comparable service and has strong connections to the local community.

The establishment of a new employer-focused service is not in any way intended to preclude service providers from engaging with employers—especially if there are already established local relationships. However, in a less competitive and more collaborative system, local service partners will need to work closely with regional hubs to optimise employer engagement.

The Committee recognises that the establishment of a dedicated employer-focused service across all regions is a major reform and will require significant changes to commissioning and funding models and IT systems over time. Interim approaches, including less optimal 'lead provider' and partnership models, may be warranted while the new system is built.

A rebuilt employment services system should also include a significantly greater focus on intermediaries and 'bridging' services, noting compelling evidence that services of this kind are effective in reducing the actual and perceived risks of engaging jobseekers from the employment services caseload and supporting large-scale social procurement.

A core function of the ESA Regional Hubs should be working with contracted service partners, intermediaries, and employers to identify pathways to employment for clients on the caseload. This may variously include facilitating pathways to employment for individual jobseekers and supporting larger-scale private and public-sector recruitment. Noting the value that intermediary and bridging services may add to social procurement processes, these services should be captured by the new Commonwealth Social Procurement Framework recommended in Chapter 2.

Access to quality jobseekers

12.1 Employers' negative perceptions of long-term unemployed (LTU) or disadvantaged jobseekers is a longstanding and challenging issue and acts as a barrier to engagement.[1] Evaluations of employment services indicate that employers hold concerns about the skill and motivation of LTU people and are unwilling to engage jobseekers from the employment services caseload—regardless of government incentives.[2]

12.2 The National Employment Services Association (NESA) noted that evaluations consistently indicate that employers see jobseekers on the employment services caseload as lacking work-related skills, reluctant to work, and unproductive if hired.[3]

1 See, for example, Regional Development Australia (RDA) Gold Coast, *Submission 96*, pages [1–2]; AMES Australia (AMES), *Submission 148*, p. 6.

2 Department of Employment and Workplace Relations (DEWR), *Submission 254*, pages 89, 92–93. See also DEWR (2023), *The Evaluation of jobactive: Final Report*, p. 202, www.dewr.gov.au/employment-services-evaluations/resources/evaluation-jobactive-final-report, viewed 20 November 2023.

3 National Employment Services Association (NESA), *Submission 260*, p. 70.

Jobs Australia similarly noted that employers expect 'job-ready' candidates for vacant roles, stating that experiences of service providers putting forward candidates lacking skills and qualifications—often driven by the 'work first' approach—leads to employer disengagement.[4]

12.3 NESA told the Committee that the ability to provide an end-to-end service which matches employers with the right candidate is critical, noting that previous models funded providers to find the most suitable candidate for a vacancy—regardless of whether the candidate was on the provider's caseload.[5]

12.4 Access to job-ready candidates has been made more challenging by the fact that those jobseekers are now in Workforce Australia Online. Under previous programs, providers could add value to recruitment processes by offering a pool of job-ready candidates from their caseloads and leverage this relationship to obtain placements for jobseekers with higher barriers to employment. This is no longer feasible.[6]

12.5 Stakeholders indicated that government must be proactive in addressing this issue. This would involve ensuring that jobseekers possess sufficient core skills, aligning jobseekers' technical skills with those required by employers, and offering a service that goes beyond simply matching jobseekers to focus on long-term recruitment and workforce needs.[7] The Salvation Army Employment Plus (SAEP) also recommended that self-managed jobseekers in online services be distinguished from jobseekers in provider-led services, and that the supplementary benefits of using providers to assist with recruitment needs be clearly communicated to employers.[8]

12.6 Sarina Russo Job Access (SRJA) noted that requiring employers to navigate online services to recruit employees increases transaction costs. Providers, by contrast, can reduce transaction costs by matching jobseekers to roles, and can build trust with employers by adding value to their recruitment processes.[9]

12.7 Per Capita argued that there may be a role for a not-for-profit labour hire model as a way to offer shorter attachments in paid work experience with less administrative burden and risk for employers. Bringing together resources available in the system, the intermediary function could include screening, recruitment, onboard and initial training, organisation around things like transport, and support for employers with rostering and supplying another worker if something falls over.[10] The Brotherhood of St Laurence (BSL) also detailed their social purpose labour hire service— Given the

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4 Jobs Australia, *Submission 185*, p. 18. See also Getting Welfare to Work Research Team, *Submission 191*, p. 4; The Salvation Army Employment Plus (SAEP), *Submission 199*, p. 52; The Angus Knight Group (AKG); *Submission 208*, p. [4].

5 Ms Annette Gill, Principal Policy Adviser, NESA, Committee Hansard, 20 September 2023, p. 24.

6 See, for example, Sarina Russo Job Access (SRJA), *Submission 145*, p. 9; MAX Solutions (MAX), *Submission 146*, p. 36; Campbell Page, *Submission 150*, p. 7; CoAct, *Submission 151*, p. 17; SAEP, *Submission 199*, p. 16; APM, *Submission 213*, p. 17; Jobs Statewide, *Submission 272*, p. 6.

7 See, for example, SSI, *Submission 193*, p. 6; Victorian Chamber of Commerce and Industry (VCCI), *Submission 259*, p. 5.

8 SAEP, *Submission 199*, p. 85.

9 SRJA, *Submission 145*, p. 12. See also MAX, *Submission 146*, p. 12.

10 Dr May Lam, Senior Research Fellow, Per Capita, *Committee Hansard*, 19 September 2023, p. 23.

Chance—that similarly acts as an intermediary. The Given the Chance program is designed to support jobseekers experiencing disadvantage—including First Nations peoples, people with disability, people from culturally and linguistically diverse (CALD) backgrounds, and people seeking asylum—and involves partnerships with businesses from a range of sectors. The program also facilitates apprenticeships, traineeships, and labour hire arrangements.[11]

12.8 During site visits, the Committee also heard directly from business leaders and individual businesses about their willingness to engage disadvantaged jobseekers who were not fully job-ready or skilled for a role, and their experiences of engaging these jobseekers. Common themes were that financial incentives such as wage subsidies or training supports are necessary but not sufficient to 'de-risk' engaging disadvantaged jobseekers, and that post-placement support was essential. Further, while acknowledging that little can be done about perceived Occupational Health and Safety or Workcover risks, some employers expressed genuine concerns about industrial relations risks, such as the risk of—often unfounded—unfair dismissal action where an employee is terminated during their probation period because they are not a good fit for the business. This is a particular concern where the employee possesses a protected characteristic. Many small and medium sized enterprises (SMEs) are unable or unwilling to bear these risks. Employers also indicated that the above-mentioned not-for-profit labour hire models would address many of their concerns. However, they also suggested that stronger protections may be helpful to limit perceived industrial relations risk in the first few months.

Alignment of skills, competencies, and experience with employer needs

12.9 A key theme in evidence provided to the Committee was that employers would see greater value in employment services if they aligned jobseekers' skills and training with employer and industry needs. The Committee heard that the system remains disconnected from the skills and training sector.[12]

12.10 Limited foundation and 'soft' skills were identified as a barrier to employers engaging jobseekers.[13] For example, Per Capita stated:

> There is a clear need for employment services to ensure they are aware of and linked to every program and opportunity to build, and to certify wherever possible, foundation skills. Ideally, these skills will be taught in real-world settings … Ironically, it has been difficult to bring [relevant programs and courses] to the attention of federal employment services providers, perhaps because pre-accredited training completion is not a payable outcome, though it may be a step

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11 Brotherhood of St Laurence (BSL), *Submission 249*, p. 57. See also BSL, *Given the Chance,* www.bsl.org.au/services/getting-a-job/given-the-chance, viewed 20 November 2023.

12 See, for example, Name Withheld, *Submission 142*, p. [3]; Professor Jeff Borland, *Submission 171*, p. 3; The BUSY Group Ltd (BUSY), *Submission 227*, p. 4.

13 See, for example, Australian Centre for Career Education (ACCE), *Submission 149*, p. 2. See also Australian Retailers Association (ARA), *Submission 175*, p. 2. The ARA noted that even for entry-level positions, retail employers are looking for jobseekers with retail-ready skills, including basic literacy, numeracy, and digital competency, as well as the ability to handle customer interactions.

towards a later employment outcome. Improving jobseekers' access to relevant courses from which they would benefit is an important challenge to resolve.[14]

12.11 The Business Council of Australia (BCA) similarly observed that foundational skills—and particularly and increasingly digital skills—are critical to meeting employers' needs, also noting that jobseekers should have access to career information and advice to maximise their job readiness.[15]

12.12 A critical first step to aligning skills training with industry need will be understanding skills gaps and current and future demand. Stakeholders told the Committee that consultation and partnership with industry, employers, and peak bodies is key to this effort, and suggested potential avenues for successful engagement.[16] For example, Generation Australia noted there would be value in convening forums between industry and providers on matters such as the future prospects of industry and current and future skill needs.[17]

12.13 The Committee heard that government should play a role in analysing the needs of employers and unemployed people. This would include robust data capture, linking datasets to enable labour market insights, and creating activities for jobseekers that generate skills and attributes that are valued by employers.[18]

12.14 Stakeholders indicated that aligning jobseekers' skills to employer needs could be achieved via partnership with education and training institutions, including TAFEs and universities. Employment service providers that are also Registered Training Organisations (RTOs) could capitalise on their service offerings to better target industry needs,[19] with jobseekers with an interest in certain industries or fields connected to industry specialists.[20]

12.15 It was put to the Committee that partnerships with training providers could play a role in 'de-risking' engagement of jobseekers, noting that training pathways which involve work experience (for example, apprenticeships) will enable employers to observe jobseekers in a work environment and make informed decisions around engaging them permanently. Per Capita highlighted a 2021 study on employment solutions for younger people, noting that the study recommended:

- using financial levers to promote training investment by employers;

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14 Per Capita, *Submission 252*, p. 48.

15 Ms Wendy Black, Head of Policy, Business Council of Australia (BCA), *Committee Hansard*, 11 August 2023, p. 16.

16 See, for example, ACCE, *Submission 149*, p. 12; Australian Local Government Association (ALGA), *Submission 172*, p. [2]; Associate Professor Jo Ingold and Mr Tony Carr (Dr Ingold and Mr Carr), *Submission 216*, p. 6; Australian Chamber of Commerce and Industry (ACCI), *Submission 236*, p. 3.

17 Generation Australia, *Submission 154*, p. 2.

18 See, for example, Asuria People Services (Asuria), *Submission 246*, p. 14; Per Capita, *Submission 252*, p. 10.

19 See, for example, Mr Colin Williams, *Submission 64*, p. [2]; CVGT Employment (CVGT), *Submission 106*, p. 20; AMES, *Submission 148*, p. 6; ARA, *Submission 175*, p. 2; SAEP, *Submission 199*, p. 55; Dr Ingold and Mr Carr, *Submission 216*, pages 3–4; Social Ventures Australia (SVA), *Submission 232*, p. 15.

20 Antipoverty Centre, *Submission 276*, p. 17.

- revitalising existing support models for employers—and especially for sectors without strong existing apprenticeship pathways;
- creating collaborative pre-employment and training models to share the risk of hiring new and untried candidates; and
- expanding the apprenticeship model to a greater range of sectors.[21]

12.16 Defining and delivering the skills required for specific sectors could assist to identify and respond to critical skills gaps and ensure a 'pipeline' of workers with in-demand skills.[22] The Victorian Government highlighted the approach taken by Jobs Victoria in relation to priority workforce projects, stating:

> We work with the peak bodies to identify what their entry level skill needs are. We pull in the training providers to identify the right mix of training, both before and during the course of the employment. We come up with very bespoke earn-and-learn pathways where people get 12 months of paid employment and extra mentoring and supervision on the job to help them succeed. We're seeing really good retention rates … around 75 per cent—which is very promising.[23]

12.17 Dr Ann Nevile noted that certain countries have taken an industry- or sector-specific approach to skills development and job creation. Dr Nevile highlighted the Belgian employment service system, which divides employers into sectors, such as retail, food, tourism, and social sectors such as health and social care, entertaining and culture. The system identifies competencies required by employers operating in each sector and facilitates job matching and follow-up to ensure that candidates meet employers' needs—all through a single point of contact.[24]

12.18 Other stakeholders noted that there should also be a focus on specific cohorts of jobseekers. The Coalition of Peaks highlighted a project in Victoria that mapped the location of First Nations communities against existing and future service sectors. The project found, among other matters, that social housing for First Nations peoples was not being built in areas where services were accessible. This ultimately led to a change in where services were delivered, with a focus on specific regions and communities. The Coalition called for the creation of work opportunities for First Nations peoples on country—for example by leveraging new clean energy projects.[25]

12.19 Per Capita drew attention to Employer Innovation Labs conducted by Social Ventures Australia (SVA), stating that these bring together employers and young people to share experiences, perspectives and needs. Participating employers design pilot initiatives for recruitment and training. This model has the value of potential future workers in an industry learning about the work itself but having opportunities to raise

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21 Per Capita, *Submission 252*, p. 52.

22 See, for example, SRJA, *Submission 145*, p. 9; SSI, *Submission 193*, p. 13; Dr Ingold and Mr Carr, *Submission 216*, pages 5–6.

23 Ms Laura Trengove, Executive Director—Employment Policy and Strategy, Government of Victoria: Department of Jobs, Skills, Industry and Regions (DJSIR), *Committee Hansard*, 14 March 2023, p. 50.

24 Dr Ann Nevile, *Submission 136*, p. 6.

25 Mrs Muriel Bamblett, Committee Member, Coalition of Aboriginal and Torres Strait Islander Organisations (Coalition of Peaks), *Committee Hansard*, 17 May 2023, p. 24.

important material issues such as housing and transport needs, social connection, and pay and prospects. Per Capita stated that despite the advantages of engaging with employers in this way, the Innovation Labs model remains under-developed.[26]

The role of employers in delivering and facilitating training

12.20 The Organisation for Economic Co-operation and Development (OECD) observed that there is a large and growing body of evidence showing that investment in training programs for unemployed people can yield sizable payoffs. Meta-analysis of employment programs indicates that, on average, training improves the probability of subsequent employment by two percentage in the short term (less than one year after program completion) and 6.7 percentage points over longer periods (more than two years after program completion).[27] Navitas made similar assertions about the value of training programs, stating:

> Investment in 'human capital' approaches deliver the strongest returns. Education and training programs, including in delivering foundational skills, are the most effective and cost-efficient effective in supporting people that are not in work, including the long-term unemployed.[28]

12.21 The Employment White Paper outlined the roles that a high-quality and responsive tertiary education sector, structured work-integrated training or on-the-job training through apprenticeships, and work-related training (formal, 'non-formal' and informal) can have in delivering skilled workers. It also noted that there is scope to better integrate support for upskilling while people are currently working, particularly for workers who are likely to need to transition during periods of structural adjustment.[29]

12.22 Several stakeholders indicated that employers should have a key—or lead—role in delivering training to jobseekers, noting that this may include training linked to paid work opportunities such as apprenticeships and traineeships, and in-work training and mentoring. Stakeholders further indicated that the employment services system must ensure that training—including but not limited to training delivered by employers—is linked to the needs of employers and industry. This is to increase the likelihood that training will result in a successful work placement and to respond to skill shortages—including in growth industries.[30] For example, Anglicare WA stated:

> Sectors such as aged care, childcare and other human services are crying out for workers and will need many more in the future. Rather than enforcing tick-the-box points targets for job seekers, we encourage the Government to shift focus

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26 Per Capita, *Submission 252*, p. 53.

27 Organisation for Economic Co-operation and Development (OECD), *Submission 177*, p. 3.

28 Navitas, *Submission 262*, p. 5.

29 Commonwealth Government (2023), *Working Future: The Australian Government's White Paper on Jobs and Opportunities,* pages 99, 124, 125-126.

30 See, for example, CVGT, *Submission 106*, p. 6; Mission Australia, Submission 190, p. 5; Integrated Information Service (IIS), *Submission* 219, pages 1–2; Asuria People Services (Asuria), *Submission 246*, p. 12; Prospert Training and Consulting (Prospert), *Submission 301*, p. 2.

> and open up opportunities by funding job training, apprenticeships, or mentorship programs that funnel job seekers into these meaningful and much needed jobs.[31]

12.23 The OECD observed that training facilitated or delivered by employers has a positive effect on workers' performance and satisfaction, leading to improved productivity, innovation, and profitability. The OECD also highlighted the following measures to support and encourage employers to deliver or facilitate training, indicating that these measures may involve public employment services and other government support.

- **Introducing regulatory requirements for employers to support training.** This may include specifying minimum levels of training and leave in legislation; requiring enterprises to develop training plans—potentially co-designed with the relevant sector and accompanied by incentives; and expanding training provisions in existing agreements (where these exist).
- **Implementing financial measures to lower employers' costs associated with training.** This may include introducing additional tax deductions and exemptions; minimising the cost and administrative burden of accessing government support; and subsidising training costs.
- **Implementing other non-regulatory measures to lower risks associated with training.** This may include introducing job rotation schemes to address concerns about the opportunity costs of providing training (especially for SMEs and where lower-skilled workers are engaged); making informal learning in workplaces eligible for financial support in certain circumstances.
- **Building employers' capacity and learning culture.** This may include providing information and reaching out to enterprises to motivate them deliver or facilitate training; enhancing enterprises' capacity to assess their skills and training needs; and promoting modern workplace practices and fostering management skills within enterprises to create the conditions for effective training.
- **Promoting cooperation among employers and with the public and education sectors.** This may include leveraging the work performed by employer and sector associations; linking employer training with major initiatives such as Sectoral Skills Funds, Individual Learning Accounts, and tax reform measures; instituting learning and training networks; and formalising business-education collaboration, including by involving employers and industry in the development of training that meets the industry's precise needs.[32]

12.24 Stakeholders with whom the Committee engaged during its European delegation similarly emphasised that businesses play a crucial role in providing opportunities for training and skills development, noting that the majority of adult learning happens in the workplace. Stakeholders also asserted that any employment-based training arrangements (such as internships, apprenticeships and traineeships, social enterprises, or work experience placements) must be sufficiently flexible to adapt to

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31 Anglicare WA, *Submission 127*, p. [6].

32 OECD (2022), *Good practices in Europe for supporting employers to promote skills development*, 23, 31–32, www.oecd.org/skills/Good-practices-in-Europe-for-supporting-employers-to-promote-skills-development.pdf, viewed 8 November 2023.

the participant's needs (for example, in terms of the number of training hours), and must be of a duration sufficient to allow the jobseeker to learn from the experience.

12.25 As set out in Chapter 2, Australia spends just 10 per cent of the OECD average (0.014 per cent of GDP, compared to an average of 0.133 per cent of GDP) on training, including institutional training, workplace training, integrated training, and special support for apprenticeships. Investment in training is also very small compared with Australia's investment in other labour market programs.

Direct partnerships with employers

12.26 There was strong support for direct partnerships between providers and individual employers, with stakeholders noting that these partnerships are often focused on meeting the workforce needs of a local community or individual employer. The Committee heard that these projects involve both demand- and supply-side supports and can be successful in assisting vulnerable jobseekers into entry-level roles.[33]

12.27 NESA stated that bespoke pre- and post-employment solutions for employers are critical to an effective employment services system and can be implemented in almost any labour market. However, these solutions are often resource-intensive and are most effective when employers play an active role (for example by pre-screening candidates, delivering information sessions, and hosting workplace visits).[34] As an example of a project focused on the needs of a single employer, the Brotherhood of St Laurence (BSL) drew attention to an initiative it delivered with a large caravan supplier, with financial support from the Victorian Government:

> On the demand side, BSL worked with the employer to co-design a training, recruitment, and supportive onboarding process for entry level jobseekers. On the supply side, BSL provided young people with pre-employment soft skills training and accredited certificates, ensuring they were well placed to thrive in the workplace and continuously upskill once in the roles.[35]

12.28 Similarly, Asuria People Services (Asuria) highlighted its work designing and delivering industry-specific pre-employment programs in the aged care and maritime sectors, targeted to First Nations jobseekers. Asuria explained that the programs enabled participants to obtain Certificate-level qualifications and work experience and led to many participants gaining employment. Asuria also stated that there is value in providers attending job fairs and other employer-focused initiatives to respond to the needs of local industries.[36]

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33 See, for example, WISE Employment, *Submission 169*, p. 19; Professor Mark Considine, private capacity, *Committee Hansard,* 14 March 2023, pages 2–3.

34 NESA, *Submission 260*, p. 73.

35 BSL, *Submission 249*, p. 66. The BSL stated that the program was successful in facilitating changes to the employer's recruitment and workplace practices.

36 Asuria, *Submission 246*, p. 13. See also Dr Sharn Erzinger, Executive Director, Delivery—Jobs Victoria, DJSIR, *Committee Hansard*, 14 March 2023, p. 51.

12.29 Professor Mark Considine stated that employers should not be the 'last station' on the journey to employment but components of a system that prepares jobseekers for meaningful employment—including by providing work experience and connecting jobseekers with support and mentoring.[37]

Provider engagement with employers

12.30 According to the Department of Employment and Workplace Relations (DEWR), service providers are expected to actively engage with employers. DEWR indicated that this should include pre-screening candidates, delivery of pre-employment support; provision of resources required to perform in a role such as personal protective equipment; and the delivery of post-placement support.[38]

12.31 DEWR observed that many businesses engage with providers when they have an immediate need, noting that the transactional nature of these interactions can affect overall employer satisfaction as providers may either lack the time or be unwilling or unable to invest efforts in understanding workforce needs, organisational culture, or preferred communication styles. By contract, employers report high satisfaction with providers who are responsive to and interested in learning about a business' needs and practices, work closely to ensure they understand future recruitment and training needs and have good relationships with participants on their caseloads.[39]

12.32 Stakeholders asserted that relationships between employers and providers are critical to ensuring employers engage with the system and to understanding and responding to challenges relating to skills gaps and workforce planning. These relationships can be leveraged to enable meaningful employment outcomes and to overcome employers' reluctance to hire disadvantaged jobseekers.[40] For example, Joblink Plus stated:

> The employer relationship with a provider has to be highly valued enough by the employer that they call the provider before any other action is taken, for employment positions across all non-executive levels. Building this trusted relationship is paramount for both the provider and employer in order to ensure the process of participant referral is appropriate.[41]

12.33 Dr Michael McGann highlighted the importance of the employer-provider relationship through the example of a provider in regional New South Wales (NSW) which had built strong relationships of trust with two local employers. The relationship enabled

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37 Professor Considine, *Committee Hansard*, 14 March 2023, p. 12.
38 DEWR, *Submission 254*, p. 91.
39 DEWR, *Submission 254*, pages 90–91.
40 See, for example, MAX, *Submission 146*, p. 36. AMES, *Submission 148*, p. 6; CoAct, *Submission 151*, pages 16–17; GSEM, *Submission 155*, p. [7]; Dr Ingold and Mr Carr, *Submission 216*, p. 7; BUSY, *Submission 227*, p. 4; MatchWorks, *Submission 263,* p. 34.
41 Joblink Plus, *Submission 157*, p. 16.

the provider to secure employment opportunities for a significant number of First Nations candidates—including those with significant barriers to employment.[42]

12.34 The National Indigenous Australians Agency (NIAA) reflected on the need to broker employment opportunities for First Nations peoples, noting that jobseekers will have more enthusiasm to gain and develop skills if there is a clear pathway to a job. The NIAA highlighted trial reforms to the Community Development Program (CDP), noting that the trials support progression into paid work in jobs that align with jobseekers' circumstances, including part-time and flexible roles. The NIAA emphasised that relationships between employers and providers are critical to this effort.[43]

12.35 Stakeholders highlighted key elements of successful relationships between providers and employers. For example, the SAEP stated that an effective relationship requires:

- open, transparent, frequent communications, and established provider contacts;
- responsiveness to employer needs regarding the quality of candidates and the speed at which they are referred;
- pre-employment training and supports to prepare jobseekers for the job, including core employability skills and industry-specific training; and
- regular post-placement support to both employer and jobseeker to ensure a smooth transition into employment and longevity.[44]

12.36 Stakeholders raised concern that existing contracting arrangements make building and maintaining relationships challenging, as government may effectively remove a provider from an Employment Region after a short period of time despite a strong performance record.[45] Workways Australia Ltd (Workways) observed that from jobactive to Workforce Australia, 22 per cent of all Employment Regions had a 100 per cent turnover of providers, including regions such as Darwin where all providers were rated five stars.[46]

12.37 During site visits in Cairns, the Committee similarly heard that contracts had been cancelled for all providers in the Employment Region. While providers were granted contracts in other regions, relationships providers had established with employers and local community members were damaged if not entirely lost.

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42 Dr Michael McGann, private capacity, *Committee Hansard*, 14 March 2023, p. 12.

43 Mr Carl Binning, Group Manager—Economic Empowerment Group, National Indigenous Australians Agency (NIAA), *Committee Hansard*, 17 May 2023, p. 14.

44 SAEP*, Submission 199*, p. 55. See also CVGT, *Submission 106*, pages 20–21.

45 See, for example, SRJA, *Submission 145*, p. 9; CoAct, *Submission 151*, p. 16. Getting Welfare to Work Research Team, *Submission 191*, p. 4; MatchWorks, *Submission 263*, p. 10; Professor Considine, *Committee Hansard*, 14 March 2023, p. 2. Provider licensing and commissioning, including contract terms and performance management, is discussed in more detail in Chapter 15.

46 Workways Australia Ltd (Workways), *Submission 239.1*, p. 3.

Job brokering, job design and recruitment support

12.38 Stakeholders emphasised that the system (currently providers) must deliver a service to employers that cannot be found elsewhere—for example via commercial job matching services or private recruitment firms. This must include high-quality, data-driven HR and workforce planning support, as well as effective post-placement support. Stakeholders also indicated that support should complement and build upon employers' existing recruitment practices.[47]

12.39 Associate Professor Jo Ingold (Dr Ingold) and Mr Tony Carr observed that recruitment activity is often reactive and does not focus on long-term workforce needs. This is an opportunity for employment services to add value to business operations, including via education and training for recruiters and line managers, preparing organisations to employ staff; and delivering quality post-placement support—thereby reducing the number of failed placements.[48]

12.40 Stakeholders emphasised that quality employer servicing requires skilled, qualified frontline staff with relevant and, critically, up to date knowledge of the industry.[49] Dr Ingold and Mr Carr stated:

> There is a critical need to professionalise the employability sector in Australia. The majority of employment programs are focussed on the customer journey. This leads to organisational design, processes, targets, learning and professional development within provider organisations focussed on the labour supply-side rather than the business engagement side … More attention needs to be given to employer engagement as a core professional skill as employer-facing staff need to be able to connect with industry … [I]t is beneficial to have staff with relevant industry experience and to ensure that staff are equipped with good labour market intelligence and the skills to engage employers.[50]

12.41 Dr Nevile emphasised that effective employer servicing and job matching requires staff supporting employers to work collaboratively with staff supporting jobseekers.[51]

12.42 HR support is also critical for small businesses which may not fully understand their workforce needs and lack the resources for effective workforce planning and which may require support navigating the employment services system.[52] The Queensland Government: Department of Employment, Small Business, and Training (DESBT) stated that while in the current labour market employers are increasingly willing to hire workers from disadvantaged cohorts, many employers—and particularly small

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47 See, for example, CVGT, *Submission 106*, p. 20; Dr Ingold and Mr Carr, *Submission 216*, p. 2; Asuria, *Submission 246*, p. 12.

48 Dr Ingold and Mr Carr, *Submission 216*, p. 5.

49 See, for example, Name Withheld, *Submission 140*, p. [4]; Generation Australia, *Submission 154*, p. 2; SAEP, *Submission 199*, p. 15; VERTO, *Submission 202*, p. [14].

50 Dr Ingold and Mr Carr, *Submission 216*, p. 6. Staff qualifications and the need to 're-professionalise' the sector are also discussed in Chapter 6.

51 Dr Nevile, *Submission 136*, p. 7.

52 See, for example, Mr Colin Williams, *Submission 64*, p. [2]; AKG*, Submission 208*, p. [5].

businesses—require additional support to do so. HR support to employers is an opportunity to capitalise on current labour market conditions, incentivise hiring jobseekers with barriers to employment, and create lasting changes to work practices.[53]

12.43 Several stakeholders told the Committee that HR support for employers should include negotiating changes to recruitment and workplace practices to better align with jobseekers' needs. These changes can also help to ensure employers are considering recruitment needs over the longer term and making use of overlooked talent to add value to their business.[54]

12.44 The importance of direct engagement with micro, small and medium sized local employers was heavily emphasised in community models with which the Committee engaged during site visits—for example Opportunity Wyndham and the Tasmanian Jobs Hubs.[55] The Committee heard that around 40 per cent of jobs in Tasmania—outside Hobart—are never advertised, so word of mouth and direct engagement is critical. The Committee also heard that entry level jobs are often created where officers work directly with sole traders and with micro and small businesses to understand their needs and to design roles. Many such businesses do not have the time or skill to assess their HR needs or to advertise a position but are willing to take on or try an unemployed person with the right support.

12.45 Direct engagement with business by skilled staff is critical to encourage, challenge and support employers to redesign jobs. During its European delegation, the Committee heard that this practice (commonly known as 'job carving') may involve reallocating tasks to create an entry level role, or splitting jobs into part-time roles to accommodate more diverse candidates. Such engagement is critical to help business adapt their workplace and culture to be more inclusive and to engage more diverse employees, such as people with disability, neurodiverse people, and people from a variety of different cultural and religious background. Measures to support workplace inclusion often need to be accompanied by in-employment support to help sustain a job match (discussed below).

12.46 HR and recruitment support will necessarily vary according to cohort:

- Young jobseekers may require a stronger focus on entry-level workers (at least in the short term), and on mentoring and coaching. This cohort may also require flexible work arrangements such as split shifts, job share, and part time hours, and flexible qualification requirements.[56]
- Existing recruitment processes may exclude migrant and refugee jobseekers who are not considered job-ready due to language barriers, lack of local work

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53 Queensland Government: Department of Employment, Small Business, and Training (DESBT), *Submission 243*, p. 4.

54 See, for example, GSEM, *Submission 155*, p. [7]; Dr Ingold and Mr Carr, *Submission 216*, p. 3; SVA, *Submission 232*, p. 16; Ms Karen Rainbow, CEO, APM Employment Services (APM), *Committee Hansard*, 14 March 2023, p. 72.

55 Opportunity Wyndham and the Tasmanian Job Hubs are discussed in more detail in Chapter 3.

56 Youth Projects, *Submission 141*, p. 18.

experience, and unrecognised qualifications. Resources should be available to assist employers to develop flexible recruitment processes and supported pathways into skilled occupations.[57]

- First Nations peoples often feel they have to 'leave their Aboriginality at the door' when working in working for employers outside the Aboriginal Community-Controlled sector, and experience anxiety when working in non-First Nations environments. Workplaces must also be adapted to First Nations working and communication styles.[58]
- Supporting First Nations peoples may require changes to hiring policy, with a focus on engaging and retaining First Nations jobseekers. This may involve recruitment targets, pre-employment support, job-site tours, mentors, and changes to induction processes.[59]

12.47 The BSL observed that working with employers to change their recruitment practices should underpin a reciprocal relationship between employers and providers, in which providers support employers to recruit jobseekers matched to their business needs, and employers train and support candidates to adapt to the business environment.[60]

12.48 Both Workforce Australia and Disability Employment Services (DES) already include some programs which seek to change recruitment practices and build employer confidence to hire a more diverse range of candidates. The Department of Social Services (DSS) drew attention to the National Disability Recruitment Coordination Officer program, which provides support for large employers to build their confidence in hiring people with disability and thereby enable opportunities for this cohort.[61] State and local governments are also taking action to meet labour needs through programs that help employers to address workforce challenges and diversify their workforce.[62]

In-employment support

12.49 DEWR observed that providers deliver post-placement support, including training and skills development, assistance with clothing, tools, and equipment, HR support and communications, modifications to the workplace, employer training (for example on inclusion matters), and mentoring to help with the retention of jobseekers placed into a job.[63] There is a commercial interest in supporting retention, for up to six months, as outcome payments for providers are based on the time the jobseeker's income support payments remain below a threshold amount, which typically corresponds to time in employment.

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57 AMES, *Submission 148*, p. 7.
58 Mrs Bamblett, Coalition of Peaks, *Committee Hansard*, 17 May 2023, p. 25.
59 Mrs Bamblett, Coalition of Peaks, *Committee Hansard*, 17 May 2023, pages 25–26.
60 Professor Shelley Mallett, Director—Social Policy and Research, BSL, *Committee Hansard*, 14 March 2023, pages 22–23.
61 Ms Robyn Shannon, Acting Deputy Secretary—Disability and Carers, Department of Social Servies (DSS), *Committee Hansard*, 26 May 2023, p. 6. See also DSS, *Submission 192.1*, pages [5-6].
62 See Ability Works, *Submission 147*, pages [1-2]; DESBT, *Submission 243*, pages 13–14; Government of Victoria, *Submission 278*, pages 14–16.
63 DEWR, *Submission 254*, p. 93.

12.50 Stakeholders strongly asserted that effective in-employment support is critical to sustaining relationships with employers and to meaningful employment outcomes—particularly for disadvantaged jobseekers—noting that this in-placement support reduces risks for employers by sharing responsibility for induction, training, and HR and increasing the likelihood that an employee will remain with the employer over the longer term.[64]

12.51 Jobs Australia suggested that the employment services system should fund qualified mentors and supervisors to work with new employees onsite until the employee has adjusted to their new work environment.[65] SVA made a similar suggestion, stating:

> [Disability Employment Services (DES)] used to … go into a workplace, prepare the people in that workplace for the person who is coming in and do things like job carving and job redesign—actually work really closely with the employer to create a work environment and a job that was going to be suitable.[66]

12.52 In-employment support is also discussed in Chapter 11 in the context of supporting jobseekers and enabling career progression.

Outreach and marketing

12.53 Some stakeholders told the Committee that providers should engage in proactive outreach to employers to broker opportunities for jobseekers and raise the profile of the employment services system.[67]

12.54 SAEP stated that a key focus for the employment services system should be reverse marketing job-ready jobseekers to employers, noting that this would allow providers to personally and proactively advocate for jobseekers on their caseload and broker adjustments roles for jobseekers with higher barriers.[68] In this regard, Dr Nevile noted that while larger employers have digitally literate staff in HR departments and may prefer to source their candidates online, staff in employment services still consider face-to-face communication with employers to be critical—particularly when they first meet with a new employer to discuss their needs.[69]

12.55 During site visits, the Committee heard that providers often focus too heavily on securing a placement for jobseekers on their caseload and have little regard to their suitability for the role or to the employer's business needs. The Committee also heard that providers can be 'pushy' and unwilling to negotiate outcomes with the employer. This damages relationships with employers and leads to fewer and less successful job placements.

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64 See, for example, CVGT, *Submission 106*, p. 20; SAEP*, Submission 199*, p. 55; AKG*, Submission 208*, p. [6]; MatchWorks, *Submission 263,* p. 34.

65 Jobs Australia, *Submission 185*, p. 19.

66 Dr Lisa Fowkes, Director—Employment, SVA, *Committee Hansard*, 17 May 2023, p. 38.

67 See, for example, GSEM, *Submission 155*, p. [8]; ACCI, *Submission 236*, p. 2; VCCI, *Submission 259*, p. 5.

68 SAEP, *Submission 199*, p. 52.

69 Dr Nevile, *Submission 136*, p. 6.

12.56 Per Capita called for providers and their staff to listen to employers' needs, indicating that a focus on productive rather merely transactional engagement with employers is crucial to ensuring that jobseekers are matched to roles:

> Because provider staff tend not to think of visiting the factories, the farms, the aged care workplaces where the vacancies arise, they cannot help the person who might apply for those vacancies to prepare, or to highlight their potentially relevant skills and experience. Many employment advisers lack simple knowledge like the kinds of licences needed to drive a certain class of truck, or the need to pass a drug test. A significant reason for this is staff turnover.[70]

12.57 The NIAA noted that current trials relating to the CDP have indicated that employer brokering and connections are effective in terms of securing employment for First Nations jobseekers, stating that approximately 1,500 positions have been generated through this work, with over 900 people in employment. The NIAA stated that 'the mandate to proactively link with the employer, then supplement so that a person can get started and grow into a role, appears to be pretty fertile ground'.[71]

12.58 The Committee heard that there would be value in targeted campaigns to build brand awareness of Workforce Australia, including to highlight the value of employing jobseekers from historically disadvantaged cohorts.[72] Workskil Australia (Workskil) indicated that lack of brand awareness may be due to the constant name changes, stating that while employers are typically aware that they are engaging with Workskil, they are not aware that they are engaging with Workforce Australia.[73]

12.59 APM Employment Services (APM) observed that a key role for government is to educate employers on Workforce Australia and the concept of an employment services, stating:

> [Providers] don't get people jobs by sending off their résumés to jobs on SEEK. We talk to the employers, we talk to the decisionmakers, and we let them know about the people we have and what their barriers are but what they can do, and we really sell that. As a whole, I don't think the employer market out there understands that. So, when you're coming from a starting point of, essentially, mismatched expectations, it can't work.[74]

12.60 IntoWork expressed support for this approach, indicating that educating employers should involve addressing perceptions of people in services as 'damaged goods' and highlighting the value of talented but often overlooked jobseekers.[75]

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70 Per Capita, *Submission 252*, p. 54.

71 Mr Billing, NIAA, *Committee Hansard*, 17 May 2023, p. 15.

72 See, for example, AMES, *Submission 148*, p. 7; atWork Australia (atWork), *Submission 210*, p. [8]; VCCI, *Submission 259*, p. 5.

73 Workskil Australia (Workskil), *Submission 196*, p. 24. See also ACCI, *Submission 236,* p. 2.

74 Mr James Muller, General Manager, APM, *Committee Hansard*, 14 March 2023, p. 71.

75 Mrs Nicole Mattsson, National Services Design and Integration Leader, IntoWork, *Committee Hansard*, 14 March 2023, p. 71.

Streamlining recruitment and talent acquisition

12.61 Demand-led solutions are hampered by the structure of the current system which disperses jobseekers at various levels of job readiness across caseloads managed by multiple providers. This results in confusion and administrative burden for employers who must engage with multiple providers to meet recruitment and staffing needs.[76] One submitter stated:

> [P]erversely, there is too much choice. Some locations have a dozen or more employment service providers servicing them. Employers recruiting staff are not likely to waste time approaching all of those offices to find staff. This lack of consolidation fragments the job market.[77]

12.62 Stakeholders asserted that employers must be able to access a larger, more diverse pool of candidates via a single point of contact, with some recommending employers have access to all jobseekers in employment services, including those in digital services and those in programs such as DES.[78]

12.63 Stakeholders indicated that this could be facilitated via lead agency arrangements, where a provider (or other entity) takes responsibility for engaging with employers to match jobseekers to vacant roles and to gather and disseminate data on skills needs. The agency would engage with providers in the area to identify job-ready candidates who are suitable for vacant roles. These arrangements could also feed into targeted programs which identify and address regional workforce needs.[79]

12.64 NESA expressed support for this kind of local co-ordination, highlighting the success of initiatives in NSW which involved a lead provider model for Sydney Metro and Northwest Rail Link. NESA noted that these projects also involved tailored vocational training and non-vocational support and mentoring.[80]

12.65 Other stakeholders expressed support for co-production approaches and for enabling communities of practice, noting that a provider (or other organisation) could facilitate engagement with local services including education and training, allied health and social supports, and local employers.[81] yourtown drew attention to the Community Investment Committees model in this regard, stating:

> The National Youth Employment Body (NYEB) currently supports six Community Investment Committees to develop tailored solutions for communities with high youth unemployment. Employers lead the Committee, comprised by local

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76 See, for example, Workskil, *Submission 196*, p. 24; SVA, *Submission 232*, p. 14; ACCI, *Submission 236*, p. 3; Per Capita, *Submission 252*, p. 54.

77 Name Withheld, *Submission 160*, pages 13–14.

78 See, for example, Enterprise and Training Company (ETC), *Submission 133*, p. 6; Dr Nevile, *Submission 136*, p. 7; Campbell Page, *Submission 150*, p. 7; Name Withheld, *Submission 160*, p. 22; Dr Ingold and Mr Carr, *Submission 216*, p. 3; SAEP, *Submission 199,* p. 54; MatchWor*ks*, *Submission 263*, p. 33.

79 See, for example, Workskil, *Submission 196*, p. 21; APM, *Submission 213*, p. 18; Dr Ingold, private capacity, *Committee Hansard*, 16 June 2023, pages 3–4.

80 NESA, *Submission 260*, p. 73.

81 See, for example, Joblink Plus, *Submission 157*, p. 8; Name Withheld, *Submission 93*, p. 4.

> representatives from key industries, youth services, all levels of government, and community.[82]

12.66 SVA observed that there is a critical role for intermediaries in the system who can act as trusted points of contact. SVA noted in this respect that providers' work with jobseekers and employers remains 'incredibly transactional' and is driven by a desire to place as jobseekers into employment as fast as possible.[83]

12.67 The BSL, Centre for Policy Development (CPD), and University of Melbourne (UniMelb) observed that government could play a key role as an 'anchor' provider as part of a place-based delivery partnership. This would involve linking jobseekers with local employers and coordinating supports from a range of training and employment providers and social services.[84] Dr Ingold expressed similar views, stating:

> There may be a system where we have a separate entity that is focused on hiding the wiring, and providers could focus on what they do really well, which is working with candidates and building those trusted relationships with candidates. From evidence, I've found that the best modes of delivery are where employer engagement and candidate engagement are separated because you need qualitatively different skills to engage candidates and employers.[85]

12.68 Dr Ingold also stated that because labour markets are often local or regional, there would be value in supporting local organisations to engage with employers in the area—drawing attention to the 'municipalised' employment services system in the Netherlands as an example of this approach.[86] Dr Ingold and Mr Carr also recommended consideration of state-level platforms for capturing vacancies and responding to the recruitment needs of larger employers.[87]

12.69 The BCA similarly observed that the employment services system must be able to anticipate and respond to the future workforce needs of larger employers, including by facilitating training and education to ensure a pool of job-ready candidates as needs arise. The BCA stated that larger employers should be able to:

> … engage with the system and say, 'We need X number of people over the next 12 months to two years. Who is in our community and how can we reach out to them and make sure that they have the right training?' That could mean working with local schools, the local VET [provider] or the local university so that [individuals are] being placed into training that is going to make them job ready. This is where business is really wanting to partner up.[88]

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82 yourtown, *Submission 198*, p. 11.
83 Dr Fowkes, SVA, *Committee Hansard*, 17 May 2023, p. 38.
84 BSL, Centre for Policy Development (CPD) and University of Melbourne (UniMelb), *Submission 256*, p. 25.
85 Dr Ingold, *Committee Hansard*, 16 June 2023, p. 4.
86 Dr Ingold, *Committee Hansard*, 16 June 2023, p. 5.
87 Dr Ingold and Mr Carr, *Submission 216*, p. 3.
88 Ms Black, BCA, *Committee Hansard*, 11 August 2023, p. 16.

12.70 The Victorian Chamber of Commerce and Industry (VCCI) state that the system as a whole, rather than individual providers, needs to ensure larger employers can easily access industry-focused case managers with the skills and capacity to flexibly design and deliver targeted employment programs focused on filling vacancies. According to the VCCI, such a mechanism would also help to identify and respond to employment needs across regions, industries, and cohorts.[89]

12.71 By contrast, Jobs Australia observed that while employers and providers frequently call for a single point of contact, evidence suggests that centralised recruitment initiatives focused on large employers are often less effective in securing employment for jobseekers than direct engagement by providers with individual employers, and particularly with SMEs.[90]

12.72 The Committee also heard that initiatives outside the Commonwealth employment services system have been successful in terms of engaging employers and securing placements for jobseekers—including by acting as a single, trusted point of contact. For example, the Tasmanian Government drew attention to its Regional Jobs Hubs program, noting that the Hubs are embedded in local communities and have trusted relationships with local employers that enables frank conversation and exploration of alternative employment solutions.[91] During site visits the Committee heard that partners in the Opportunity Wyndham initiative similarly collaborate to identify local vacancies through direct engagement with employers and source a selection of suitable candidates from across different caseloads. Candidates are also sourced through direct registration with the partnership.[92]

Greater collaboration

12.73 Enabling employers to access a larger, more diverse talent pool will require greater collaboration between providers, and across services, employers, industry associations, and peak bodies. Stakeholders expressed concern that the current system places too great an emphasis on competition, driven by an assumption that competition will drive service improvements and better outcomes.[93]

12.74 NESA observed that collaborative and supply-led initiatives exist in the sector but are not very visible. NESA highlighted the National Workforce Network as an example, noting that the network allows providers to share vacancies.[94] However, NESA also

89 VCCI, *Submission 259*, p. 4.

90 Mr Bryan McCormack, Senior Advisor—Government and Policy, Jobs Australia, *Committee Hansard*, 20 September 2023, p. 20.

91 Tasmanian Government, *Submission 174*, pages 10, 14. The Jobs Hubs program is discussed in more detail in Chapter 3.

92 Opportunity Wyndham is discussed in more detail in Chapter 3.

93 See, for example, ACCI, *Submission 236*, p. 3; VCCI, *Submission 259*, p. 5; Professor Gaby Ramia, private capacity, *Committee Hansard*, 14 March 2023, p. 6.

94 Ms Gill, NESA, *Committee Hansard*, 20 September 2023, p. 21. See also National Workforce Network, *About the Network,* www.nwfn.com.au/about-the-network/, viewed 20 November 2023.

emphasised that existing funding and performance management arrangements negatively impact providers' willingness to collaborate.[95]

12.75 Dr Ingold and Mr Carr stated that competition between providers—driven by commissioning structures, funding arrangements, and performance metrics—undermines employer engagement and creates large numbers of less valuable, fragmented services. Dr Ingold and Mr Carr asserted that effective services for business require collaboration between delivery partners, highlighting the UK ReAct partnership as an example of a demand-led initiative that balances competition and cooperation and involves vacancy-sharing and shared minimum service standards for employer engagement.[96]

12.76 Stakeholders asserted that place-based models will be key to collaboration between providers, employers, education and training institutions and other stakeholders, and that government should have a role in bringing together people and organisations in the local area, ensuring appropriate policy settings, and providing funding.[97]

12.77 Dr Nevile emphasised that clear, explicit incentives are key to enabling collaboration between providers and other stakeholders, stating that licensing arrangements could be used for this purpose. Dr Nevile suggested that this could involve:

- providers identifying collaborative activities in ongoing practice, and how these activities contribute to quality outcomes, at the provider registration stage; and
- giving providers that score highly in terms of local collaboration but which are otherwise performing poorly extra time to improve their overall performance before being considered 'in scope' for license revocation.[98]

Committee comment

12.78 Since marketisation, employment services in Australia have focused predominantly on conditioning jobseekers for work. The demand side of the employment compact—the needs of and connection with employers—has received less attention and has been frequently overlooked. Large employers have no effective way into the system even where they are willing to hire longer-term or otherwise disadvantaged jobseekers. SMEs and local businesses are largely disengaged and often confused.

12.79 There are multiple and complex reasons for this situation, including flawed theories which underpin the system, under-resourcing of employer engagement, excessive fragmentation and competition within the employment services system, poorly targeted mutual obligation settings, and underinvestment in complementary and ALMPs.

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95 Ms Gill, NESA, *Committee Hansard*, 14 March 2023, p. 42.

96 Dr Ingold and Mr Carr, *Submission 216*, p. 3.

97 See, for example, Ms Annabel Brown, Deputy CEO, CPD, *Committee Hansard*, 14 March 2023, p. 18; Professor Mallett, BSL, *Committee Hansard*, 14 March 2023, p. 20.

98 Dr Nevile, *Submission 136*, p. 7. See also CVGT, *Submission 106*, p. 11.

12.80 There is also compelling evidence that training is among the most effective ways of improving employment outcomes over the longer term. The Committee agrees with the view put forward by many stakeholders and reflected during the Employment White Paper review that employers should have a lead role in delivering training to clients, including through in-work training and mentoring programs, work-focused pathways such as apprenticeships and traineeships, and partnerships with organisations contracted to deliver employment services.

12.81 Of course, some providers have been successful in meeting the needs of employers which they work with and brokering work outcomes for jobseekers. However, the preponderance of evidence was that—on a systemic level—employment services remain focused on moving jobseekers off welfare payments as fast as possible into any job with insufficient regard for job suitability or employers' needs.

12.82 The issues outlined above are only exacerbated by the tendency of governments to remove providers from Employment Regions with each contract or licensing round, which limits the ability to build meaningful employer-provider relationships. The Committee was astounded to learn that in one in five regions, all incumbent providers lost their contracts in the last tendering round. In Cairns, it was clearly apparent that community and business stakeholders were bemused and confused at what could reasonably be described as a 'Hunger Games' style market culture. The Committee visited multiple regions where providers were equally confused and had effectively swapped regions with their neighbouring providers.

12.83 To be clear, the Committee is not making a finding in a narrow sense in relation to the last procurement round which is being considered by the Auditor-General in a report due to be tabled soon after the Committee's inquiry concludes. In terms though of a regulatory culture and commissioning process the Committee considers these outcomes in aggregate to be profoundly strange with little to no value placed on relationships, social capital, and past performance. The need for a different model of regulation is considered further in Chapter 15.

12.84 A rebuilt and rebalanced employment services system must place far more emphasis on demand side efforts and meeting the needs of employers including to ensure that:

- employers have access to job-ready candidates through a single point of contact;
- services are flexible and adapted to employers' needs and are not designed around individual, transactional outcomes for jobseekers;
- education, training, and targeted support is integrated into the employment service system, to ensure jobseekers possess core employability skills as well as industry-specific competencies; and
- employers—especially SMEs—can access tailored HR, job design and recruitment support, including support to adapt work environments to welcome new and diverse employees and support them to stay.

12.85 Employers have expressed a strong preference for a system that enables access to clients with both core employability and industry-specific skills via a single point of contact; delivers a unique value proposition in terms of HR and recruitment support;

and minimises perceived risks to employers of hiring a jobseeker. It is notable that all of the State and local workaround programs the Committee examined had stronger employer engagement – for example Jobs Victoria, the Tasmanian Jobs Hubs, and the Opportunity Wyndham Partnership

12.86 The Committee concurs with Dr Ingold's research and advice that a rebuilt Commonwealth Employment Services System should include a separate function that is focused on 'hiding the wiring' for employers so that job coach partners (service partners) can focus on working with candidates and building trusted relationships. In essence separating employer engagement and candidate engagement as qualitatively different skills are needed to engage candidates and employers.

12.87 The Committee proposes that dedicated points of contact and engagement be provided at a regional and national level via a dedicated one-stop-shop employer-focused engagement and support service, delivered via Employment Services Australia's (ESAs) regional hubs. This approach would reduce if not eliminate the need for employers to deal with multiple providers and streamline access to workers. The service would also provide guidance on innovative job design and carving, as well as on recruitment practices and inclusive approaches to workplaces and workforce development. This is consistent with ensuring the employment services system delivers a unique value proposition to employers.

12.88 Part of this employer-focused service would also be encouraging and supporting employers to deliver training to clients—for example through co-designed training programs; support implementing job rotation arrangements; and enhancing cooperation between employers and education and training providers. This work may be supported by financial incentives such as enhanced wage subsidies discussed in Chapter 13, as appropriate. Ultimately, an employer-focused service should aim to build employers' capacity and willingness to deliver training, consistent with a system which sees employers not only as the destination for clients but as key contributors to skills and competencies.

12.89 Other, related functions of the employer-focused service would include:

- partnering with employers, peak bodies and industry groups, service providers, education and training providers, and other key stakeholders to facilitate the delivery of targeted projects focused on meeting the needs of individual employers and local communities. Projects would likely be similar to those delivered under the current Local Jobs Program;
- providing post-employment and career development support; and
- collecting and sharing local labour market data to enable insights on vacancies and local skills needs.

12.90 The Committee considered other potential models including a 'Lead Provider' model or payments for collaboration and cross-sourcing candidates from other caseloads. The Committee concluded however that these approaches were previously tried and discarded, and that the most efficient way in a more collaborative system to provide continuity of service will be for these services to be delivered directly by ESA via ESA

regional hubs. This approach—building on the Employment Facilitators in the Local Jobs Program—is considered to be the best way to rebuild and retain in the system staff with real skills in employer engagement, including sector specialists within a region.

12.91 There would also be scope to experiment with other partners in delivering these services in a close (probably co-located) partnership with the Commonwealth. The Tasmanian Regional Job Hubs delivers a similar service, on which the new model for the Commonwealth has been at least partially modelled. The Wyndham City Council (via Opportunity Wyndham) delivers a comparable service with strong connections to the local community. At a State or national level there may also be a role for industry peak bodies to participate in the system and support employer engagement.

12.92 Regional gateways would be responsible for meeting the needs of smaller and local employers on an ongoing basis, establishing, and leveraging connections. Larger employer or peak bodies that operate in multiple regions could engage or be engaged via any region or centrally via ESA, to source candidates in multiple regions.

12.93 An employer-focused service also allows employers to access the online or hybrid caseload (that is, those jobseekers considered to be the most 'job-ready'), as well as people who 'walk-in' looking for a job and jobseekers who are in training or other services. This assists to address the legitimate concern raised by providers that under Workforce Australia there is no longer an ability to persuade employers to take on or try a disadvantaged jobseeker as part of a package of more job-ready candidates—similar to arrangements that could occur under previous iterations of the fully marketized system when all jobseekers were allocated to a provider. Placing less job-ready jobseekers may also be supported by subsidies or other incentives.

12.94 Importantly the establishment of a new employer-focused service is not in any way intended to preclude service providers from engaging with employers—especially if there are already established local relationships. However, in a less competitive more collaborative system, local service partners will need to work closely with regional hubs so that employer engagement is optimised.

12.95 The Committee recognises that the establishment of a dedicated employer-focused service across all regions is a major reform and will require significant changes to commissioning and funding models and IT systems over time. As the service system is redesigned and rebuilt, resources will need to be reallocated from funding streams previously expected to go to providers which may not be possible under current contracts. In the interim, less optimal 'lead provider' or workaround approaches may be warranted, as may partnership approaches and a modest rollout to slowly build the new service.

12.96 Many employers will continue to use commercial platforms to recruit candidates. Such platforms should be better integrated into the employment services system as outlined in Chapter 10. Employers should of course continue to have multiple avenues to fill vacancies—for example, local networks or working with a particular

provider—and choice in recruitment should be enabled through the new employer-focused service delivered through ESA regional hubs.

12.97 Some supports delivered by the employer-focused service may duplicate those in complementary programs such as the Local Jobs Program (Employment Facilitators) and Workforce Specialists. As outlined in Chapter 13, the future of complementary and facilitation programs will need to be reconsidered in developing a more streamlined, consolidated system. Employer-facing supports delivered by those programs are proposed to largely be functions of ESA.

12.98 In addition to the employer-focused service delivered through ESA regional hubs, a rebuilt employment services system should include a significantly greater focus on intermediaries and 'bridging' services. There is compelling evidence that services of this kind are effective in reducing actual and perceived risks to employers of engaging jobseekers from the employment services caseload, including by conducting screening and onboarding processes, building clients' core and industry-specific skills and competencies, and facilitating work placements and workplace training. Intermediaries have also proven effective in supporting large-scale social procurement, including as an aggregator of supply and demand. These may include not-for-profit labour hire firms, social enterprises or sector / industry bodies.

12.99 As set out in Chapter 4, key functions of ESA regional hubs would be local service system coordination and mapping, and industry and employer engagement and support. This should include working with contracted service partners, intermediaries, and employers to identify pathways to employment for clients on the caseload. In some cases, this may involve a contracted service partner referring a single client to an intermediary which would screen the client, facilitate any necessary additional training, and support, and place the client with an employer. In other cases, one or more hubs may work with multiple contracted service partners to source and place candidates for recruitment processes, including those associated with government social procurement. Noting the value that intermediary and bridging services may add to social procurement processes, these services should be captured by the new Commonwealth Social Procurement Framework recommended in Chapter 2.

Recommendation 45

12.100 The Committee recommends that the rebuilt Commonwealth Employment Services System include a dedicated employer-focused service, as a one-stop-shop to 'hide the wiring' for businesses. This service should be delivered by Employment Services Australia's Regional Hubs, and should have the following key functions:

- **A greater focus on matching jobseekers to vacancies, including brokering placements for jobseekers with specific needs.**
- **Working with employers to deliver recruitment and workforce development support, including job design and job carving, new human resources practices and adapting work environments to welcome new and diverse employees and support them to stay.**

- **Working with employers to encourage and support them to deliver training, and to encourage employers to see themselves as not just a destination but as a key contributor to skills development.**
- **Delivering or providing referrals to industry-specific training.**
- **Partnering with providers, employers, and other key stakeholders to deliver targeted demand-driven employment projects focused on meeting the workforce needs of an individual employer or local community or region.**
- **Providing in-employment support, including career development.**
- **Collecting and sharing local labour market data to inform insights about vacancies and local skills needs.**

Recommendation 46

12.101 The Committee recommends that the rebuilt Commonwealth Employment Services System make greater and more targeted use of intermediaries and bridging services such as not-for-profit labour hire firms, social enterprises, and sector and industry bodies, particularly as a means of reducing actual and perceived risks for employers associated with engaging disadvantaged jobseekers and in supporting social procurement initiatives. This should include:

- **making facilitating and coordinating engagement between contracted partners, intermediaries, and employers a key function of Employment Services Australia's regional hubs; and**
- **ensuring that intermediaries and bridging services are captured by the Commonwealth Social Procurement Framework contemplated by Recommendation 5.**

13. Active labour market and complementary programs

This chapter examines active labour market and complementary programs, and the role that such programs should have in a rebuilt employment services system.

There is compelling evidence that Active Labour Market Programs (ALMPs) have the potential to generate positive outcomes for clients, employers, and other stakeholders. However, there is also clear evidence that the various programs under the Workforce Australia umbrella—like those in the broader human services ecosystem—have become fragmented and difficult to navigate. The way that several of these programs are implemented no longer appears to reflect their original policy intent, and the supports under these programs may duplicate what is—or at least should be—offered under a properly funded, quality core case management service.

A rebuilt system must better target investment to areas which have historically been neglected, such as start-up programs, job creation, and training and skills development. This is likely to involve rebalancing funding priorities as well as some additional expenditure in targeted areas such as wage subsidies or employer driven training.

Consistent with efforts to reduce fragmentation in the employment and broader human services ecosystem, complementary and facilitation programs should be consolidated, with clearly necessary programs retained and enhanced and ineffective or duplicative programs ceased or rolled into core services. Foundation skills programs should be retained, consistent with the government's focus on ensuring Australians have the core skills needed for success in an increasingly competitive and dynamic labour market.

Today's Work for the Dole (WfD) bears little resemblance to the original program. The weight of evidence is that WfD today for most people does not increase employability, fails to enable social participation, and creates safety risks in some cases. Perversely, participation in WfD financially penalises people forced to pay transport and meal costs which they cannot afford. This situation is patently unfair and unrealistic. A rebuilt system should include a much broader suite of activation activities, with WfD seen as a last resort for that small minority of people who fail to meaningfully engage or comply with their Participation and Jobs Plan and engage in more useful activities. Where people choose or are referred to WfD, participation and transport costs should be met.

While cognisant that community work programs and other public sector job creation initiatives come with inherent risks, the Committee considers that such programs should be trialled in some regions for clients who are not able to succeed on the open labour market. A 'Work in the Community' program should be capped and tightly targeted and must include (among other elements): labour market attachment; a definition of

‘success’ which does not focus on narrow employment outcomes; voluntary participation; opportunities for training and skills development; various projects and roles based on community need; and measures to ensure participants are able to earn at least minimum wage. There would also need to be enabling infrastructure in regions where the program is trialled.

Social enterprises—particularly Work Integrated Social Enterprises (WISEs)—should play a much greater role in the system, both as employers and as delivery agencies. Within a rebuilt Commonwealth Employment System, Employment Services Australia and contracted service partners should be able to refer clients to social enterprises to enable them to gain work experience, build employability and sector-specific skills, and move into employment on the open labour market.

Measures to support social enterprises and better integrate them into the employment services system should be underpinned by a considered national strategy. This should include measures to certify organisations as genuine social enterprises and ensure that social enterprises are appropriately funded. A variety of funding measures should be explored, with priority given to trialling the reverse auction grant model used in Victoria. This may include allocating each region a flexible grants fund, and implementing a National Employment Grants fund which allows social enterprises and community-based programs to bid for funding.

There is a strong case for retaining wage subsidies and other financial incentives in a rebuilt Commonwealth Employment Services System, noting that such incentives can encourage employers to take a chance on an unemployed person. However, there is also clear evidence that wage subsidies as they are currently used and administered have not been effective in supporting clients into sustainable employment. There has been under-investment in subsidies and other mechanisms for engaging employers. Moreover, wage subsidies are currently linked to the Employment Fund (EF) which creates a disincentive to their use as subsidies must be balanced against funding for other work-related needs such as transport, equipment, and uniforms.

As a fundamental principle, wage subsidies (and other ALMPs) should be centrally administered and available on an equitable basis. Wage subsidies should be delinked from the EF to ensure subsidies are available irrespective of other supports. In general, wage subsidies should be paid for secure jobs. However, it is also acknowledged that flexibility may be needed—for example in industries where labour hire is the norm.

Administrative arrangements for wage subsidies should also be simplified within a rebuilt system including to make them easier for small and medium businesses to access. In the shorter term, government should explore options within the scope of existing legislative and system settings. In the longer term, government should consider options to align underpinning policy for subsidies—including subsidy amounts and key eligibility criteria—across programs and jurisdictions insofar as possible.

In principle, the Committee supports well-designed paid work experience as a means of allowing clients to gain valuable experience and demonstrate their value to employers. Paid work experience should be entered into on a voluntary basis, be clearly recorded in the Participation and Jobs Plan, and form part of a progression to employment and financial security. Paid work experience should ideally include a structured training

component, consistent with the view that employers should be key contributors to skills development and that on-the-job training in workplaces is effective. Government should consider the role of social enterprises and other not-for-profit and community-based organisations in providing work experience opportunities.

Active Labour Market Programs

13.1 Active Labour Market Programs (ALMPs) play a key role in connecting unemployed and those who are inactive in the labour market with jobs and providing employers with labour. They seek to promote employment, prevent labour market exclusion, enhance social protection, and prepare for future opportunities and challenge.[1] Professor Jeff Borland summarised the different categories of ALMPs and their key aims as follows:

- **Job search** programs seek to affect how unemployed people look for jobs, either or both by raising the intensity of job search or increasing the effectiveness of job search, for example by providing additional advice or assistance to the jobseeker.
- **Work experience** programs can involve support for the unemployed to obtain employment in the private sector, or placement in public sector jobs created for that purpose. In Australia, work experience in the private sector has historically been facilitated via wage subsidies, while public sector work experience has historically involved the Commonwealth providing funding to community groups or providers to undertake labour-intensive projects to provide facilities or services of community benefit. A key example of the latter is the Work for the Dole (WfD) program.
- **Formal training and education** programs seek to increase the skills and job readiness of the unemployed in a classroom environment. Examples of this type of program in Australia have been the Youth Training Initiative and the former New Business Assistance with NEIS, which has been replaced with Self-Employment Assistance (S-EA).[2]

13.2 Professor Borland further noted that job search and wage subsidy programs have a positive impact on employment outcomes for people who are less disadvantaged or who may be closer to the labour market. By contrast, unemployed people with higher

1 See Organisation for Economic Co-operation and Development (OECD) (2021), *Institutional set-up of active labour market policy provision in OECD and EU countries: Organisational set-up, regulation and capacity,* p. 8, www.oecd-ilibrary.org/social-issues-migration-health/institutional-set-up-of-active-labour-market-policy-provision-in-oecd-and-eu-countries_9f2cbaa5-en, viewed 20 November 2023; OECD (2020), *Impact evaluation of labour market policies through the use of linked administrative data*, p. 2, www.oecd.org/els/emp/Impact_evaluation_of_LMP.pdf, viewed 20 November 2023; OECD, *Active Labour Market Policies: Connecting People with Jobs*, www.oecd.org/employment/activation.htm, viewed 20 November 2023.

2 J Borland (2014), 'Dealing with unemployment: What should be the role of labour market programs?' *ANZSOG Evidence Base*, Issue 4, pages 2–3.

levels of disadvantage should be supported in programs that create jobs with linked training, and which provide a pathway to permanent employment.[3]

13.3 An earlier paper by the International Labour Organization (ILO) characterised ALMPs as broadly falling into two categories:

- 'Passive' policies and programs which focus on providing replacement income during periods of joblessness or job search. Typical passive programs are unemployment insurance and assistance and early retirement.
- 'Active' policies which concern labour market integration. Typical active measures include labour market training; job creation in the form of public and community work programs, programs to promote enterprise creation; and hiring subsidies. Active policies are usually targeted at specific groups facing particular labour market integration difficulties.[4]

13.4 Evidence indicated that ALMPs can have a positive impact on both vocational and non-vocational outcomes if the right policy settings are in place. For example, the National Employment Services Association (NESA) stated:

> [ALMPs] have potential to deliver a significant contribution to addressing the skills divide; however, there is no quick fix, and it will require coordinated approaches across policy silos and partnerships between purchasers and providers. Improved coordination between actors such as employment services providers, Local Jobs [and Skills] Taskforces, Employment Facilitators, Workforce Specialists, the Australian Apprenticeship Network, and the education and training sectors are needed to develop collaborative exchanges about labour market needs, strategies, and coordinated and agile responses.[5]

13.5 Programs under the Workforce Australia umbrella are outlined in **Figure 13.1** below, provided by the Department of Employment and Workplace Relations (DEWR).

13.6 Measures to rebuild the Commonwealth Employment Services System—using the existing Workforce Australia program as a foundation—are discussed throughout the report. Training is discussed in Chapter 12, in the context of ensuring that jobseekers are provided with the core employability and industry-specific skills needed in current and emerging labour markets. Complementary and related programs under the Workforce Australia umbrella are discussed in further detail below. Also discussed are paid work experience, WfD and community-based programs, wage subsidies, and social enterprise in a rebuilt Commonwealth Employment Services System.

13.7 A rebuilt Commonwealth Employment Services System must ensure access to education and training relevant to local labour markets and to bespoke and complementary programs that improve clients' ability to find and keep employment.

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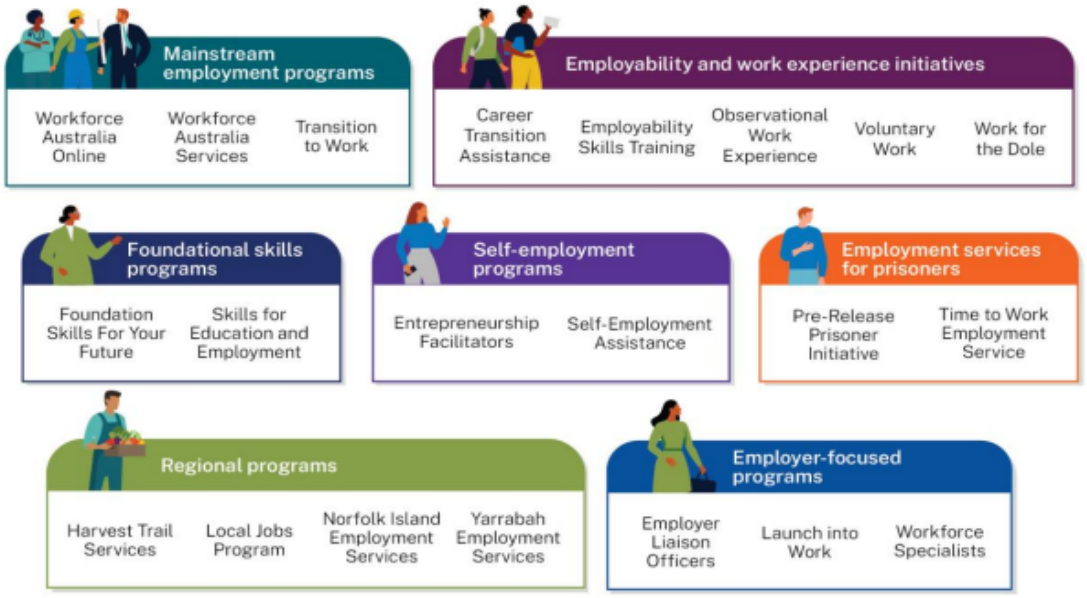
3 Borland, 'Dealing with unemployment: What should be the role of labour market programs?' *Evidence Base*, p. 17.

4 International Labour Organization (ILO) (2003), *Active labour market policies*, p. 3, www.ilo.org/public/english/ standards/relm/gb/docs/gb288/pdf/esp-2.pdf, viewed 20 November 2023.

5 National Employment Services Association (NESA), *Submission 260*, p. 18.

This is part of a service model in which government is the steward and co-producer of services, and where there is alignment and integration of policy, services, and funding between all government agencies connected to the employment services system—including skills and training, industry, regional policy, and social services.[6]

Figure 13.1 Workforce Australia and related programs



Source: DEWR, *Submission 254*, p. 9.

Existing complementary and related programs

13.8 As noted above, the employment services system includes several complementary programs to which individuals may be referred. These are designed to increase employability, facilitate connections with employers, build language and literacy skills, and support individuals to create and maintain their own businesses. Facilitation programs for employers are also part of the broader employment services system.

13.9 Providers indicated that at least some complementary programs should remain part of the employment services system.[7] Noting the overall number of complementary programs, the diversity of the caseload, and the fragmentation of the service system, other providers supported consolidating complementary programs, simplifying referral processes, aligning KPIs, and changing fee structures.[8]

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6 See, for example, Getting Welfare to Work Research Team, *Submission 191*, p. 4; Brotherhood of St Laurence (BSL), Centre for Policy Development (CPD), and University of Melbourne (UniMelb), *Submission 256*, pages 13–14.

7 See, for example, The Salvation Army Employment Plus (SAEP), *Submission 190*, p. 42; Navitas, *Submission 262,* p. 3; MatchWorks, *Submission 263,* p. 10.

8 See, for example, Sarina Russo Job Access (SRJA), *Submission 145*, p. 15; CoAct, *Submission 151*, p. 13; MTC Australia (MTC), *Submission 164*, pages 6–7; Asuria People Services (Asuria), *Submission 246*, p. 28.

13.10 Specific proposals included:

- Ending Employability Skills Training (EST) and WfD and replacing them with bespoke services driven by local demand and funded via the Employment Fund (EF).[9]
- Retaining employability and foundational skills programs, such as EST, Career Transition Assistance (CTA), Skills for Education and Employment (SEE), and Foundation Skills for Your Future (FSFYF), but making significant changes to referral networks to ensure that jobseekers can access foundation and employability skills support.[10]
- Automatic referral from Workforce Australia to the Adult Migrant English Program (AMEP) or humanitarian support services, with measures to strengthen links between Workforce Australia and the AMEP Pathways to Work program.[11]

13.11 Some stakeholders called for other life skill programs to be considered. For example:

- The ASE Group (ASE) called for greater focus on basic life skills such as financial literacy, communication, and conflict resolution across the suite of complementary programs (and in mainstream service offerings).[12]
- Your Financial Wellness asserted that there should be more support for financial literacy within the employment services system.[13]

13.12 The Employment White Paper emphasised that a key objective of government is to ensure that all Australians have the foundation skills needed to participate fully in the labour market and in their local community. The review highlighted that more attention to foundation skills is urgently needed, as 20 per cent of adult Australians have low literacy or numeracy skills (or both). The *White Paper: Working Futures* proposes several measures to lift foundation skills, including improving access to training programs and better integration of foundation skills with employment services to ensure jobseekers gain the skills needed to improve economic participation and overcome disadvantage.[14]

Work for the Dole

13.13 WfD is currently the 'default' activation activity for participants in Workforce Australia Services. The program can also be undertaken on a mandatory or voluntary basis to meet participants' more general mutual obligation requirements.[15]

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9 Workskil Australia (Worksil), *Submission 196*, pages 19–20.
10 Navitas, *Submission 262*, p. 3. See also MatchWorks, *Submission 263*, p. 28.
11 Navitas, *Submission 262*, pages 4, 9.
12 The ASE Group (ASE), *Submission 258*, p. [5].
13 Your Financial Wellness, *Submission 290*, pages 1-2.
14 Commonwealth of Australia (2023), *Working Future: The Australian Government's White Paper on Jobs and Opportunities*, pages 209–210.
15 Department of Employment and Workplace Relations (DEWR), *Submission 254*, pages 188.

13.14 There are two types WfD activities:

- **WfD placements**, which involve placing single or multiple participants in individual roles with host organisations. Hosts are frequently charities, not-for-profit enterprises, and government organisations.
- **WfD projects**, which are specific community projects developed for groups of participants working together as a team to meet a common goal or deliverable.[16]

13.15 Many stakeholders called for WfD to be abolished entirely or to be made voluntary, stating that WfD is ineffective to increasing jobseekers' employability and is of little community value, and that there is significant stigma attached to the program. The mandatory nature of WfD also reduces its value to host organisations, as participants are less willing or able to perform the work required.[17] A representative of the Australian Unemployed Workers' Union (AUWU) who had participated in WfD stated:

> The job search provider was sending more people there than they knew what to do with, so most of the time they ended up doing very little. Most of the jobs were menial—basic tasks like weeding and picking up sticks and things like that. At the Pegasus horse farm out at Holt, they expected people to get to a fairly remote place at a fairly early time in the morning. As I said, the job search provider was sending heaps of people there. They didn't have enough jobs for them all.[18]

13.16 The Australian Council of Social Service (ACOSS) asserted that WfD is ineffective, wasteful, and mostly comprises 'make work' activities far removed from regular work. To the extent that a WfD placement does resemble a paid job, the participant is paid significant less (in income support) than their counterparts who are employed by the host organisation. ACOSS also stated that there is no evidence that WfD increases a person's employment prospects, and that where a job does result from a WfD, this is because the jobseeker has taken the job to avoid participating in the program. Such jobs are often lower paid 'survival' jobs with little no connection to the person's longer-term career aspirations.[19]

13.17 The views of ACOSS were broadly echoed in the findings of research commissioned by DEWR regarding the 2014–15 financial year, which indicated that WfD had a limited impact on a jobseeker's ability to find paid work—at least beyond work taken up to avoid participating in the program:

> WfD2014–15 increased the rate of part-time/casual paid employment reported to JSA providers by 7 percentage points… Because paid employment reduces the

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16 DEWR, *Submission 254*, pages 184–185.

17 See, for example, Ms Aeryn Brown, *Submission 114*, p. [3]; Dr Ann Nevile, *Submission 136*, p. 9; SRJA, *Submission 145*, p. 14; Name Withheld, *Submission 162*, p. [3]; Name Withheld, *Submission 187*, p. [1]; Workskil, *Submission 196*, p. 29; atWork Australia (atWork), *Submission 210*, p. 12; Workways Australia Ltd (Workways), *Submission 239*, pages 20, 24; Australian Unemployed Workers' Union (AUWU), *Submission 253*, p. [21.]

18 Mr Ray Sutherland, ACT Member, AUWU, *Committee Hansard*, 19 September 2023, p. 29.

19 Australian Council of Social Service (ACOSS), *Submission 203*, p. 22; See also Dr Peter Davidson, Principal Adviser, ACOSS, *Committee Hansard*, 19 September 2023, p. 28

> activity requirement of the job seeker, the referral to WfD may provide an incentive to report pre-existing paid employment.
>
> WfD2014-15 had a smaller, but still statistically significant impact upon job placement and moving off income support. It is estimated that in the short-term WfD2014–15 resulted in an additional two percentage point increase in the probability of job seekers having a job placement… [and] moving off income support increased by an additional two percentage points.[20]

13.18 Workskil Australia (Workskil) highlighted the following deficiencies in the current program:

- The quality of projects varies greatly, with most projects wasting jobseekers' time without enhancing work skills, socialisation, behaviour, confidence, or motivation.
- Providers spend significant time and resources developing WfD activities and are required to take responsibility for every aspect of the placement, including WHS, supervision, financial acquittals, contract management, and compliance. There is also a very significant commitment of time and resources by host organisations.
- Providers lack the information necessary to determine levels of demand for WfD activities (for example, data on when an individual jobseeker will reach their six-month activation point). This means that providers are often unable to plan WfD activities, with significant knock-on impacts for host organisations.
- Demand for WfD activities is high, with insufficient activities developed.[21]

13.19 The St Vincent de Paul Society highlighted additional issues with WfD from the perspective of host organisations. These included:

- duplication of reporting exacerbated by the fact that Workforce Australia does not use attendance databases administered by host organisations;
- poor communication with host organisations around placements, leading to hosts spending time and resources on participants who ultimately do not attend;
- varied levels of support for participants, and varied benefits to host organisations;
- short placement timeframes which do not enable participants to learn new skills and deliver benefits to host organisations;
- limited financial assistance and support with basic life skills for participants, creating additional burden for host organisations; and
- limited tailoring of placements to participants' abilities and aspirations, reducing the value of the placement to both the participant and the host organisation.[22]

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20 Department of Employment (2015), *Evaluation of Work for the Dole 2014–15,* p. 89, www.dewr.gov.au/employment-services-evaluations/work-dole-evaluation, viewed 20 November 2023.

21 Workskil, *Submission 196*, p. 29.

22 St Vincent de Paul Society, *Submission 170*, pages 2–3. See also MAX, *Submission 146*, p. 41. The St Vincent de Paul Society noted that by contrast to WfD placements, mutual obligation placements are less burdensome to administer and result in more positive outcomes—including gaining work skills, social connections, and self-confidence.

13.20 Safety concerns in WfD settings were also raised by several stakeholders.[23] For example, the Antipoverty Centre drew attention to a recent survey of people who completed WfD, noting that 39.9 per cent of respondents recalled a safety incident during the placement, 45 per cent said they were not given adequate WHS information, and 97 per cent said they did not want to participate in program.[24]

13.21 WISE Employment observed that the provider will carry the safety risk for a person they place with a host, stating that given the low fees a provider receives and the risk involved, current arrangements do not 'stack up'.[25]

13.22 DEWR noted that in a jobactive post-program monitoring survey conducted in 2022, more than 75 per cent of respondents who had participated in WfD reported that the program had improved their desire to find a job and ability to work with others. Around 70 per cent of respondents reported improvements in work-related skills, and 83 per cent reported a safe working environment. However, DEWR also noted that WfD is not reported as a stand-alone program, and there are no specific or formal measures in place for assessing performance in relation to WfD.[26]

13.23 DEWR further acknowledged that prior evaluations of the program—including the independent evaluation outlined above—found that participants experienced monotony or boredom in their WfD activity, with the evaluation noting little variety in activities offered through the program. Providers also raised concern about the activities, and queried whether they provided sufficient work experience for participants to develop employability skills.[27]

13.24 During site visits, numerous stakeholders also raised concern that they experienced challenges accessing WfD sites—often due to transport costs. Those stakeholders indicated that government does not provide sufficient supplementary funding to cover these costs or to cover the costs of meals and other essentials while on WfD sites. In some cases, this leads to participants being unable to complete their mandatory activities, leading to the application of financial penalties. This was also reflected in some of the written evidence.[28]

13.25 A supplementary fortnightly payment of $20.80—the Approved Program of Work Supplement—is available to assist with the costs of participating in approved programs of work. Currently, the supplement is available only to participants in WfD.[29] The final evaluation of jobactive conducted in 2022 noted that its value had not increased even in nominal terms since its introduction in 1998. During the evaluation, stakeholders commented that access to and the cost of transport can be a barrier to

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23 See, for example, Name Withheld, *Submission 123*, p. [1]; Name Withheld, *Submission 142*, p. [2]; SRJA, *Submission 145*, p. 17.

24 Antipoverty Centre, *Submission 276*, p. [11].

25 Mr Matthew Lambelle, CEO, WISE Employment, *Committee Hansard*, 19 September 2023, p. 30.

26 DEWR, *Submission 254*, pages 185–186.

27 DEWR, *Submission 254*, p. 186.

28 See, for example, AUWU, *Submission 253.1*, p. [1]; Per Capita, *Submission 249*, p. 56.

29 Department of Social Services (DSS), *Guide to Social Policy Law, 1.2.7.180 Approved program of work supplement (APWS)—description,* https://guides.dss.gov.au/social-security-guide/1/2/7/180, viewed 20 November 2023.

participating in programs such as WfD and stated that the amount of the supplement was not sufficient to cover transport costs.[30] Echoing concerns raised in the 2022 evaluation, NESA observed that the Approved Program of Work Supplement has not been raised to recognise that hours of participation in WfD have increased, as have participant costs associated with IT and data in an increasingly digital environment.[31]

Employability skills programs

13.26 Employability skills refer to the core competencies require by employers across all sectors, such as communication, teamwork, problem solving, and initiative.

13.27 EST is a pre-employment program which aims to help participants develop the skills which are of greatest relevance to employers, to explore career options, and build job search and workplace skills. It is the 'default' activation activity for jobseekers in Workforce Australia Online.[32]

13.28 EST is delivered in small group settings, in blocks:

- **Block 1** focuses on developing job search and workplace skills, such as interview, communication, and problem-solving skills, working in a team and digital literacy.
- **Block 2** helps participants understand industries in local labour markets, build industry-specific skills, and gain insight into industry-specific tasks and duties.[33]

13.29 Block 1 courses are funded by the participant's Workforce Australia, Transition to Work (TtW), or Disability Employment Services (DES) provider. Block 2 courses are largely funded by DEWR, with a contribution from the referring provider (though this contribution may be waived).[34]

13.30 CTA is a pre-employment program that seeks to help participants aged 45 and over improve confidence and build skills to become more competitive in local labour markets. It is delivered in small groups but does not split courses into blocks. Payments for CTA is funded by DEWR for Workforce Australia participants but must be paid in full if referred by a DES providers.[35]

13.31 Some providers stated that EST and CTA programs can be of value to jobseekers in terms of improving work-related skills and connecting to employers.[36]

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30 DEWR (2022), *The evaluation of jobactive: Final Report*, p. 152, www.dewr.gov.au/employment-services-evaluations/resources/evaluation-jobactive-final-report, viewed 20 November 2023.

31 NESA, *Submission 260,* p. 82. See also Per Capita, *Submission 249*, p. 56.

32 DEWR, *Submission 254*, pages. 104, 152.

33 DEWR, *Submission 254*, p. 152.

34 DEWR, *Workforce Australia Guidelines – Part B Employability Skills Training*, pages 16–17, 19–20. Copies of all Workforce Australia guidelines available via www.dewr.gov.au/workforce-australia/workforce-australia-information-providers#toc-guidelines, viewed 20 November 2023.

35 DEWR, *Submission 254*, p. 150. See also DEWR, *Workforce Australia Guidelines – Part B Career Transition Assistance*, pages 18–19.

36 See, for example, WDEA Works, *Submission 168*, p. 6; SYC Ltd (SYC), *Submission 189*, p. 9; APM, *Submission 213*, p. 17; Navitas, *Submission 262*, pages 14–15.

13.32 DEWR highlighted a participant survey conducted from May to September 2023, to which approximately 1,260 EST participants provided feedback. Eighty-eight per cent of respondents stated that they had found their course helpful in building skills and confidence to search and apply for jobs, improving work-related skills, and planning to reach their work goals. This includes 56 per cent of respondents stating that the course had 'helped a lot' in increasing their confidence to apply for jobs.[37]

13.33 Other stakeholders indicated that the program in its current iteration is of little value. For example, Workskil stated that EST is too prescriptive and old fashioned and is not attractive to young jobseekers.[38]

13.34 Per Capita observed that EST resembles 'training for training's sake' and involves paying providers for activities that do not necessarily lead to a job. Per Capita also noted that EST was originally envisaged as a program for young jobseekers who may have benefited from support to draft résumés, improve job search skills, and prepare for interviews. However, the program is now available to all jobseekers, and older jobseekers who have previously been employed may find that the program content repeats what they already know. As such, older jobseekers may find being referred to the program insulting.[39]

13.35 Some providers also stated that referrals to and commencements in both programs are too low to make delivery financially viable.[40] Bamara noted that it had not been able to complete an EST course since the start of the contracts in 2022 due to low referrals. This was despite reaching out to other providers in the local area to generate referrals. Bamara also stated that challenges associated with low referrals are compounded by the fact that payments are based on commencements, and the ratio of referral to commencement in both CTA and EST is very low.[41]

13.36 Asuria People Services (Asuria) expressed similar concerns in relation to the financial viability of the programs and proposed the following measures:

- allow Workforce Australia providers to use the EF to fund participation in the program or require a greater contribution from DEWR;
- review referral to commencement ratios and caps to allow EST providers to maximise the number of participants;
- link payments for EST courses to commencements only, with a minimum fee payable per course to address low participation rates; and
- allow the delivery of hybrid courses, especially in regional and remote locations where enrolments are below a set number.[42]

37 DEWR, *Submission 254.7*, p. [7].
38 Workskil, *Submission 196*, p. 20.
39 Per Capita, *Submission 252,* p. 17.
40 See for example, SAEP, *Submission 199*, p. 42; MatchWorks, *Submission 263*, p. 28.
41 Bamara, *Submission 214*, p. 11.
42 Asuria, *Submission 246*, pages 28–29.

13.37 Low referrals were reflected in an underspend on both CTA and EST—particularly EST. In the 2022–23 financial year just $1 million was spent on EST of a total of $70.8 million in administered funding.[43]

13.38 Providers stated that delivery of EST and CTA can be especially challenging in remote areas due to thin markets and lack of reliable transport.[44] Moreover, courses cannot be delivered online without DEWR's express permission.[45]

Self-employment and entrepreneurship

13.39 S-EA supports participants to start and run a small business and helps improve the commercial viability of existing micro-businesses. The program includes a range of services including workshops, support to develop business plans, business advice sessions, business heath checks, small business training, and small business coaching. S-EA replaced New Business Assistance with NEIS during development of the Workforce Australia service.[46]

13.40 Some providers expressed support for retaining S-EA, stating that the program has been effective in supporting people wishing to start or grow a business. Stakeholders also noted that participation in S-EA increases a person's overall employability and competitiveness on the open labour market, even if they do not go on to run their own business.[47]

13.41 An alternative view was that employment service providers could organise a direct referral to business mentors or appropriate training (funded through the EF) without the need for an additional, targeted program.[48]

13.42 The National Self-Employment Association (NS-EA) made the following suggestions in relation to S-EA funding:

- Review existing fee structures to ensure that they enable financial sustainability for participants and providers. At present, participants are able to access certain supports for a relatively small fee, and then exit from the program.[49]
- Review incentives such as the $300 payment for business costs to ensure that participants can access incentives to meet mandatory business expenses such as licensing and insurance.[50]

13.43 The NS-EA also made suggestions for enhancing the program itself, including:

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43 DEWR, *Submission 254*, pages 150, 152.
44 See, for example, Nirrumbuk Aboriginal Corporation (NAC), *Submission 180*, p. [5]; Bamara, *Submission 214*, p. 12.
45 See, for example, CVGT Employment (CVGT), *Submission 106*, p. 15; Bamara, *Submission 214*, p. 12.
46 DEWR, *Submission 254*, p.
47 See, for example, VERTO, *Submission 202*, p. [17]; MatchWorks, *Submission 263,* p. 28.
48 See IntoWork Australia (IntoWork), *Submission 156*, p. 3.
49 National Self-Employment Association (NS-EA), *Submission 225*, p. 6.
50 NS-EA, *Submission 225*, p. 7.

- increasing efforts to market S-EA, including to address any confusion associated with the transition from the former New Business Assistance with NEIS;
- streamlining administrative, registration and reporting requirements to enable easier access to and participation in the program, including capacity to benefit;
- reducing the red tape required to access a one-hour business advisor session;
- extending participants' eligibility for income support from nine to 12 months after commencing in the program;
- implementing measures to connect the Department of Veterans Affairs, veteran support services, and the NS-EA to improve the delivery and increase the uptake of services designed to support veterans;
- simplifying reporting requirements relating to business income, including reducing the frequency of those requirements such that participants are required to report after six, nine, and 12 months in the Small Business Coaching service; and
- reinstating participation in S-EA as a full employment outcome acknowledging that participation in S-EA has significant positive impacts on job readiness.[51]

13.44 ASE also recommended expanding eligibility for S-EA to enable specialist support for disadvantaged participants, and particularly younger people.[52]

13.45 There was also support for a review of the performance management framework for S-EA to ensure it accurately captures the realities of a person's journey to business viability and levels of participant engagement with the program.[53]

13.46 The Entrepreneurship Facilitators program provided advice and support to people wishing to start or grow a business, as well as referrals to other small business support services including S-EA. Entrepreneurship Facilitators deliver services through a mix of group support, networking events and light-touch individual support.[54]

13.47 The Australian Entrepreneurs Alliance (AEA) stated that the Entrepreneurship Facilitators program was similar in many respects to S-EA, but was more flexible and person-centred:

- S-EA is funded per person and per activity, and providers are allocated a capped number of places for coaching. By contract, the Entrepreneurship Facilitator program was not capped, and facilitators have the flexibility to design services based on individual and community need.

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51 NS-EA, *Submission 225*, pages 6–7, 9–11, 14, 17–18. See also Asuria, *Submission 246*, p. 28; Mr Adam Collinson, Deputy Chair, NS-EA, *Committee Hansard*, 26 May 2023, p. 14; Mr Luke Van Lith, Operations Manager, ABS Institute of Management, *Committee Hansard*, 26 May 2023, p. 23.

52 ASE, *Submission 258*, p. [5].

53 See, for example, NS-EA, *Submission 225*, p. 12; Asuria, *Submission 246*, p. 28.

54 DEWR, *Submission 254*, p. 157.

- S-EA is not funded to provide the ongoing support that some participants need if they are not able to demonstrate the viability their business after 12 months. The Entrepreneurship Facilitators program was able to offer this ongoing support.
- The staff in S-EA are often employees of large corporations. Facilitators were typically specialists with experience in founding and growing a business.[55]

13.48 A decision was taken in the 2023–24 Budget to cease the Entrepreneurship Facilitator program from 1 July 2023.[56] The AEA told the Committee that while there have been some changes to the S-EA program there is still a 'huge gap' in the available supports for people looking to start a new business or grow an existing enterprise.[57] The AEA called for supports that were previously offered under the Entrepreneurship Facilitators program to be rolled into a new 'Self-Employment+ Services' delivered by Self-Employment Facilitators. According to the AEA, this new program would:

- help clients to validate their business idea;
- support clients to become more financially sustainable;
- connect clients into the local ecosystem and with other small business owners;
- provide services for clients who have completed S-EA but need additional assistance in order to continue and grow their business;
- refer clients to providers where there is a good fit; and
- assist small business owners at risk of failure and returning to unemployment.[58]

Facilitation programs for employers

13.49 DEWR administers several complementary programs with an employer focus. These often aim to bring together providers, employers, education and training institutions, and other stakeholders to design and implement targeted solutions for businesses' workforce needs and improve outcomes for jobseekers. Programs include:

- **Launch into Work**. Seeks to achieve job outcomes for disadvantaged cohorts, through the co-design of pre-employment projects with employers who have identified entry-level vacancies.[59]
- **Workforce Specialists**. Aims to connect employers with large scale workforce needs with jobseekers in Workforce Australia. The initiative is delivered by a panel of organisations responsible for delivering project-based solutions.[60]

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55 Mrs Wendy Perry, Chair, Australian Entrepreneurs Alliance (AEA), *Committee Hansard*, 11 August 2023, p 23.
56 Commonwealth of Australia (2023), *Budget Measures 2023–24: Budget Paper No. 2*, May 2023, p. 106.
57 Mrs Perry, AEA, *Committee Hansard*, 11 August 2023, p. 22.
58 AEA, *Submission 289 (Attachment 1)*, pages [4–8].
59 DEWR, *Submission 254*, pages 94, 163–164.
60 DEWR, *Submission 254*, pages 95, 188–189.

- **Employer Liaison Officers**. DEWR officers who assist large employers and priority industries to design and implement workforce solutions. The program includes help navigating the service ecosystem; advice and education for employers and jobseekers, and provision of industry intelligence.[61]

13.50 DEWR also administers the **Local Jobs Program**, which aims to bring together local stakeholders to identify regional workforce priorities and develop and drive solutions to current and future workforce issues. The program includes:

- **Employment Facilitators and Support Officers**, on the ground in each region, who focus on connecting, collaborating, and building local capacity.
- **Local Jobs and Skills Taskforces**, made up of community groups, employers, Vocational Education and Training (VET) providers, universities, and employment services providers, who identify employment priorities, connect, and leverage existing programs and align efforts to maximise collaboration, minimise duplication, and inform solutions.
- **Local Jobs Plans**, which identify regional priorities, including industry workforce needs, and develop plans to support people to move into local jobs and training.
- **Local Recovery Fund**, which provides funding to support small-scale activities and projects to help skill jobseekers to meet local employer needs.
- **National Priority Fund**, which supports initiatives that address structural and other barriers to the attraction, recruitment, and retention.[62]

13.51 Expenditure on the Local Jobs Program is estimated at between $47 million and $51 million per year for the years from 2022-23 to 2024-25.[63] During the 2023-24 Budget Estimates, DEWR confirmed that funding for the program is currently due to cease in 2025, and that at time the program will be reviewed.[64] The *White Paper: Working Futures* further notes that the Australia Government is conducting a two-stage reform process in relation to the Local Jobs Program to better focus its policy intent and embed place-based design principles. Initial changes to the program include broadening eligibility for funded projects, strengthening governance structures, strengthening support provided through Employment Facilitator services, and enhancing local and regional data and information to inform decision-making. Over the longer term, the government will consider the scope and priorities for investment in the Local Jobs Program to support the smooth functioning of the labour market and the program's optimal geographic spread to address business capability, industry transitions and the adaptive capacity of local labour markets.[65]

13.52 The limited evidence received in relation to facilitation programs for employers indicated that they do not always operate effectively, and that (as is the case for

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61 DEWR, *Submission 254*, pages 96, 155–156.
62 DEWR, *Submission 254*, pages 166–167.
63 DEWR (2023), *Portfolio Budget Statements 2023–24: Budget Related Paper No. 1.6*, p. 32.
64 Senate Education and Employment Legislation Committee, *Proof Committee Hansard*, 25 October 2023, p. 71.
65 Commonwealth of Australia (2023), *Working Future: The Australian Government's White Paper on Jobs and Opportunities*, p. 225.

jobseeker-focused programs) there are opportunities to consolidate and rationalise the programs to minimise duplication and fragmentation.

13.53 Social Ventures Australia (SVA) noted that demand-led solutions are hampered by the current structure of the employment services system, which distributes potential candidates across multiple providers who are reluctant to cooperate to meet employers' needs. SVA stated that while initiatives such as Employment Liaison Officers, Employment Facilitators and Workforce Specialists attempt to overcome this problem, they have not always been successful in securing the co-operation of providers. Moreover, many of these initiatives are limited in scope, with training designed to support basic skills and industry orientation rather than to equip people for secure, quality employment. There are also limited if any measures in place relating to reshaping employer practices.[66]

13.54 Jobs Statewide stated that Employment Facilitators have not increased satisfaction for employers, noting that on many occasions an Employment Facilitator has asked Jobs Statewide to send a vacancy referral to an employer with which the provider has already engaged.[67]

13.55 CoAct noted that Employment Liaison Officers present job opportunities which duplicate providers' existing service or which do not meet the criteria for a payable outcome payment. This creates disincentives to engagement.[68]

13.56 The Victorian Chamber of Commerce and Industry (VCCI) raised concern that there is no information on employer engagement with the Workforce Specialists program. Moreover, while acknowledging that the program is aimed at larger scale projects, the VCCI noted that there is also no information about alternative options for smaller—but still significant—projects.[69]

13.57 ACOSS stated that while the Local Jobs Program has been successful in addressing some of the issues associated with a competitive employment services system and in establishing and maintaining local employment and skills networks, additional work is needed to optimise support for place-based solutions. ACOSS recommended local employment and skills networks be established to embed government-funded supports—including employment and human services—in local communities.[70]

13.58 Per Capita similarly indicated that the Local Jobs Program should be replaced, with key functions taken over by an entity within the Australian Public Service (APS). According to Per Capita, this should include establishing:

- Local Jobs and Skills Coordinators that align Jobs and Skills Australia (JSA) skills projections with local skills and labour demand, and coordinate with industry and employers to create skills and job opportunities for participants.

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66 Social Ventures Australia (SVA), *Submission 232*, p. 14.
67 Jobs Statewide, *Submission 272*, p. 6.
68 CoAct, *Submission 151*, p. 16.
69 Victorian Chamber of Commerce and Industry (VCCI), *Submission 259*, p. 4.
70 ACOSS, *Submission 203*, pages 33–34.

- Local Jobs and Skills Centres for walk-in, authoritative information and advice on local careers and industries, employment services and skills training options, and basic information on pay and award provisions. This service should be available to all jobseekers, as well as to other key stakeholders.[71]

13.59 Per Capital also called for national network systems to be established to develop and share learning and insights, and for Jobs and Skills Coordinators to have access to discretionary funding to develop and fund alternative employment services.[72]

The role of paid work experience

13.60 Several stakeholders supported paid work experience to enable jobseekers to gain experience, demonstrate their skills to employers, and gradually move off income support. Programs of this kind may also help drive employer engagement with the system. However, these programs may require financial support from government and require providers (or intermediaries) to have strong employer networks to identify and obtain paid placements.[73]

13.61 VCCI stated that paid work placements and trials for those who are entering (or re-entering) the workplace provide workers with relevant workplace information and build their confidence, while allowing the employer to observe the person in day-to-day work settings. The VCCI stated that placements of this kind should be supported by subsidies, with subsidy amounts varied by the relative disadvantage of the jobseeker and by the labour market where the employer conducts business.[74]

13.62 The value of work experience was also reinformed by academic and policy experts. For example, a 2015 policy briefing by Professors Considine, Borland, Kalb and Ribar emphasised that employment programs to assist jobseekers with high levels of disadvantage should substantially address their deficiencies in job readiness and skills and provide a pathway to employment via work experience, stating that this is most likely to be feasible where programs are implemented at a local level through a partnership between service providers and employers. This and other research also indicated that paid work experience in the private sector or on the open market may be useful in addressing some of the deficiencies in public programs such as WfD (discussed below):

> [A meta-analysis of] 207 studies of labour market programs … concluded [that] [a] … clear finding…is the relatively poor performance of public sector programs … This pattern suggests that private employers place relatively little value on the experiences gained in a public sector program … The explanation for the poor

71 Per Capita, *Submission 252*, p. 12.
72 Per Capita, *Submission 252*, p. 12.
73 See, for example, Name Withheld, *Submission 137*, p. [3]; Australian Centre for Career Education (ACCE), *Submission 149*, p. 8; Joblink Plus, *Submission* 157, p. 14; Host International (HOST), *Submission 188,* p. 6; Mission Australia, *Submission 190*, p. 5; Workskil, *Submission 196*, p. 29; The Agnus Knight Group (AKG), *Submission 208*, p. [5]; Australian Chamber of Commerce and Industry (ACCI), *Submission 236*, p. 5; Dr Davidson, ACOSS, *Committee Hansard*, 19 September 2023, p. 28.
74 VCCI, *Submission 259*, p. 5.

> performance of the usual type of public sector job creation programs is twofold: the absence of substantial skill development for disadvantaged jobseekers, and the absence of a pathway to a permanent job.[75]

13.63 The Enterprise and Training Company (ETC) suggested that a model for paid work experience could involve the following elements:

- A minimum wage, paid in accordance with hours worked and adjusted based on work capacity.
- Wage costs met by government or split between government and the employer, noting the employer benefits in terms of workforce attraction and retention.
- Genuinely mutual obligations for jobseekers, employers, and providers, including a requirement for businesses to support a minimum number of work experience placements per year based on total number of employees.
- A set time limit (for example, two months) for each placement.
- A gradual increase in working hours to build jobseekers' resilience and fitness for work, based on individual capacity.
- An iterative program of support tailored to each jobseeker.[76]

13.64 NESA similarly recommended that work experience options be developed including consideration of two- to four-week funded job placements and funded placements in social enterprises. NESA stated that work experience could be leveraged to provide employers with a risk-reduced opportunity to observe new employees and evaluate their contributions, ideally leading to longer-term engagement.[77]

13.65 Some stakeholders called for EF guidelines to be reviewed with the aim of allowing funds to be used to support paid work experience.[78] SYC Ltd (SYC) noted that under the NEST, providers were able to offer paid work trials, funded through the EF. SYC indicated that employers responded very favourably to the opportunity to trial jobseekers before potentially employing them on a more permanent basis.[79]

13.66 Stakeholders observed that paid traineeships, apprenticeships, and internships connect jobseekers with employers offering training and work experience and indicated that greater support for such programs should be considered as part of reforms to the employment services system.[80]

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75 Melbourne Institute—University of Melbourne (UniMelb) (2016), *What are Best-Practice Programs for Jobseekers Facing High Barriers to Employment*, Policy Brief No. 4/16, p. 4, https://melbourneinstitute.unimelb.edu.au/__data/assets/pdf_file/0019/2168200/Melb-Inst-Policy-Brief-416.pdf, viewed 20 November 2023. See also Institute of Labor Economics (2015), *What works? A meta analysis of recent active labor market program evaluation*, Working Paper No. 21431, p. 12, www.nber.org/system/files/working_papers/w21431/w21431.pdf, viewed 20 November 2023.

76 Enterprise and Training Company (ETC), *Submission 133*, pages 5–6.

77 NESA, *Submission 260*, p. 67.

78 Mission Australia, *Submission 190*, p. 7.

79 SYC, *Submission 189*, p. 11.

80 See, for example, Youth Projects, *Submission 141*, p. 13; VCCI, *Submission 259*, p. 5; MatchWorks, *Submission 263*, p. 33.

13.67 ACOSS called for the establishment of an annual jobs and training offer for people who are unemployed long-term, explaining that this would consist of employment experience in a regular paid job, training, or further education.[81]

13.68 Stakeholders also indicated that on-hire enterprises and sectoral programs (also discussed in Chapter 12) may have a substantial role to play in facilitating paid work experience opportunities. The Brotherhood of St Laurance (BSL) highlighted their partnership with Spark consortium on a large-scale social procurement project looking to secure over 900 jobs for disadvantaged people on the North-East Link Tunnel project in Victoria.[82] Per Capita argued for greater engagement with industry-focused not-for-profit labour hire models, noting that these organisations can coordinate and broker employer-worker relationships. According to Per Capita, this type of model offers the opportunity to learn about employers' recruitment needs, assumptions and practices, and key issues relating to job design and rostering.[83]

Community and voluntary work

13.69 Several stakeholders argued that the employment services system should include a community-based program that provides real-world experience in areas of demand, incorporating training and skills development. Some stakeholders indicated that such a program might replace or be build upon a reformed WfD, while others called for a community-based program without indicating whether establishing such a program would have an impact on WfD. The Green Corps and Landcare Environment Action Projects were highlighted as examples of programs that had provided meaningful experience, connected jobseekers to employers, and built skills.[84]

13.70 Per Capita observed that WfD is a program that has potential for reform if participants are paid and the program is integrated with community work and enables purposeful activities and a greater range of endeavours.[85] Per Capita argued that a rebranded WfD, re-named 'Work for the Community', must:

- be founded on strong evidence of what local needs and interests, mapped to local community work options;
- involve meaningful work, based on mapping of these local needs. This should include consideration of the work that is already planned or ongoing within these communities; and

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81 See ACOSS, *Submission 203*, pages 8, 9, 10, 25, 27, 35, 37; Dr Davidson, ACOSS, *Committee Hansard*, 19 September 2023 p. 28. The full details of the proposed Jobs and Training Offer is detailed in ACOSS (2023), *Budget Priorities Statement 2023–24 – Submission to the Treasurer*, www.acoss.org.au/wp-content/uploads/2023/10/ ACOSS_Budget-Priorities-Statement_2023-24-1.pdf, viewed 20 November 2023.

82 BSL, *Submission 249*, p. 57. See also, Per Capita, *Submission 252*, p. [43] that details the Given the Chance project with the ANZ bank to hire and trial refugees and new migrants.

83 Per Capita, *Submission 252*, p. [52].

84 See, for example, Professor Leila Green, Dr Kylie Stevenson, Dr Kelly Jaunzems, Ms Claire Hanlon and Mr Arthur Hanlon (Professor Green et al), *Submission 120*, p. [11]; MatchWorks, *Submission 263*, p. 25.

85 Dr May Lam, Senior Fellow, Per Capita, *Committee Hansard*, 14 March 2023, pages 31–32.

- involve community work coordinators assigned to each region to map and develop activities, including by collecting information from individuals about problems that exist in their communities and how they would like to contribute to solving them.[86]

13.71 Per Capita also stated that participants should have opportunities to earn wages while undertaking community work, subject to constraints on government resources and funding.[87] This view was echoed by ACOSS, who asserted that community work should either be paid or undertaken on a genuinely voluntary basis,[88] and by the Antipoverty Centre, who stated:

> People are doing a lot of maintenance work they find really valuable. A person who we spoke to in Tasmania … really enjoyed what he was doing. I said, 'Do you think it should have been paid?' He was like, 'Oh, I don't know.' I said, 'What did you do?' Then he explained and said, 'Oh, yeah. That should have been a job.' People who are doing valuable projects for the community should be paid.[89]

13.72 BSL, Centre for Policy Development (CPD), and University of Melbourne (UniMelb) indicated that a 'Work in the Community' type program would have significant social benefits for the participant and would enable people to derive a sense of self-worth and recover self-esteem. Placements would also act as a transitional pathway to employment by offering more enduring work experience in diverse social enterprise and community service settings and in-work training. Work would also have a social benefit to the community by contributing to development and other local needs.[90]

13.73 CVGT Employment (CVGT) highlighted a voluntary pilot program they ran for semi-skilled and unskilled individuals experiencing a range of personal challenges. This program included:

- learning strategies to address, manage and/or overcome non-vocational barriers;
- volunteering in a job of interest which contributed to their local community;
- referral to in-house activities focused on social and employment capabilities; and
- pathways to sustainable employment through work experience, job placements and ongoing mentoring.[91]

13.74 There are also key examples of community employment initiatives in international jurisdiction. For example, during its European delegation the Committee examined in detail the Irish Community Employment scheme. This is outlined in Chapter 3.

13.75 Stakeholders also noted that unpaid work which builds social and economic capacity should be recognised within the employment services system. Engaging in non-paid

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86 Dr Lam, Per Capita, *Committee Hansard*, 19 September 2023, pages 29–30.
87 Dr Lam, Per Capita, *Committee Hansard*, 19 September 2023, p. 30.
88 Dr Simone Casey, Senior Advisor—Employment, ACOSS, *Committee Hansard*, 17 May 2023, p. 8.
89 Ms Kristin O'Connell, Co-coordinator—Research and Policy, Antipoverty Centre, *Committee Hansard*, 19 September 2023, p. 32
90 BSL, CPD and UniMelb, *Submission 256.1*, p. 13. See also Dr Michael McGann, Senior Lecturer in Political Science, UniMelb, Committee Hansard, 20 September 2023, p. 3
91 CVGT, *Submission 106*, p.12

volunteering and caring roles was reported as having a positive impact on an individual's wellbeing and social inclusion.[92] Professor Green et al observed:

> [M]any welfare-dependent people currently make a meaningful contribution to their society, not least in child rearing and supporting elderly relatives and people with a disability … The work of long-term unemployed people whose lives are complicated by patterns of care and engagement with family and community should be recognised as already providing a social contribution. They should not be required to do more.[93]

13.76 Volunteering Australia noted that the *National Strategy for Volunteering 2023–2033* provides a strategic framework for safe, supported, and sustainable volunteering opportunities.[94] Issues in relation to volunteering are included in Chapter 14.

Wage subsidies and financial incentives

13.77 Wage subsidies provide incentives to businesses to employ and retain participants under certain terms. They are intended to alleviate some of the initial onboarding, induction, and training costs associated with new employees. Wage subsidies are currently funded through the EF.[95] Professor Borland summarised the objectives and operation of wage subsidy programs as follows:

> A wage subsidy program has the objective to motivate an employer to hire an unemployed jobseeker by lowering the cost of employing that jobseeker. For example, a profit-maximising employer operating in competitive product and labour markets will hire all workers whose value added to revenue is greater than or equal to their cost (wages and non-wage costs). In this case a wage subsidy, by lowering the cost of employing a worker, should make employers willing to hire extra workers – specifically, workers whose value added to revenue is lower than they would be willing to hire in the absence of the subsidy.[96]

13.78 Professor Borland explained that a 'macro' effect of wage subsidies is some increase in aggregate employment (understanding there will be a significant dead weight loss), while 'micro' impacts include supporting skill development for clients and allowing clients to demonstrate their value to an employer. [97]

13.79 Direct engagement with stakeholders suggested one way to understand different 'levels' of subsidised employment is to categorise them in three ways:

- 'Marginal' subsidies (mostly in private sector employment) which are targeted to long-term unemployed people with little or no recent work experience, and which

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92 See, for example, St Vincent de Paul Society, *Submission 170*, p. 4; Centre for Policy Futures—University of Queensland (CPF-UQ), *Submission 217*, p. 6.
93 Professor Green et al, *Submission 120*, p. [4].
94 Volunteering Australia, *Submission 240*, pages 7–8.
95 DEWR, *Submission 254*, pages 76, 206.
96 J Borland (2016), 'Wage Subsidy Programs: A Primer', *Journal of Labour Market Economics*, 19(3), p. 133.
97 Borland (2016), 'Wage Subsidy Programs: A Primer', *Journal of Labour Market Economics*, p. 133.

are designed to encourage an employer to consider hiring a person they may not otherwise have engaged. These subsidies can also be used to address chronic labour shortages and support pathways to ongoing employment.

- Full subsidies for people with limited immediate prospects in open employment, but who may be competitive with the right experience and training. Programs of this kind often focus on transitions to regular employment in the longer term.
- Full subsidies for participation in work which serves as an alternative to regular employment, for people whose prospects of open employment are negligible. Subsidies may be used to support participation in community projects. Caution must be exercised in ensuring subsidies are properly targeted. Consideration should also be given to whether wage subsidies are the best way to encourage participation in the relevant project, as well as to whether the project could be supported by other means (for example, direct government funding).

13.80 Providers delivering Workforce Australia Services, ParentsNext, and Transition to Work (TtW) may offer wage subsidies of up to $10,000 to an employer. Providers have discretion to offer a wage subsidy where they consider it to be the most effective intervention to place a person into ongoing employment.[98] Subsidies are not available for participants in Workforce Australia Online, as they target jobseekers facing disadvantage.[99]

13.81 As of 30 September 2023, 21,908 wage subsidies have been recorded in Workforce Australia Services and TtW. Subsidies were used in 10.8 per cent of all placements recorded for eligible participants.[100]

13.82 Wage subsidies are also available across several other jurisdictions. Some of the wage subsidies the Committee heard about as part of the inquiry are outlined in **Table 13.1** below, but this is by no means an extensive list of all subsidies.

Table 13.1 Wage subsidies by jurisdiction

Name	State	Description	Amount
Wage subsidy	Cth	Financial assistance for employers who engage jobseekers from the Workforce Australia Services caseload, subject to eligibility requirements.	Up to $10,000, depending on the term of the person's employment.
Youth bonus subsidy	Cth	Financial assistance for employers who engage a jobseeker (under 25 years) from the Workforce Australia Services or TtW caseloads, subject to eligibility requirements.	$10,000.
Priority wage subsidy	Cth	Financial assistance to employers who hire an apprentice training towards an occupation on the Australian Apprenticeships Priority List.	10 per cent of wages (up to $1,500) per quarter for the first two 12-month periods, and five per cent of wages (up to $750) for the third.

98 DEWR, *Submission 254*, p. 205.
99 DEWR, *Submission 254*, p. 205.
100 DEWR, *Submission 254.7*, p. [14]. As outlined in Table 1 in that document, wage subsidies are used across a range of sectors and occupations.

Name	State	Description	Amount
Back to Work Support Payment	Qld	Financial assistance to employers who hire a jobseeker from eligible cohorts.	Up to $15,000, based on duration of continuous employment.
Jobs and Skills WA Employer Incentive	WA	Financial assistance to businesses who employ an apprentice or new trainee.	Up to $8,500, based on the term of the apprenticeship or traineeship.

Sources: DEWR, *Submission 254*, p. 205;
Australian Apprenticeships, *Employer Incentives*, www.australianapprenticeships.gov.au/aus-employer-incentives;
Jobs and Skills WA, *Employer Incentive*, www.jobsandskills.wa.gov.au/employerincentive;
Queensland Government, *Support Payment*, https://backtowork.initiatives.qld.gov.au/back-to-work-support-payment

Effectiveness of wage subsidies

13.83 Several stakeholders told the Committee that incentives such as wage subsidies, tax exemptions, or tax credits may encourage employers to hire jobseekers and improve in-house training and career development. Stakeholders also asserted that incentives should be designed to support employment for specific cohorts of jobseekers and should be accompanied by targeted marketing campaigns.[101]

13.84 However, the Committee also heard that the wage subsidy framework requires improvement, with stakeholders indicating that employers see subsidies as a payment for hiring a jobseeker rather than assistance for training and other supports, and accordingly may attempt—often successfully—to obtain subsidies for engaging jobseekers who do not require additional supports.[102]

13.85 In addition, some evidence indicated that some employers only hire a jobseeker for the period covered by a subsidy agreement, and then terminate their employment.[103] For example, the Antipoverty Centre stated:

> [Wage subsidies] must come with some kind of commitment from the employer that it is an ongoing role and that, when the wage subsidy ends, it is some type of permanent employment. It is throwing people on the trash heap at the moment. People aren't getting enough money to get off income support, or they are getting just enough money to get off income support, losing access to their payment and then having no work after six months. That's a big problem.[104]

13.86 DEWR observed that the return to service rate for individuals who achieve a 26-week outcome (the percentage of the cohort who return to the employment caseload within three months of exiting income support) is slightly higher for individuals who have been supported by a wage subsidy (3.7 per cent of subsidised placements, versus

101 See, for example, MAX, *Submission 146*, p. 35; CoAct, *Submission 151*, p. 16; Professor Jeff Borland, *Submission 171*, p. 3; Jobs Australia, *Submission 185*, p. 19; SYC, *Submission 189*, p. 15; SAEP, *Submission 199*, pages 52, 55.

102 See, for example, CVGT, *Submission 106*, p. 20; Associate Professor Jo Ingold (Dr Ingold) and Mr Tony Carr, *Submission 216*, p. 7; TRECCA Employment - Ventia Australia (TRECCA), *Submission 228*, p. [6].

103 See, for example, CVGT, *Submission 106*, p. 20; SAEP, *Submission 199*, p. 54; VERTO, *Submission 202*, p. [18]; Dr Ingold and Mr Tony Carr, *Submission 216*, p. 7; TRECCA, *Submission 228*, p. [6].

104 Ms O'Connell, Antipoverty Centre, *Committee Hansard*, 19 September 2023, p. 29.

3.2 per cent of unsubsidised placements). However, this does not necessarily reflect employers misusing subsidies or negotiating subsidies in bad faith—particularly as subsidised placements often involve individuals in disadvantage, who are also more likely to experience challenges remaining in employment.[105]

13.87 Associate Professor Jo Ingold (Dr Ingold) and Mr Tony Carr observed that research in Australia, the UK, and Denmark indicates that subsidies may not encourage employers to hire candidates they otherwise would not have hired. Accordingly, subsidies may not lead to the systemic impacts needed to change recruitment practices.[106]

13.88 The Committee also heard that subsidies and other incentives may not, on their own, be sufficient to encourage businesses to hire jobseekers. Employers often require a range of different supports to 'de-risk' hiring jobseekers, including system navigation, recruitment and HR assistance, and ongoing support following placement.[107]

13.89 Professor Borland observed that international evidence on wage subsidies suggest that subsidy programs are effective in increasing the probability that a client will find employment, with more significant positive impacts observed over the longer term. However, Professor Borland also cautioned that studies of wage subsidy programs are likely to over-state the net impact of those programs on job creation, because:

- The studies fail to take account of equilibrium effects. For example:
  - Workers hired via the wage subsidy program may crowd-out unsubsidised jobseekers who would otherwise have been hired.
  - Wage subsidies may pay for a job that would have been created anyway.
  - Employers who do not hire workers using a subsidy may lose business to those who do. Employment may therefore shift from employers who do not use the subsidy to those who do.
- The studies may be impacted by selection bias. Studies may compare jobseekers from an eligible population who receive and who do not receive a wage subsidy. However, obtaining a subsidy is conditional on getting a job, and jobseekers who can get jobs may not be identical to jobseekers who cannot.[108]

13.90 Professor Borland also indicated that Australian and international research highlight several lessons for the design and implementation of wage subsidies. In particular, it is important to recognise that the level of a subsidy will affect its impact and cost to government. Higher subsidies may encourage employers to consider a wider pool of candidates. However, without additional controls, an employer may also receive a higher payment than is necessary to induce them to hire a jobseeker. While a subsidy may be varied depending on a jobseeker's level of disadvantage and length of time for which they have been unemployed, this requires government to have access to reliable, up-to-date information. Related policy considerations include:

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105 DEWR, *Submission 254.7*, pages [18–19].
106 Dr Ingold and Mr Carr, *Submission 216*, p. 7.
107 See, for example, SVA, *Submission 232*, p. 15.
108 Borland (2016), 'Wage Subsidy Programs: A Primer', *Journal of Labour Market Economics*, pages 135–137.

- The timing of payments, including whether a greater portion of the subsidy should be paid upfront or whether equal payments should be made at defined points in the program. Higher upfront payments may increase an employer's willingness to engage a jobseeker but may decrease their willingness to retain the new employee and to provide quality work experience.
- How to vary the subsidy based on the nature of the job. For example, paying a subsidy based on hours worked may appear to provide an equal incentive for employers to offer full- and part-time work, there will be fixed costs (for example, training) that mean it is financially attractive to offer full-time work.
- Whether the subsidy should be a direct payment or a less direct incentive such as a tax reduction. Evidence suggests that employers prefer direct payments received before the new worker commences.
- Whether and how to vary the amount of a subsidy over an employer's business cycle and in response to changing labour market conditions.[109]

13.91 In addition, wage subsidy programs must be targeted at jobseekers who need them most. Jobseekers with lower barriers to employment are less likely to need the subsidy, while for jobseekers with high barriers a subsidy is unlikely to be sufficient to enable them to find and keep employment. While this suggests that subsidies should be targeted to jobseekers 'in the middle' of the distribution of barriers to employment, there is still a need to carefully define eligibility for the program. Moreover, wage subsidies can be effective in supporting jobseekers with high barriers to employment, provided they are accompanied by other, more intensive supports.[110]

13.92 Other key issues highlighted by Professor Borland included:

- mechanisms for informing employers of and encouraging them to participate in a wage subsidy scheme;
- restrictions on the types of jobs and work for which subsidies may be paid; and
- Monitoring, oversight, and evaluation.[111]

13.93 ACOSS indicated that wage subsidies should be de-linked from the EF, stating that when wage subsidies were folded into the EF in 2019 they 'virtually collapsed'. ACOSS also called for partial wage subsidies for three to six months in private and community sectors, and full wage subsidies for employment and community organisations—including social enterprises—for six to 12 months. Full subsidies would be for jobseekers who are further from the labour market.[112]

13.94 MatchWorks similarly expressed support for scaling subsidy amounts in accordance with levels of disadvantage faced by jobseekers and hours worked, to give employers incentives to hire jobseekers with higher barriers to employment and to allow the use of subsidies to address precarious work arrangements. MatchWorks raised concern

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109 Borland (2016), 'Wage Subsidy Programs: A Primer', *Journal of Labour Market Economics*, pages 137–140.
110 Borland (2016), 'Wage Subsidy Programs: A Primer', *Journal of Labour Market Economics*, pages 140–141.
111 Borland (2016), 'Wage Subsidy Programs: A Primer', *Journal of Labour Market Economics*, pages 141–142.
112 Dr Davidson, ACOSS, *Committee Hansard*, 19 September 2023, p. 28.

that subsidies cannot be paid in relation to current employees, stating that this limits their utility in terms of supporting career development.[113]

13.95 There was also support for extending the wage subsidy period, to increase the value of subsidies supporting long-term employment outcomes. The Salvation Army Employment Plus (SAEP) suggested that the period be extended to 52 weeks (from the current 26), and that subsidies target industries where the supply of jobseekers significantly exceeds demand.[114] Joblink Plus expressed general support for this proposition but stated that subsidies should only be paid for permanent employment that extends beyond 26 weeks.[115]

13.96 There were also mixed views as to the types of employers who should be eligible for subsidies. For example, SAEP asserted that subsidies should be restricted to small and medium enterprises (SMEs) and that labour hire companies should be ineligible for the scheme.[116] By contrast, the Recruitment, Consulting, and Staffing Association (RCSA) stated that restricting or eliminating wage subsidies would remove a critical component of the framework on which firms rely to support jobseekers and clients.[117]

13.97 DEWR observed that the return to service rate for individuals who achieve a 26-week outcome is slightly higher for placements with labour hire companies compared to other businesses. However, the difference in the return to service rate is negligible when comparing subsidised and unsubsidised placements with labour hire companies. This is reflected in the following data:

- The return to service rate for subsidised placements is 4.3 per cent for labour hire companies, compared to 3.4 per cent for other employers and an overall average of 3.7 per cent.
- The return to service rate for unsubsidised placements is 4.2 per cent for labour hire companies, compared to 3.1 per cent for other employers and an overall average of 3.2 per cent.[118]

13.98 Evidence from the 2022 evaluation of jobactive indicated that labour hire companies were over-represented in the use of wage subsidies, with approximately 25 per cent of all subsidies being paid to labour hire companies. The evaluation also noted that labour hire companies comprised 38 of the top 50 largest wage subsidy employers.[119] More recent data indicates that this trend continues. From July to December 2022, 23.9 per cent of expenditure on wage subsidies was paid to labour hire companies.[120]

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113 MatchWorks, *Submission 263*, pages 34–35. See also Joblink Plus, *Submission 157*, pages 16–17.
114 SAEP, *Submission 199*, p. 54.
115 Joblink Plus, *Submission 157*, p. 17.
116 SAEP, *Submission 199*, p. 54.
117 Recruitment, Consulting, and Staffing Association (RCSA), *Submission 201*, p. 5.
118 DEWR, *Submission 254.7*, p. [19]. DEWR indicated that gathering data on placements with labour hire enterprises can be challenging, noting that the definition of a labour hire enterprise and which employers must be licensed to deliver labour hire services varies between jurisdictions.
119 DEWR (2022), *The evaluation of jobactive: Final Report*, pages 164–165.
120 Standing Committee on Education and Employment, *Response to question on notice SQ23-000195*, p. [1].

13.99 Wage subsidies have been funded from the EF since 1 January 2019. The decision to change the funding source for subsidies from a separate funding pool to the EF aimed to encourage more targeted support from providers and to reduce the amount of dead-weight loss seen in the early part of jobactive. DEWR explained that where a discrete funding pool was made available for wage subsidies, providers offered subsidies indiscriminately rather than using subsidies in a targeted manner, and subsidies had little impact on hiring decisions. By contrast, where subsidies were funded from the Employment Pathway Fund (a precursor to the EF) under Job Services Australia, there was an opportunity cost for providers in offering a subsidy, and accordingly funds were used more sparingly and were better targeted.[121]

13.100 DEWR acknowledged a gender bias in the use of wage subsidies in favour of male jobseekers: as of 30 September 2023, 12.4 per cent of placements for a male jobseeker were supported by a subsidy, compared to 8.8 per cent of placements for female jobseekers. DEWR stated that this bias is largely driven by the gendered nature of many occupations, with the 10 most commonly subsidised occupations being male dominated. DEWR stated that it is working with providers to improve support for women within employment services, including by addressing gender gaps in placements and wage subsidies DEWR has also released a data analytics tool to assist providers to examine their targeting of wage subsidies to different cohorts at the organisations, employment region, site, and industry level to help identify and address bias.[122]

Challenges accessing and using wage subsidies

13.101 In addition to expressing views as to the utility of wage subsidies, some stakeholders raised concern that subsidy arrangements can be inflexible, complex, and overly bureaucratic.[123] Specific concerns included:

- Subsidy agreements are administered via MyGov, with parties to an agreement required to have a MyGov ID. Reports of MyGov often failing or being clunky to use were common, or of the Digital Solutions Team being unresponsive to concerns.[124]
- The timeframe for finalising a wage subsidy agreement is too short at 28 days. Previously, the timeframe for finalising the agreement was 84 days.[125]
- Reports received during site visits and via other stakeholder engagement indicated that large businesses operating across multiple regions are willing to take on disadvantaged jobseekers but find it frustrating and inefficient to access subsidies via the EF as this requires negotiation with multiple providers as there is no longer a stand-alone program.

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121 DEWR, *Submission 254.1*, pages [35-36].
122 DEWR, *Submission 254.7*, p. [14].
123 See, for example, AMES Australia (AMES), *Submission 148*, p. 6; CoAct, *Submission 151*, p. 16; SYC, *Submission 189*, p. 15; MatchWorks, *Submission 263*, pages 34–35.
124 See, for example, SYC, *Submission 189*, p. 15; SAEP, *Submission 199*, p. 54; Workways, *Submission 239*, pages 10, 12.
125 See, for example, atWork, *Submission 210*, p. 11.

13.102 Stakeholders also observed that that the different types of subsidies available across program areas and jurisdictions leads to confusion for employers and may open the system to exploitation.[126] APM noted that different subsidies apply where an employer engages a person with disability in DES and a person with disability in Workforce Australia, and there are different incentives for hiring First Nations jobseekers and hiring single parents. APM suggested a consolidated wage subsidy scheme for all programs and cohorts, complemented by other incentives for hiring disadvantaged jobseekers.[127]

13.103 The Committee also head that administrative burden associated with wage subsidies creates particular challenges for SMEs. Asuria noted that smaller employers routinely experience difficulties with the 28-day time limit to finalise a subsidy agreement, with linking business accounts via MyGov, and with the overall opacity of the scheme.[128]

The role of social enterprise

13.104 Several stakeholders observed that social enterprises—businesses with the objective of making a social impact rather than generating profits—are effective in addressing place-based disadvantage and enabling jobseekers to gain skills before moving into open employment. They are also key employers of disadvantaged jobseekers.[129] In particular, Work Integrated Social Enterprises (WISEs) have proven effective in delivering better employment outcomes than mainstream employment services.[130]

13.105 Governments at all levels partner with the social enterprise sector to advance common objectives. The Employment White Paper review highlighted the Social Enterprise Development Initiative that will support organisations such as social enterprises and charities to build capability and support improved social outcomes. The Treasury and Department of Social Services (DSS) have been tasked with investigating opportunities for government to partner with social enterprises to improve labour market outcomes for people who experience entrenched disadvantage.[131]

13.106 Despite the value of social enterprise (particularly WISEs), submitters argued that there has not been sufficient investment in the sector or efforts to integrate them into the employment services system, with initiatives to support social enterprises often

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126 See, for example, MAX, *Submission 146*, p. 35; Training Alliance Group (TAG), *Submission 195*, p. [4].

127 APM, *Submission 213*, p. 18.

128 Asuria, *Submission 246*, p. 33. See also Management Governance Australia (MGA), *Submission 183*, p. 3; SAEP, *Submission 199*, p. 54.

129 See, for example, Jobs Australia, *Submission 185*, p. 18; Good Cycles, *Submission 237*, p. 6; Mr Luke Terry, CEO, White Box Enterprises, *Committee Hansard*, 16 June 2023, p. 18.

130 See, for example, White Box Enterprises, *Submission 274,* p. [3].

131 See Commonwealth of Australia (2023), *Working Future: The Australian Government's White Paper on Jobs and Opportunities*, p. 234; The Hon Dr Jim Chalmers MP, Treasurer, and the Hon Amanda Rishworth MP, Minister for Social Services, *Boosting opportunity for Australia's most disadvantaged through social enterprises*, Media Release, 25 September 2023.

delivered in a piecemeal manner. This has hampered the sustainability of social enterprises and minimised opportunities for scaling local services.[132]

13.107 While social enterprises frequently do considerable work preparing jobseekers for employment and matching them to vacancies, they are often not compensated for their efforts. This comes into sharp focus when a social enterprise supports a Workforce Australia participant to move into employment but a provider, rather than the social enterprise, receives an outcome payment.

13.108 During its site visits, the Committee engaged with a social enterprise which provides hospitality training and work experience to local jobseekers and brokers employment opportunities with local employers. The enterprise told the Committee that when a Workforce Australia or DES participant is placed in work, the provider receives the outcome payment and is often reluctant to share it with the social enterprise. In some cases, providers have been willing to partner with the social enterprise and share a portion of their outcome payment. However, this is at the provider's discretion.

13.109 The enterprise told the Committee they had no interest in becoming a provider due to high levels of administrative burden and the potential to be involved in compliance and enforcement. While grant funding and sales revenue may be enough for the enterprise to remain viable as a business, it is not sufficient to sustain larger training programs or to support state- or national-level scaling of services.

13.110 Stakeholders emphasised that social enterprises must be financially supported to train, employ, and on-place jobseekers on the employment services caseload. Proposals included:

- ensuring subsidies for employing jobseekers are provided to social enterprise, rather than to a provider or another employer;[133]
- providing social enterprise with long-term, ongoing contracts to enable provision of ongoing employment to people from disadvantaged backgrounds;[134]
- expanding the payment by outcomes model;[135]
- greater use of social procurement to enable robust contracts between social enterprise and government; and[136]
- reverse tendering and regional-level grants.[137]

13.111 Social Traders recommended Workforce Australia carve off a fund to enable WISEs that are already delivering outcomes to sustain, scale, and maximise the role they

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132 See, for example, Ms Jess Moore, CEO, Social Enterprise Australia (SEA), *Committee Hansard*, 17 May 2023, pages 33, 36; Mr Bryan McCormack, Senior Advisor—Government and Policy, Jobs Australia, *Committee Hansard*, 20 September 2023, p. 18.

133 Success Works, *Submission 139*, p. [2]; SEA, *Submission 307*, p. [3].

134 Ability Works, *Submission 147*, p. [2].

135 See, for example, Ms Moore, SEA, *Committee Hansard*, 17 May 2023, pages 33, 36; Mr Terry, White Box Enterprises, *Committee Hansard*, 16 June 2023, pages 18–19.

136 See, for example, Mr Terry, White Box Enterprises, *Committee Hansard*, 16 June 2023, pages 18–19; Social Traders, *Submission 298*, pages 7–8.

137 Mr Terry, White Box Enterprises, *Committee Hansard*, 16 June 2023, p. 20.

play. Social Trades submitted that this fund should be co-designed with the sector, and that measures should be implemented to support collection and sharing of data to enable learning from the fund and to inform future decision-making.[138]

13.112 Social Traders recommended a fund of $50 million over an initial two years, building to $100 million per year over five years. Social Traders also made the following recommendations on the design of the funding mechanism:

- Use a grants process which asks applicants to detail the unique costs, revenue sources, and impacts of their service. This is critical as WISEs and other social enterprises support a range of participants and do not provide a uniform service at a fixed cost. A grants process should recognise and allow for diversity and innovation, help focus on quality and avoid a race to the bottom on price and help avoid incentivising social enterprises to work with jobseekers who are the easiest to place.
- Collect data and learn from enterprises to understand the impact and costs of different models. This may require greater investment in data initiatives and data infrastructure. Data should enable an understanding of costs to meet different needs and measure the commensurate benefits of outcomes to government. There should also be greater sharing of data between social enterprise and government.
- Engage large WISEs directly and small WISEs in aggregate. While there are some WISEs large enough to contract directly with government, most WISEs are too small for this approach to be effective. Accordingly, government should engage a single intermediary to deliver an aggregation function, through which multiple WISEs are engaged and funded. This is the approach taken in the Payment by Outcomes trial administered by DSS, whereby White Box Enterprises is the point of contact for the 16 WISEs in the program.
- Make participation available as an alternative to all people accessing personalised support through employment services. Engagement by a WISE should take the place of employment support delivered by a provider. WISEs should not be involved in compliance activity. Disincentives to employment service providers referring clients to social enterprises must also be addressed.
- Connect funding mechanisms with other government social enterprise initiatives, including the Social Enterprise Development Initiative, Outcomes Fund, and Economic Pathways to Refugee Integration Program. Funding mechanisms should also be co-designed with the sector.[139]

13.113 Submitters also indicated that funding for social enterprises should be underpinned by a certification scheme, to ensure confidence in the validity of the enterprises which are engaged in the employment services system and ensure value for money in

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138 Mr Alex Hooke, Executive Director—Advocacy and Engagement, Social Traders, *Committee Hansard*, 19 September 2023, p. 26. See also Ms Moore, SEA, *Committee Hansard*, 17 May 2023, pages 33, 36.

139 Social Traders, *Submission 297.1*, pages 1–7.

public expenditure. Stakeholders who addressed this issue recommended adoption of the existing certification process administered by Social Traders.[140]

13.114 Social Traders informed the Committee that its certification is world-leading, has been developed and adapted over five years, is overseen by an independent expert advisory group, is endorsed by the social enterprise sector, and is inclusive of all social enterprises models, legal structures, and stages of development.[141]

A national social enterprise strategy

13.115 Social Traders and Social Enterprise Australia (SEA) both expressed support for a national social enterprise strategy, noting that such a strategy would help bring together the various and often piecemeal initiatives to support social enterprise, enable the growth of the sector, and better integrate social enterprise with other government initiatives such as social procurement.[142] SEA also outlined key next steps which should be taken by Commonwealth portfolio areas to implement a national strategy, as follows:

- Department of the Prime Minister and Cabinet co-creates a national social enterprise strategy with the sector, enables endorsement of the use of data on social enterprises by government, and enables endorsement of certification as the national standard for social enterprise.
- The Treasury provides funding for the foundational measures for the strategy, including a national peak body, the rollout of data initiatives and the uptake of certification, co-designs an outcomes fund with the sector, and provides access to appropriate capital for social enterprises at different stages of development.
- The Department of Finance creates a national social procurement framework (discussed in Chapter 4) that names social enterprises and includes targets.
- DEWR adds social enterprise as a 'stream' in the employment services system and re-deploys existing funding to make social enterprise an alternative to employment services for jobseekers (discussed in Chapter 5).
- DSS co-designs a social enterprise development initiative with the sector and expands existing, proven payment mechanisms for social enterprise to drive more employment outcomes and reduce welfare dependence.
- Department of Home Affairs expands the Economic Pathways to Refugee Integration program to support employment outcomes for refugees and migrants.[143]

13.116 Social enterprise strategies already exist at the state level. For example, Victoria has in place the *Victorian Social Enterprise Strategy 2021–2025.* This strategy focuses

140 See, for example, SEA, *Submission 307*, p. [3]; Mr Terry, White Box Enterprises, *Committee Hansard*, 16 June 2023, p. 16.
141 Social Traders, *Submission 297*, p. 6.
142 Social Traders, *Submission 297*, p. 3; SEA, *Submission 305.1,* p. [1].
143 SEA, *Submission 305.1*, p. [1].

on building capacity within the sector; enhancing recognition of social enterprise and access to innovative funding models; fostering a connected and innovative social enterprise system across Victoria; and connecting social enterprise with government, including via social procurement.[144]

13.117 The Employment White Paper observed that the social enterprise sector is growing and offers job opportunities to those experiencing disadvantage through inclusive employment opportunities, job training and on-the-job support. The review found that government is already partnering with the social enterprise sector to advance common objectives. The Commonwealth will also explore partnerships with state and territory governments, and service providers, under the Outcomes Fund (a funding commitment to support local projects which address disadvantage in communities). Going forward, the Government will also investigate opportunities to work with social enterprises to address persistent labour market disadvantage, with a focus on the role that social enterprise could play in creating jobs and career pathways.[145]

Committee comments

13.118 There is strong evidence that ALMPs have the potential to generate very positive outcomes for clients, employers, and other stakeholders. However, evidence also indicates that the various programs under the Workforce Australia umbrella—like the broader human services ecosystem—have become fragmented and difficult to navigate. In addition, it appears that the manner in which several of these programs are implemented no longer reflects their original policy intent, and that the supports under these programs may duplicate what is—or at least should be—offered under a properly funded, quality core case management service.

13.119 Within a rebuilt Commonwealth Employment Services System, policy settings for the various ALMPs must ensure that support is targeted where it is needed most and that complementary and facilitation programs do not duplicate the supports offered under case management services. Consolidating and reducing duplication and overlap is critical to building a coherent, coordinated employment services system.

13.120 As outlined in Chapter 2, Australia currently invests significantly less than the OECD average in start-up incentives, direct job creation, and training and skill development. Part of rebuilding a system which includes a targeted and effective suite of ALMPs will be targeting investment in those areas which have historically been neglected. This may involve some rebalancing of funding priorities to ensure funding is targeted where it is needed most but is also likely to require additional overall expenditure if long-term unemployment is to be substantially reduced.

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144 Government of Victoria, *Victorian Social Enterprise Strategy 2021–2025*, pages 29–35, https://djpr.vic.gov.au/__data/assets/pdf_file/0018/2036205/DJPR-Victorian-Social-Enterprise-Strategy.pdf, viewed 20 November 2023.

145 Commonwealth of Australia (2023), *Working Future: The Australian Government's White Paper on Jobs and Opportunities*, p. 234.

13.121 Understanding that ALMPs can be relatively expensive, especially for disadvantaged jobseekers, the extent of reliance on them should be tailored to the net benefit to society informed by rigorous and ongoing evaluation as labour markets continue to change.

13.122 Complementary programs in Workforce Australia should be consolidated as reforms to the systems are progressed, with ineffective or duplicative programs discontinued or rolled into core services. Programs which deliver a unique or clearly necessary service should be retained, with adjustments to ensure their ongoing effectiveness. Government must also invest in the robust, large-scale complementary programs such as wage subsidies and paid work experience, to ensure that providers have the tools they need to tackle long-term unemployment.

13.123 The Committee acknowledges that there are relatively high levels of satisfaction with the EST program among participants. However, many of the services delivered through EST Block 1 courses could equally form part of the core supports delivered through mainstream case management services, particularly within a system where providers are encouraged to focus on equipping jobseekers with the full range of foundation skills necessary to compete in the open labour market. Block 2 EST courses are focused on equipping jobseekers for the demands of specific industries and brokering relationships with employers. Those services could be delivered via Employment Services Australia's (ESA's) regional hubs and through greater engagement with the education and training system. The industry placements supported through the EST program could also be enabled through paid work experience.

13.124 Accordingly, while there is value for some jobseekers in the supports provided through the EST program, the Committee is not convinced that it needs to be retained under a separate contract. In a rebuilt system, EST as a separate program should be discontinued with services provided through the Block 1 and 2 EST courses instead delivered, respectively, by service partners and by ESA's regional hubs.

13.125 CTA should be retained as part of a reformed system. CTA delivers a unique service to a specific cohort (those over 45 years of age) and has a focus on improving digital literacy, moving between jobs, and returning to the workforce. Lifting digital literacy and other foundation skills, and preparing workers for transitions between careers and sectors, are critical to ensuring that the Australian workforce is prepared to respond to future skills needs and are key components of the government's skills reform agenda.

13.126 To ensure CTA continues to operate effectively, government should review payment structures for the program to ensure they are not acting as a barrier to program delivery. Constraints to program delivery should also be addressed, including by at least allowing remote delivery to be trialled to address issues associated with thin provider markets and provide more flexible access.

13.127 The Committee supports the retention of a dedicated self-employment program as part of the employment services system. The S-EA program appears to have been

effective in supporting new and growing small businesses and while also building the work readiness of jobseekers who do not ultimately move into or stay in self-employment. Some stakeholders—and particularly the NS-EA—have made a variety of suggestions for enhancing S-EA and making it more accessible to target cohorts. The Committee encourages the government to review and, where appropriate, implement those proposals for reform as many appear sensible and worthwhile.

13.128 In particular, the Committee is supportive of reviewing S-EA to help ensure that participants in the former Entrepreneurship Facilitators program can be supported and consideration should be given to expanding eligibility for S-EA to make it more accessible for disadvantaged cohorts such as migrants, women, First Nations peoples, and people from CALD backgrounds. Review of the S-EA program should include consideration of the proposal for a 'Self-Employment+ Services' put forward by the AEA, and engagement with both the AEA and the NS-EA, among other key stakeholders.

13.129 Facilitation programs for employers appear to have been at least moderately successful in supporting employers to access suitable candidates and in enabling place-based employment solutions. However, there is compelling evidence that facilitation programs for employers are not performing at optimal levels, and that the Local Jobs Program would benefit from public leadership, greater integration of labour market insights, and efforts to embed services within local communities.

13.130 In a rebuilt Commonwealth Employment Services System, the Committee considers that existing facilitation programs for employers (including the Local Jobs Program, Workforce Specialists and Employer Liaison Officers) should be consolidated in employer facing services delivered through ESA's regional hubs. This will help to embed employment services and associated supports within communities and is consistent with broader proposals to rebuild a public core of enabling and stewardship services.

13.131 Finally, there are several foundation skills programs in the employment services ecosystem to which jobseekers may be referred. These include SEE, AMEP, and FSFYF. The Committee had only limited opportunity to review these programs as part of the inquiry, however, foundation skills programs clearly must be retained in the employment service ecosystem, consistent with the focus of the Employment White Paper on broadening access to foundation skills. The Committee proposes that there be an enhanced focus on digital skills and encourages government to consider any opportunities to further consolidate foundation skills programs to enable easier navigation for jobseekers and other stakeholders.

Recommendation 47

13.132 The Committee recommends that the Australian Government consolidate and reduce the number of complementary programs and implement measures to enhance the programs which are retained. Over time, this should include the following changes:

- **Ceasing Employability Skills Training, with the support provided via Block 1 courses incorporated into quality case management services and the support provided via Block 2 courses incorporated into the services delivered by Employment Services Australia's regional hubs.**
- **Retaining Career Transition Assistance and trialling remote participation in the program to improve accessibility especially in thin markets.**
- **Retaining Self-Employment Assistance while reviewing the program with consideration to the enhancements recommended in evidence to this inquiry. This should include broadening eligibility criteria for the program.**
- **Ceasing facilitation programs for employers and rolling these services into a consolidated employer-focused service delivered via Employment Services Australia's Regional Hubs. This consolidation would include the Local Jobs Program, Workforce Specialists, and Employer Liaison Officers.**
- **Continuing foundation skills programs with an enhanced focus on digital literacy and digital skills.**

13.133 It is clear that the current WfD program bears little to no resemblance to previous version of the program—including the program as introduced under the Howard Government. Previous iterations of the program had a much stronger focus on community projects, group work and skills and training development.

13.134 While acknowledging that some people report benefit from WfD activities, the weight of evidence historically and presently is that WfD is overwhelmingly ineffective in terms of enabling jobseekers to increase employability, fails to enable social participation, and creates risk to the jobseeker's safety. Contrary to popular belief, WfD attracts very little funding ($500 in total, of which at least half of which must go to the host organisation). By contrast, placements require a significant investment of time and resources by both the provider and the host, often with little benefit to the host's organisation. In addition, under the current WfD program, there are very few group projects offered, with most participants in sole placements. Moreover, in some places there are no suitable WfD activities available—for example in thin market areas or for people with criminal records. This is despite WfD being mandatory for many people in the employment services system. Perversely, participation in WfD may requires the participant to pay transport and meal costs. These are not offset by the tiny Approved Program of Work Supplement (currently $20.80 per fortnight). This situation is patently unfair and unrealistic.

13.135 The Committee considers that a rebuilt system should have a much broader suite of better designed alternatives and that WfD should be seen as a last resort activity, most likely only for that small minority of people who fail to meaningfully engage or comply with their Participation and Jobs Plan over the longer-term. If people choose or are referred to WfD, they should also receive a higher supplement that at least realistically covers their transport and participation costs. As reiterated elsewhere in this report, it is unreasonable and unrealistic to expect people surviving on a Jobseeker payment to be able to bear such additional costs.

13.136 The Committee has reflected on the desirability of developing a community work program as a better alternative to WfD and whether this would be a useful augmentation given the small percentage of people for whom work in the private labour market is not a realistic goal—at a point in time or ever.

13.137 Such mechanisms are not generally popular with economists and can quickly become controversial hence require very careful design and oversight and have only a limited role to play. Professor Borland's conclusions that public sector job creation programs generally have little effect on outcomes for job-seekers due to a lack of skill development and the absence of a pathway to a permanent job should drive a cautious approach.

13.138 Nevertheless, while the priority should be on private sector job creation programs such as wage subsidies, the Committee is on balance attracted to the strong evidence received proposing that a new community-based program should be trialled for jobseekers who clearly are not able to succeed in the open labour market in the short to medium term. It is proposed that community employment options be trialled in a limited number of communities / regions taking account of these findings and suggested parameters.

13.139 The Committee proposes that such a program, called 'Work in the Community' should be capped and tightly targeted and key attributes are proposed below which should be subject to co-design:

- There should be a labour market attachment element to community employment with work attributes as people should not be seen as 'abandoned'.
- Success should be defined around improvements in capability, health, mental health, connectedness, self-esteem, skills, and confidence rather than expecting entry into open employment in the first instance though open labour market pathways should be actively encouraged and facilitated.
- Participation should be voluntary and allow people to make a genuine contribution to their local community, based on comprehensive mapping of community needs and co-design of the job. The program should not be a 'make-work' exercise.
- Participants should have opportunities for training and skills development and support to build their personal capacity.
- Jobs should be of varying intensity and time though generally community jobs would be of longer duration more likely six to 12 months rather than seen as a short-term activation option.
- Participants should receive additional income for community employment while avoiding making the program too attractive as the goal should be to improve capability and ultimately prepare a person to transition to the open labour market.
- Hours and payment options could include allowing a person to retain their social security payment and work one day a week on top and retain those earnings; or design a two to three day a week job with a top-up payment so the income received ideally equates to minimum wage or close to.

- Such a program should only be trialled in a limited number of regional areas with thin markets and metropolitan areas of high and concentrated disadvantage.

13.140 Participation in such a community-based employment program be sufficient to demonstrate 'meaningful' participation in employment services. For some people community employment would be a new launchpad into the open labour market, though for some people it may not ultimately prove to be so.

13.141 The Committee also considers it important to give people the right to return to the program should they not retain employment on the open market. Measures such as this—which exist in community-based programs in Ireland and France—are an important safeguard and a key contributor to labour market attachment for clients.

13.142 Community-based projects existed under previous iterations of employment services, and the Committee encourages government to have regard to those projects, as well as consulting extensively with stakeholders, in developing the new community-based program. Co-design processes should give careful consideration to the experiences of other jurisdictions including community-based programs in Ireland which include a social participation pathway and an employment pathway, and the Territories with Zero Long-Term Unemployment project conducted in France. These initiatives are discussed in Chapter 3. Attention should also be paid to the forthcoming OECD evaluation of Ireland's program which the Committee understands is well advanced.

13.143 Enabling infrastructure would be needed in each region such as Community Work Coordinators with responsibility for organising and facilitating access to more highly rated community projects or similar to build local partnerships, map and develop activities.

Recommendation 48

13.144 The Committee recommends that Work for the Dole (WfD) be retained primarily as a last resort activity for people who fail to meaningfully engage or comply with their Participation and Jobs Plan over the long term. People who choose to participate in or are referred to WfD should receive a supplement that at least realistically covers their costs of transport and participation.

Recommendation 49

13.145 The Committee recommends that the Australian Government co-design and trial a 'Work in the Community' community employment program in a limited number of regional areas and places with entrenched disadvantage, including the following key elements:

- **Voluntary participation and choice of placement.**
- **Projects that contribute to community development, identified based on mapping of community need.**
- **Jobs of varying duration and intensity with appropriate payment.**

- **Work-like experiences with skills development and in-work training.**
- **Success be defined around improvements in capability, health, mental health, connectedness, self-esteem, skills, and confidence rather than expecting entry into open employment in the first instance though open labour market pathways should be actively encouraged and facilitated.**

The Australian Government should also consider providing a right of return to the program to give clients confidence and security to pursue open employment.

13.146 The Committee is firmly of the view that social enterprise can play a greater role in the employment services system—both as employers and as delivery agencies which build jobseekers' capacity and meet participation requirements. For some people, social enterprises will be the most realistic destination while for many others they can be a pathway towards employment on the open market. The Committee is particularly supportive of bringing a greater number of WISEs into the system, given their focus on employment outcomes.

13.147 The Committee welcomes the Government's broad commitments in the *White Paper: Working Futures* to investigate opportunities to work with social enterprises to address persistent labour market disadvantage, particularly in creating jobs and career pathways for disadvantaged people. The Committee considers that this issue is so important that it warrants a considered strategy to underpin measures to better integrate social enterprise into the employment services system. Among other matters, this strategy should provide an overarching framework for how social enterprises are funded at the national level, integration with employment services and other human services, links to social procurement, the sharing of data to enable continuous improvement, and measures for certification. Victoria has implemented a strategy of this kind, which may be used as a model.

13.148 A critical first step to integrating social enterprise into the employment services system is to ensure there are arrangements in place to ensure the legitimacy of those enterprises and the value of services they deliver. Social Traders' certification process is evidence based, transparent and mature and there is no need to reinvent the wheel. It is already being used by the Victorian, New South Wales and Queensland Governments and is under consideration elsewhere and should be endorsed by the Commonwealth Government. This may require modest financial assistance on a temporary basis to ensure that Social Traders has the capacity to certify a larger number of enterprises and bring them into the system.

13.149 In a reformed system, ESA and contracted service partners would be able to refer jobseekers to open vacancies with social enterprises to enable the jobseeker to gain work experience, build core employability and sector-specific skills, and move into employment on the open labour market. Subject to hours of work or participation in training, engagement in social enterprise would be a suitable activity to include in a Participation and Jobs Plan to demonstrate meaningful engagement with services in fulfillment of mutual obligation requirements.

13.150 A critical precondition to enabling social enterprises to participate directly in a rebuilt Commonwealth system is to ensure that IT systems allow social enterprises to efficiently share data on participation, training, and employment outcomes. These arrangements are likely to be integral to funding social enterprise and should generate useful data for future policy and program development. As with other parts of the employment services system, engagement with IT and other systems should be as simple as possible.

13.151 In reaching the conclusion that social enterprises can and should play a larger role in assisting disadvantaged jobseekers, one of the issues the Committee has grappled with is how best and most efficiently to fund and enable their work. There is a range of options to ensure social enterprises have the financial support necessary to remain viable and are appropriately rewarded for their role in building jobseekers' capacity and achieving employment outcomes.

13.152 The Committee highlights a combination of the following funding options, but leaves the detail of any new funding model to co-design and further consideration by DEWR in advising government and which could be trialled and experimented with to build an evidence base:

- Providing social enterprises at least a portion of the outcome payment that would otherwise go to a provider, noting that enterprises frequently take responsibility not only for training a jobseeker but for brokering a role with an employer. This may involve contracts between social enterprise and government, which should be as simple as possible and not involve an enterprise having any role in compliance or enforcement beyond minor reporting requirements.
- Enabling the use of the EF or a dedicated social enterprise fund to pay social enterprises, subject to agreement between the parties.
- Use of outcome payments drawing on the work led by the DSS in their Payment-by-Outcomes Pilot with WISEs.

13.153 The Committee is particularly attracted to directly funding social enterprises using a reverse auction grant model as used by Jobs Victoria. Funding could be provided at the national, state and territory, or employment region level. The Committee agrees with the view put forward by Social Traders that a grants model should include the following key elements:

- Asking applicants to detail the unique costs, revenue sources, and impacts of their service. This approach should recognise the fact that the cost of delivering services will vary widely depending on the cohort, individual, regional labour market, and nature of the enterprise. It will also help to avoid a 'race to the bottom' on price where applicants only target those cohorts who are the cheapest and easiest to help. Jobs Victoria's experience shows that by asking enterprises to effectively bid for funding on the basis that a particular amount of funding would result in particular outcomes, an efficient price can be established. The price which is established is often well below the Commonwealth price per outcome.
- Collecting data and learn from enterprises to understand the impact and costs of different models, including greater investment in data initiatives and infrastructure

as necessary and greater sharing of data between social enterprise and government.

- Engaging larger social enterprises directly, and smaller enterprises in aggregate, using an intermediary. The approach taken in the Payment by Outcomes trial may be an instructive model.
- Making engagement with social enterprise available to all on the employment services caseload and encouraging contracted service partners to refer clients to social enterprise as appropriate. This should be facilitated through the new ESA regional hubs.
- Connecting funding mechanisms with other social enterprise initiatives.

13.154 The Committee strongly suggests that a reverse auction grants approach be trialled as part of any rebuilt system—potentially in two complementary ways:

- Each employment region (noting the proposal to be outlined that there would be more regions of a smaller scale in a rebuilt system) be allocated a flexible grants fund which could be used to fund local organisations including social enterprise. Organisations would apply for funding using the Jobs Victoria reverse auction grant methodology, with grants to be assessed at a regional level. Authority to approve funding allocations could be delegated to the DEWR State or Territory Manager. Funding could be reallocated from the existing Local Jobs Program and designed to allow state and territory governments and/or philanthropists to co-invest in particular regions of interest (for example those experiencing economic transition or entrenched place-based disadvantage).
- A complementary National Employment Grants Fund be established to allow social enterprises and complementary community-based programs to bid for funding for projects that cross more than one region (this could include social enterprises as well as cohort-based programs with proven success.).

13.155 Recognising that social enterprises are often open market employers as well as training and service delivery organisations, they should continue to be supported as employers in a future employment services system. This should include access to wage subsidies and ensuring that contracted service partners and delivery agencies can claim payments for employment outcomes with a social enterprise.

13.156 The Committee does not consider it necessary to restrict the social enterprises with which a jobseeker can be placed to certified organisations, noting that open market employers are not subject to such controls. However, the Committee would encourage providers to engage with certified over non-certified enterprises insofar as this is possible.

Recommendation 50

13.157 The Committee recommends that the Australian Government work with State and Territory Governments and key stakeholders such as Social Traders to develop and implement a Commonwealth social enterprise strategy, including the following measures:

- **Funding for social enterprises. Subject to the outcomes of the trials contemplated by Recommendation 51, a reverse auction grant model as developed by Jobs Victoria should be preferred.**
- **Articulation of the role of social enterprises within the employment services system—both as employers and as training and support providers.**
- **Direct links to the Commonwealth Social Procurement Strategy outlined in Recommendation 5.**
- **Reducing if not eliminating barriers to entry into the employment services system for social enterprises.**
- **Ensuring that data on training and employment outcomes is shared between social enterprise and government systems.**
- **Endorsement of the certification framework administered by Social Traders, including additional financial support to enable national scaling.**

Recommendation 51

13.158 The Committee recommends that direct funding be made available to social enterprises which directly support employment outcomes. A reverse auction grant model as developed by Jobs Victoria should be used to establish an efficient price per outcome for various cohorts. This should include trialling the following complementary funding measures:

- **Each employment region be allocated a flexible grants fund which can be used to fund local organisations including social enterprises. Organisations could apply for funding using the reverse auction grant model making transparent the impact and cost, with grants assessed at the regional level. Funding should be reallocated from the existing Local Jobs Program, and designed to allow State and Territory Governments to co-invest in particular regions or places of interest; and**
- **A complementary National Employment Grants Fund be established to allow social enterprises and complementary community-based programs to bid for funding for employment projects that cross more than one region.**

13.159 The use of wage subsidies is contested by labour market economists. In a very hot labour market as Australia is currently experiencing, wage subsidies are less effective. They do little in the way of entry level job creation and carry a dead weight loss. This loss is higher for the state and territory governments than the Commonwealth due to the costs of social security payments and entrenched (especially intergenerational) disadvantage.

13.160 Wage subsidies have—at least in some cases—been effective in reducing perceived risks to employers associated with hiring jobseekers from the employment services caseload, including jobseekers who face disadvantage. In plain English, they can be a strong financial incentive for an employer to take a chance on an unemployed person, albeit that subsidies are generally seen as 'necessary but not sufficient' and

are just part of a toolkit to help long term unemployed people back into sustainable work (alongside measures such as job design, workplace adaption, in-employment support, and job-linked training funding).

13.161 Wage subsidies are also expensive. However, there is a strong case for well-designed incentives that pay money to an employer to support jobseekers to try actual work in a business rather than just paying them social security (whether at the current or increased rates). In addition, the use and effectiveness of wage subsidy programs should not be considered in isolation of other financial incentives such as tax exemptions or credits, paid work experience or internships, and work trials. The relative effectiveness and suitability of these programs should also be the subject of evaluations and (potentially RCTs) before scaling to the national system.

13.162 Wage subsidy and other intensive ALMPs are also often treated warily by governments of all persuasions due to the fear that such programs will be too easily or more frequently rorted by business than intensive assistance models of service. However, taking account of OECD data, the experience of other nations and entrenched long-term unemployment in Australia, the Committee considers that the current system is profoundly unbalanced. There is very large expenditure on the operating core of the system (including very high overheads from operating an overly competitive, fragmented and heavily regulated quasi-market) but very little on direct job creation or employer engagement.

13.163 There are also massive and inappropriate incentives for providers to move people into training in related entities. A rebuilt system needs to make employers the lead partner in on-the-job training as occurs in other countries. This means services and well-designed ALMPs clustered around the system giving case managers and employer engagement staff the tools they need to succeed.

13.164 As a fundamental design principle, the Committee concludes that wage subsidies along with other ALMPs should be centrally administered by DEWR and available on an equitable basis to all. This means de-linking wage subsidies from the EF to ensure that subsidies remain available transparently irrespective of a provider's use of the EF for other supports.

13.165 While the Committee acknowledges some likely minor efficiencies in the current approach, this outweighed the significant disadvantages and inequities that are apparent. Linking wage subsidies to the EF creates a disincentive to their use, as the subsidy must be balanced against funding for other work-related needs such as transport, IT equipment, and uniforms. Wage subsidies are a significant investment and access often rests on whether a consultant wants to give one to the client in front of them. De-linking wage subsidies from the EF is also consistent with recommendations in Chapter 11 which envisage clearer rules and greater focus of the EF on directly supporting jobseekers.

13.166 Central administration also allows government to monitor usage patterns and integrity issues more closely. Subsidies could benefit from greater oversight and more effective safeguards, noting some evidence of employers engaging jobseekers on a short-term basis to claim a subsidy, and terminating the employee (or not

extending their contract) when the subsidy period comes to an end. Centralisation also allows government to continuously evaluate and adjust wage subsidy programs, nationally or potentially within labour market regions or jurisdictions, in a more dynamic way as labour markets change.

13.167 In redesigning programs for wage subsidies and other financial incentives consideration should be given to a more nuanced system which scaled subsidies according to levels of disadvantage, productivity and number of hours worked. Similar programs in other jurisdictions have an expert assessment (either upfront or over the first period of work) to determine the appropriate percentage of wage subsidy. The main policy driver (observed in The Netherlands, Denmark and other jurisdictions that utilise this scaled approach) proposed is that the subsidy should reflect the capacity of the person you are hiring or trialling and give consideration to how long someone has been out of the labour market.

13.168 With regard to the question of what sort of jobs subsidies should be available for, the Committee concludes that wage subsidies should generally only be paid for secure jobs (say of more than 6–12 months duration) and is not persuaded by arguments that wage subsidies for casual labour hire work should be universally or widely available. The Committee acknowledges the need for some flexibility for use in industries where casual work is the norm and that this question needs to be monitored and adjustments made as labour markets change.

13.169 With regard to administration, the current arrangements for wage subsidies are inflexible, complex, and too often deter rather than entice businesses. The 28-day timeframe for finalising a subsidy agreement appears to be unduly short and a particular problem for SMEs, particularly noting that a longer timeframe is provided for subsidy agreements in other programs such as DES. In addition, a specific (personal) MyGov ID is required to enter an agreement. This can create significant challenges if, for example, the only holder of an authorised ID is on extended leave when an agreement is created in the system, and the agreement expires before that person returns to work.

13.170 Administrative arrangements for wage subsidies should be simplified in a reformed system. In the shorter term, government should explore options such as allowing all people within an organisation to enter into a subsidy agreement, with questions of authorisation left to internal processes. Other options such as such as enabling verification of claims via Single Touch Payroll might also be explored.

13.171 The Committee also proposes greater cooperation and alignment between jurisdictions, noting examples of subsidies state- and territory-based wage subsidy schemes. In the longer term, government should explore options to align the underpinning policy for wage subsidies—including subsidy amounts and eligibility criteria—across Commonwealth and other government programs insofar as possible.

Recommendation 52

13.172 The Committee recommends that as a fundamental system design principle, wage subsidy programs (and other Active Labour Market Programs including paid work experience) should be centrally and transparently administered by the Department of Employment and Workplace Relations with funding de-linked from the Employment Fund.

Recommendation 53

13.173 The Committee recommends that in redesigning wage subsidies as part of reforms to the employment services system key design principles to be considered include:

- **Maximum subsidy amounts available to employers, including scalable subsidies which reflect the capacity of a person being hired or trialled, their disadvantage and how long they have been out of the labour market and the number of hours a worked.**
- **The types of work for which a wage subsidy may be claimed, including:**
  - **a preference for secure work (more than six to 12 months) rather than temporary, casual and 'gig' work;**
  - **the availability of subsidies for industries or roles which are currently excluded from the scheme;**
  - **the extent to which subsidies should be available to labour hire organisations— if at all then likely only in sectors where labour hire is the major industry norm; and**
  - **coherence and integration of disparate incentive programs including within DES, CDP and any other such Commonwealth programs.**
- **The adequacy of safeguards and integrity oversight, including restrictions on the circumstances in which an employer can claim a subsidy and on the number of subsidies that may be claimed.**

Recommendation 54

13.174 The Committee recommends that the Australian Government work with State and Territory Governments to simplify access to and administration of wage subsidies across jurisdictions. This should include:

- **expanding the range of ways in which a person or organisation may enter into a wage subsidy agreement;**
- **extending the time available to enter into a subsidy agreement, and aligning timeframes for agreements across programs as far as possible; and**
- **enabling access to wage subsidies across Commonwealth, States and Territories programs via a single user interface.**

13.175 The Committee is also in principle supportive of well-designed paid work experience programs. Paid work experience can allow jobseekers to gain valuable experience and demonstrate their value to employers. Ideally such placements lead to longer term or permanent positions though international experience shows that this is not always realistic, whether because sufficient positions do not exist or because a jobseeker is not suitable or a match. Paid work experience programs can be a key means of reducing actual and perceived risks to the employer of engaging a jobseeker although proper integrity safeguards and monitoring are required to avoid unethical churn and misuse by employers. The Committee is attracted to the model of paid work experience put forward by ETC.

13.176 Paid work experience should be entered into on a voluntary basis, should be clearly recorded in a Participation and Jobs Plan, and form part of a progression to employment and financial security. Paid work experience should ideally include a structured training component, consistent with broader views about the role of employers as key contributors to skills development rather than only as destinations for jobseekers.

13.177 Social enterprises, sector-based organisations, and not-for-profit labour hire bodies could also have a role in providing work experience opportunities. Government, in designing a paid work experience program, should consider how these entities could be enabled to support work experience placements. For social enterprises, this should be part of a broader strategy to support social enterprise and to integrate these organisations into the employment services system, discussed below. The role of other intermediaries in a rebuilt Commonwealth Employment Services System is discussed in Chapter 12.

Recommendation 55

13.178 The Committee recommends that the Australian Government consider properly designed paid work experience, including the following key elements:

- **Engagement of a jobseeker from the employment services caseload for set periods (which may vary by placement).**
- **Wages at or above the minimum wage with costs met by government or split between government and the employer, subject to negotiation.**
- **Structured training and skills development opportunities.**
- **Incentives for businesses to take on a number of work experience placements per year based on their total number of employees with employment pathways for a reasonable percentage.**
- **A gradual increase in hours worked to build jobseekers' resilience and fitness for work based on individual capacity.**
- **Proper integrity safeguards and monitoring to avoid unethical churn and misuse by employers.**

14. Mutual obligation, activation, compliance and enforcement

This chapter examines mutual obligations, compliance, and enforcement. These are some of the most contested issues in the employment services system.

Mutual obligation settings drive fundamental behaviours and demand a significant use of resources across the system. Every public employment service system grapples with the question of what, if anything, should be the obligations of people requiring income support and what sanctions should be applied for non-compliance.

The current approach to mutual obligations is ineffective, self-defeating, and requires reform. The significant majority of people in employment services want to work and are making genuine efforts to improve their prospects. There are also those who are experiencing significant barriers to work or making rational choices to remain on income support due to disincentives in the system. It is counterproductive to continue to design the entire national employment services system around the small proportion of people who are persistently non-compliant. Mutual obligations must continue to be part of a rebuilt system but the current approach is like using a nuclear bomb to kill a mosquito. There are also concerns that mutual obligations are 'mutual' in name only; beyond a modest social security payment which any decent society would provide (and is in society's interests to do so), there is little commitment to reciprocity by the State or contracted partners in terms of tailored services or supports.

For clients in online hybrid servicing, the Points Based Activation System (PBAS) should be retained (and periodically reviewed to ensure it remains relevant and flexible) to underpin reporting against a Participation and Jobs Plan. The PBAS should also be utilised for the small minority of people who are deliberately or persistently non-compliant and who require intensive case management and activation. However, for most clients who are further from the labour market and are referred to Job Coach case management services, the evidence is overwhelming that points targets and mandatory job search requirements are of little value and are often counterproductive. Frankly put, if a person is clearly not job ready, then it is pointless to force them to apply for jobs—it just drives employers away and it would be far more productive to require people to do things that actually help them to get ready to work. This is not being soft on people—it's being sensible about what requirements the system imposes.

For people who are managed by Employment Services Australia (ESA) or by a service partner, mutual obligations should focus on attending appointments and participating 'meaningfully' in services. This should include appropriate job search requirements when a person is assessed as able to work. Guidelines should be developed to inform partners' decision-making as to whether a client has participated 'meaningfully', with a

focus on case managers using discretion in a way that supports rather than punishes. Empathising and building trust with clients is critical to successful case management and positive outcomes. The approach to mutual obligations should also be harmonised between mainstream services and the Community Development Program (CDP).

The policy framework for exempting clients from mutual obligations is misaligned with the lived realities of some cohorts, and particularly for those receiving medical treatment and people exiting the criminal justice system. An automatic exemption should no longer apply to people exiting prison, noting that engagement with employment services is often of significant value to reengaging with the community and preventing recidivism and requirements can be sensibly adapted in a rebuilt system that aligns pre-release, on-release and post-release vocation and employment support.

Activation activities should be retained within a rebuilt employment services system. However, in light of compelling evidence that 'default' activation requirements have little positive impact on a person's social and economic participation, a new 'availability test' framework should be implemented. This should involve greater flexibility in the types of activities in which a client may engage and the timeframe for participating in such activities. Both the activities and the timeframe for completing them should be part of a fully considered Participation and Jobs Plan.

A new Shared Accountability Framework should also be implemented to replace the Targeted Compliance Framework (TCF) which has tied the system up in red tape and disproportionately and repeatedly impacted the most vulnerable with automated payment suspensions. It is ridiculous that over 70 per cent of people been subject to payment suspensions from RoboDebt to RoboPenalty as there is zero evidence that 70 per cent of people are cheating the system. A new framework should take account of the very heterogenous caseload and respond in a measured, staged, and proportionate manner to compliance breaches. In line with the vast majority of submitters and with international experience, compliance functions must be clearly separated from employment support. Ultimately, a new framework should provide that:

- Frontline discretion is restored so that case managers can educate and counsel people for a limited number of minor or initial compliance breaches each year.
- After counselling options are exhausted, warnings may be issued. These may result in a partial payment withholding (holdback) until a non-compliance is remedied.
- People who persistently fail to meet their mutual obligation requirements are referred to the assessment or compliance service within ESA to assess their barriers to participation. If appropriate, this may result in referral to intensive case management by ESA. Clients in intensive case management may be subject to suspension and other financial penalties for persistent non-compliance.

While the new Shared Accountability Framework is built, interim measures should be urgently implemented. This should include giving case managers discretion to counsel clients rather than triggering automated suspensions, extending the period within which a person must reconnect with the system and adjusting the PBAS to fulfil the previous government's intent that it be tailored to the circumstances of the individuals. There would also be merit in considering whether incentives may be more effective in fostering

engagement and participation to build capacity and secure work as part of a rebuilt system with compliance operating in the background rather than dominating everything.

Given the considerable compliance and reporting burden on income support recipients while seeking work, consideration should be given to simplifying income reporting arrangements for people who are not receiving and do not anticipate receiving employment income for a defined period of time (for example up to three months). Income reporting should also be simplified for participants in the Self-Employment Assistance (S-EA) program, noting particular concerns regarding the frequency and complexity of income reporting.

Mutual obligations

14.1 Welfare conditionality—the policy that a person must engage in activities designed to support progress to employment tin order to receive income support—has remained a core component of employment services for several decades.

14.2 Professor Evelyn Brodkin's foreword to a very significant piece of research covering multiple iterations of the Australian employment services system, *Buying and Selling the Poor*, frames and locates Australia's debates and dilemmas about welfare conditionality in first principles and history. Professor Brodkin states that: '[w]elfare and labour market policies are boundary-setters; straddling the line between two large structuring institutions: state and market ... Policies that shift the balance between welfare and work … may assume outsized political significance.'[1]

14.3 Welfare conditionality and the relatively recent 'workfare' policies are not new ideas. In the forward to *Buying and Selling the Poor,* Professor Brodkin quotes a 1927 study of 600 years of the British Poor Law experience, which highlights 'the continuously shifting and perpetually developing legal relations between the rich and the poor, between the 'haves' and the 'Have-nots' … [Yet] the story ends as it begins with the (as yet unsolved) problem presented by the Unemployed, whom our grandfathers called the Able-bodied'. She goes on to recall the notorious British workhouses of the 16th century, where gruelling work was required in return for meagre rations. Professor Brodkin observes the British workhouse—in her view a rough prototype for workfare strategies—was however in fact a reform: *"*a reaction against the severity of [earlier] Poor Laws which provided for the enslavement and harsh physical punishment of unemployed 'vagrants'.[2]

14.4 Under Workforce Australia (online and provider-led services), welfare conditionality is operationalised through mutual obligation requirements, which require income support recipients to:

- agree to a Job Plan;

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1 E Brodkin (2021), 'Foreword: On history, poverty, and the continuous quest for reform', in S O'Sullivan, M McGann and M Considine (eds), *Buying and Selling the Poor,* Sydney University, p. ix.

2 Brodkin (2021), 'Foreword: On history, poverty, and the continuous quest for reform', O'Sullivan, McGann and Considine (eds), *Buying and Selling the Poor,* p. xii.

- search for a minimum number of jobs (currently four per month);
- meet points requirements under the Points Based Activation System (PBAS);
- attend regular appointments; and
- be willing to look for and accept suitable work.[3]

14.5 Where a jobseeker fails to comply with their mutual obligation requirements, their income support payments may be suspended, reduced, or cancelled.[4]

14.6 Some stakeholders called for mutual obligations to be abandoned, asserting that mutual obligations are onerous; increase anxiety for jobseekers; do not increase engagement with employment services; and are ineffective in addressing barriers to employment.[5] These concerns were reflected in academic and policy research. For example, according to Drs Boland and Griffin, international research suggests that while prescriptive behavioural conditionality and sanctioning of welfare recipients is associated with short-term reductions in benefit use and an increase in the exits from benefits; it is also associated with unfavourable consequences over the longer term, including lower long-term earnings, lower job quality and undesirable spill-over effects on vulnerable groups, especially lone-parents, children and people with disability. Strengthening conditionality and sanctions also contributes to the growth in lower-paid, part-time, temporary contract employment.[6]

14.7 Other stakeholders supported retaining mutual obligations, arguing that individuals who would benefit from participation in employment services may not engage with the system unless compelled to do so.[7] Of those stakeholders, some argued for more less prescriptive requirements, including reducing or suspending obligations for an initial grace period to allow jobseekers to build a relationship with their provider and establish parameters for their journey towards employment.[8]

14.8 In addition, stakeholders indicated that reforming mutual obligations is not—at least over the longer term—a simple matter of adjusting certain policy settings (such as a jobseeker's points target). Measures must also be implemented to address the root causes of lower participation and engagement.[9]

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3 Department of Employment and Workplace Relations (DEWR), *Submission 254*, p. 98.

4 DEWR, *Submission 254*, p. 98.

5 See, for example, Name Withheld, *Submission 158*, p. [1]; Name Withheld, *Submission 160*, p. 14; WISE Employment, *Submission 169*, p. 20; SSI, *Submission 193*, p. 4; Anglicare Australia, *Submission 215*, p. 13; Name Withheld, *Submission 221*, p. [5]; GetUp!, *Submission 251*, p. 3; Community and Public Sector Union (CPSU), *Submission 255*, p. [2]; Antipoverty Centre, *Submission 276*, p. [6].

6 T Boland and R Griffin (2016), *The Impact of Sanctions: Evidence from international research and WUERC primary research*, Conditions of Unemployment Series, p. [3], www.wit.ie/news/humanities/report-on-welfare-reforms-harming-our-economy-society, viewed 20 November 2023.

7 See, for example, Multicultural Australia, *Submission 182*, p. 7; Jobs Australia, *Submission 185*, p. 20; atWork Australia (atWork), *Submission 210*, p. 12 APM, *Submission 213*, p. 15; Mr Nick Costello, *Submission 250*, p. 37.

8 See, for example, CoAct, *Submission 151*, p. 3; Australian Youth Affairs Commission (AYAC), *Submission 238*, p. 2.

9 See, for example, Mr Dan Ehlers, *Submission 90*, p. 1; Regional Development Australia (RDA) Kimberly, *Submission 105*, p. [5]; Tasmanian Government, *Submission 174*, p. [5]; AYAC, *Submission 238*, pages 3–4.

14.9 Evidence also suggested that the relationship between mutual obligations, activities, compliance arrangements, and employment outcomes is contested, notwithstanding that mutual obligation has been a part of the employment services system for decades. For example, the Australian Council for Social Service (ACOSS) called for independent research on the causal relationships between these factors.[10]

Impact on engagement with services

14.10 While not a universally held view, a key theme in the evidence provided by many submitters was that mutual obligations have little impact on levels of engagement with employment services.

14.11 The Brotherhood of St Laurence (BSL) noted that when mutual obligations were suspended during the COVID-19 pandemic, limited if any negative impacts on engagement or labour market participation were observed. The BSL asserted that this was because people were able to spend additional time participating in capacity-building activities and applying for jobs aligned with their aspirations.[11]

14.12 IntoWork indicated that suspension of mutual obligations during COVID-19 had a positive impact on providers' relationships with jobseekers, stating:

> [The removal of mutual obligation] saw the ability for better rapport building, better connection and probably a level of higher engagement. That was because there wasn't the cloud over the top around the [mutual obligations] … It was more relationship building and utilising the services in that space.[12]

14.13 ACOSS stated that mutual obligations may have little impact on engagement, noting that over the last 20 years attendance at appointments has increased by just 10 percentage points. ACOSS also noted evidence indicating that increasing the frequency or the intensity of obligations—at least beyond a certain point—has little impact on employment outcomes.[13]

14.14 The Angus Knight Group (AKG) noted that during the start-up phase of Workforce Australia, Jobfind (part of AKG), engaged with over 7,000 jobseekers without relying on mutual obligations. Most jobseekers were willing to engage with services on the basis of a genuine desire for assistance and a belief that the provider would deliver the supports they needed.[14]

14.15 SSI stated that mutual obligations are ineffective in encouraging engagement with services for the majority of jobseekers, in that:

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10 Australian Council of Social Service (ACOSS), *Submission 203*, pages 45–47. See also Jobs Australia, *Submission 185*, p. 21.

11 Brotherhood of St Laurance (BSL), *Submission 249*, p. 69.

12 Mrs Nicole Mattsson, National Services Design and Integration Leader, IntoWork, *Committee Hansard*, 14 March 2023, p. 65.

13 ACOSS, *Submission 203,* p. 46.

14 The Angus Knight Group (AKG), *Submission 208*, pages [1–2].

- highly motivated jobseekers with relevant skills and/or qualifications are likely to find work without additional encouragement. Mutual obligations are therefore unnecessary for this cohort; and
- mutual obligations may have negative impacts on vulnerable jobseekers with higher barriers to employment and can undermine vital relationships of trust.[15]

14.16 Other stakeholders asserted that some form of mutual obligation requirements have benefit in terms of encouraging engagement with the system and ensuring that there is a level of accountability for participants. For example, Jobs Australia contended that jobseeker attendance and engagement drops significantly when mutual obligations are suspended, and that there must be some form if accountability and compliance to ensure that jobseekers engage.[16]

14.17 Per Capita argued for the retention of mutual obligation—albeit arguing that mutual obligations should be adjusted to increase accountability for providers and for government and to adapt requirements to jobseekers who have ongoing and long-term personal development and foundation skills needs.[17] Multicultural Australia similarly indicated that mutual obligations should be retained, with adjustments to how they are implemented:

> [C]orrectly framed, mutual obligations can ensure participation by the most vulnerable participants, who may lack the knowledge, confidence, and support to voluntarily engage but stand to benefit significantly from participation. Without the creation of embedded program referral pathways and means to ensure disadvantaged jobseekers have the opportunity to experience the benefits of the program, we are concerned that many of the most vulnerable participants can fall through the cracks. We also note the broader positive impacts of participation in employment services programs, creating positive pathways, reducing welfare dependence, and ultimately increasing choice and autonomy for participants.[18]

14.18 This broadly reflected the views of participants and providers with which the Committee engaged during site visits. Many of these stakeholders expressed the view that mutual obligations can be of benefit in terms of encouraging engagement with the system—particularly in the initial stage of the journey to employment—and in enabling people in situations of coercive control to seek help. One provider with which the Committee engaged noted that when obligations were lifted, participants simply stopped engagement. The provider argued for the retention of some level of mutual obligation, albeit with less prescriptive requirements.

14.19 Several providers also supported some form of mutual obligation, noting that many jobseekers—and particularly those experiencing vulnerability or disadvantage—will

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15 SSI, *Submission 193*, p. 14.
16 Jobs Australia, *Submission 185*, p. 20.
17 See, Per Capita, *Submission*, pages 11, 25, 30, 56; Dr May Lam, Senior Research Fellow, Per Capita, *Committee Hansard*, 19 September 2023, p. 29.
18 Multicultural Australia, *Submission 182*, p. 7.

disengage with the system if there is not some form of obligation in place.[19] However, similarly to other stakeholders, providers typically expressed the view that current mutual obligation requirements should be adjusted so as to ensure they are not unduly punitive and so that there is inbuilt flexibility to adapt to the needs and circumstances of people on the employment services caseload.[20] For example, Campbell Page stated:

> It is right that those in receipt of welfare payments have certain responsibilities. But it might benefit customers for mutual obligations to be more flexible in its approach and to be based around customers individual circumstances, rather than a blanket approach that suits only those customers who are line of best fit.[21]

Usefulness of activities and impact on securing employment

14.20 Stakeholders argued that the employment services system has increasingly focused on compliance and enforcement, with the effect that jobseekers are required to undertake a high volume of activities that are largely irrelevant to progress toward employment. In some cases, mutual obligations will actually decrease the jobseeker's employability and motivation to work and take time away from meaningful job search efforts and participation in training.[22] For example, the Australian Unemployed Workers Union (AUWU) observed that mutual obligations are not designed so as to enable participation in other government programs such as Jobs Victoria:

> The interesting problem I ran into with Jobs Victoria was that it jutted against my obligations with my Workforce Australia provider in the case where I couldn't register my engagement with Jobs Victoria as a mutual obligation activity, which made it difficult to attend those sessions because now I have multiple providers to attend.[23]

14.21 Social Ventures Australia (SVA) and the Antipoverty Centre highlighted a study of impacts of mutual obligation on 6,000 unemployed people using the Household, Income and Labour Dynamics in Australia (HILDA) Survey data. The HILDA data showed jobseekers who were subject to mutual obligation took longer to find employment than those who were not. The study also found that when mutual

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19 See, for example, MAX Solution (MAX), *Submission 146*, p. 40; The Salvation Army Employment Plus (SAEP), *Submission 199*, p. 58; APM, *Submission 213*, p. 15; The BUSY Group Ltd (BUSY), *Submission 227*, p. 2; Yilabara Solutions, *Submission 231*, p. 19.

20 See, for example, Campbell Page, *Submission 150*, p. [8]; CoAct, *Submission 151*, pages 3, 13, 18-19; IntoWork Australia (IntoWork), *Submission 156*, p. 5; MTC Australia (MTC), *Submission 164*, p. 4; Workskil Australia (Workskil), *Submission 196*, p. 26.

21 Campbell Page, *Submission 150*, p. [8].

22 See, for example, Name Withheld, *Submission 2*, p. [2]; South East Community Links (SECL), *Submission 64*, p. 8; Name Withheld, *Submission 93*, pages [2–4]; MTC, *Submission 164*, p. 4; Associate Professor Ingold and Mr Tony Carr (Dr Ingold and Mr Carr), *Submission 216*, p. 1; Mr Nick Costello, *Submission 250*, pages 15, 17; Ms Annabel Brown, Deputy CEO, Centre for Policy Development (CPD), *Committee Hansard*, 14 March 2023, p. 23.

23 Mr Jeremy Poxon, Officer, Australian Unemployed Workers' Union (AUWU), *Committee Hansard*, 19 September 2023, p. 3.

obligations did help jobseekers find work, the jobs were typically lower paid or lower skilled.[24]

14.22 Anglicare Australia similarly noted that in a survey of 618 income support recipients, many respondents did not consider the activities they were obliged to undertake useful in helping them find work. This is reflected in **Table 14.1** below.

Table 14.1 Views on the usefulness of mutual obligation and activities

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
My activities are helping me find paid work	3%	8%	19%	33%	37%
My activities are tailored to my situation	9%	10%	31%	31%	19%
My activities stop me from doing things I find meaningful and important	12%	44%	25%	16%	3%
My activities feel pointless	34%	45%	12%	6%	3%

Source: Anglicare Australia, *Submission 215*, p. 6.

14.23 Stakeholders also indicated that current mutual obligations remain closely linked to the 'work first' philosophy that has historically underpinned employment services, and results in jobseekers being forced into 'survival' jobs.[25] Dr Shelley Bielefeld stated:

> [T]he jobs usually envisaged by workfare proponents have low productivity, status and pay … do not enhance the probability of good employment and do little to reverse the structural tendency to marginalise a substantial proportion of the labour force. There is also a risk of de-skilling people with qualifications by enforcing workfare as a mutual obligation requirement.[26]

Job search requirements

14.24 The Committee heard that mandatory job search requirements (distinct from broader mutual obligations) have little impact on job readiness or finding a job and contribute to a 'tick box' culture in the employment services system.[27] One participant stated:

> Rather than help me find a job, apply for it, dress and prepare for interview and maybe pack a few lunches for the first week at work, Workforce Australia Employment Services forced me to apply for jobs I had no interest or inclination

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24 See Social Ventures Australia (SVA), *Submission 232*, p. 5; Ms Kristin O'Connell, Co-coordinator—Research, Policy and Communications, Antipoverty Centre, *Committee Hansard*, 19 September 2023, p. 29.

25 See, for example, Australian Centre for Career Education (ACCE), *Submission 149*, p. 6; AKG, *Submission 208*, p. [3]; Dr Ingold and Mr Carr, *Submission 216*, p. 1; Centre for Policy Futures–University of Queensland (CPF–UQ), *Submission 217*, p. 6; Name Withheld, *Submission 229*, p. [5].

26 Dr Shelley Bielefeld, *Submission 204*, p. 3.

27 See, for example, Name Withheld, *Submission 93*, p. 2; Ms Aeryn Brown, *Submission 114*, p. [3], Lewis, private capacity, *Committee Hansard*, 20 September 2023, pages 30–31.

> toward, hounded me on a daily basis for proof that I was looking for work and 'kept me honest' with threats of payments being stopped.[28]

14.25 SVA called for the system to abandon the scattergun' approach of making jobseekers apply for a minimum number of jobs per month, and instead working with jobseekers to determine how immediate opportunities might translate into long-term labour market attachment and improved financial security.[29]

14.26 A related concern was that the job search requirements lead to jobseekers making low-quality applications. This drains employers' resources and contributes to negative perceptions of jobseekers in employment services. Moreover, jobseekers who apply for specific roles purely to satisfy mutual obligations are frequently rejected, leading to negative mental health impacts.[30] Professor Leila Green et al noted that these applications are often 'heartbreaking documents':

> Even as they are written, without hope and with resentment, sometimes a desperate 'maybe' shines through. It's as if the system's requirements to produce these multiple applications must mean that one in a blue moon gets accepted. Maybe 'this one' will… It's a damaging and dispiriting system both for the job applicant and for the would-be employer. It should be ended.[31]

14.27 Feedback from participants drew attention to the desire to receive feedback on their job applications, and the role this plays in improving the quality of job placements.[32]

Flexibility and adaptation to jobseekers' needs

14.28 A discrete yet clearly related issue was that mutual obligations are not adapted to jobseekers' needs, aspirations, or circumstances, and that there is little flexibility for the jobseeker to negotiate obligations with their provider or, if in online services, the Digital Services Contact Centre (DSCC). Stakeholders called for reform to the current framework to enable tailoring of obligations, with a view to ensuring that jobseekers can exercise control over their participation.[33]

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28 Name Withheld, *Submission 2*, p. [1].

29 Dr Lisa Fowkes, Director—Employment, SVA, *Committee Hansard*, 17 May 2023, p. 34.

30 See, for example, Name Withheld, *Submission 2*, p. 2; Name Withheld, *Submission 93*, p. 2; Name Withheld, *Submission 116*, p. [1]; Name Withheld, *Submission 125*, p. [2]; Name Withheld, *Submission 137*, p. [2]; Dr Ingold and Mr Carr, *Submission 216*, p. 1; AYAC, *Submission 238*, p. 4; CPSU, *Submission 255*, p. [5].

31 Professor Leila Green, Dr Kylie Stevenson, Dr Kelly Jaunzems, Ms Claire Hanlon and Mr Arthur Hanlon (Professor Green et al), *Submission 120*, p. [10].

32 See, for example, Michael, private capacity, *Committee Hansard*, 20 September 2023, p. 33.

33 See, for example, CVGT Employment (CVGT), *Submission 105*, p. 21; Enterprise and Training Company (ETC), *Submission 133*, p. 7; MAX, *Submission 146*, p. 40; AMES Australia (AMES), *Submission 148*, p. 4; Campbell Page, *Submission 150*, p. [8]; MTC, *Submission 164*, p. 5; National Association for the Visual Arts Ltd (NAVA), *Submission 165*, p. 2; WISE Employment, *Submission 169*, p. 20; Multicultural Australia, *Submission 182*, p. 7; SSI, Submission 193, p. 14; Dr Katherine Curchin, *Submission 197*, p. 3; SAEP, *Submission 199*, p. 59; MatchWorks, *Submission 263,* p. 36; North Burnett Community Service (NBCS), *Submission 268*, p. [2].

14.29 For example, the AUWU told the Committee that when they presented activities other than job searches to their provider, all were 'shut down':

> I was coerced into taking a job that was not a good fit for me—beyond just not a good fit; it was terrible for me, which simply put me in a state of being less fit to work. I think that is an experience that I have heard that many others share to a certain extent. It clearly reflects that this mutual obligation system is not suitable, and especially is not suitable for people who should not be pressured to look for work because of their situation.[34]

14.30 Dr Ann Nevile asserted that the major structural change necessary for obligations to be truly mutual is to require providers and jobseekers to develop and commit to Job Plans which enable a genuine pathway to employment.[35]

14.31 Jobs Australia stated that placing mutual obligations on jobseekers with barriers to employment can be unfair and unproductive—at least if capacity to engage with the system is not fully recognised.[36] Per Capita similarly observed mutual obligations are not adapted to the circumstances longer-term unemployed people, stating:

> If you are required to perform some obligation but you're not getting anything in return and you're not getting a job, then those obligations are failing. So we need to radically look at how we treat people and ensure that any obligations imposed on recipients of income support are not to impose behavioural standards but to help them find work, to help them overcome barriers to work, and to understand what those barriers might be and how they're different for different people.[37]

14.32 The National Employment Services Association (NESA) emphasised that 'blanket' approaches to mutual obligation that over-burden the jobseeker are counter-productive.[38] Professor Mark Considine similarly noted that while it is reasonable to impose baseline expectations on jobseekers, there must be greater alignment between mutual obligation requirements and the overall goal of building jobseekers' capacity and supporting them to find work.[39]

14.33 Academic and policy research also emphasised the importance of tailoring mutual obligations and compliance measures to the needs and circumstances of clients. For example, Professors Larsen and Caswell observed that:

> The lack of recognition of the various types of incentives and needs of citizens tends to make the approach to conditionality and sanctions too generalised and poorly calibrated to change the life path of especially the most vulnerable citizens. Hence, if many of the citizens targeted with conditionality and mandatory

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34 Ren McSweeney, NSW Member, AUWU, *Committee Hansard*, 19 September 2023, pages 5–6.
35 Dr Ann Nevile, *Submission 136*, p. 9. Reforms to Job Plans are explored in Chapter 11.
36 Jobs Australia, *Submission 185*, p. 21.
37 Ms Emma Dawson, CEO, Per Capita, *Committee Hansard*, 14 March 2023, p. 31. See also ACOSS, *Submission 203*, p. 41.
38 Ms Annette Gill, Principal Policy Advisor, National Employment Services Association (NESA), *Committee Hansard*, 14 March 2023, p. 39.
39 Professor Mark Considine, private capacity, *Committee Hansard*, 14 March 2023, p. 15.

> activation are not able to meet the responsibilities of them, it creates poverty and marginalisation rather than improving their employment chances.[40]

14.34 During its European delegation, the Committee heard that in Denmark the frequency of contact required is driven by the plan between the client and their case manager and tailored to the client's unique circumstance. Case managers also have the flexibility, authority, and professional competency to determine what's the right mix of activation requirements for each individual client.

14.35 IntoWork Australia (IntoWork) provided an example of how mutual obligations could be varied so as to better take account of participants' circumstances and barriers to employment:

- For individuals actively seeking employment in a specific industry and who have a tailored plan with agreed timeframes, mutual obligations could focus on skills development over a defined period, followed by a targeted job search.
- Long-term unemployed (LTU), vulnerable, or disadvantaged jobseekers could focus on overcoming non-vocational barriers or developing work skills, with work-specific goals and obligations identified at a later point.[41]

14.36 Dr Michael McGann observed that a 'lighter touch' approach to mutual obligation has been adopted in Ireland, noting that the Irish approach requires jobseekers to engage with a provider, enter a job plan and attend appointments. Significant leeway and discretion are afforded to both providers and jobseekers to ensure that obligations are appropriate to the jobseeker's circumstances.[42]

14.37 During the Committee's site visits to Northern Australia, stakeholders indicated that current mutual obligation requirements—and the income support system more generally—may not be appropriately adapted to the realities of seasonal work in wet and dry periods. For example, due to the significantly reduced availability of work the wet season, and the various disincentives to moving off of income support identified in Chapter 2, participants in Northern Australia are often less willing to move into work and off income support. The Committee heard that this leads to significant under-reporting of income and to people taking on debt.

14.38 The Department of Employment and Workplace Relations (DEWR) stated that where there are fewer employment vacancies—as is the case in regions with high levels of seasonal work—mutual obligation requirements can be adapted to reflect this. According to DEWR, in periods where there are fewer jobs available a person's job search requirements should be reduced and they should be able undertake skill development and employability activities.[43]

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40 F Larsen and D Caswell (2022), 'Co-creation in an era of Welfare Conditionality – Lessons from Denmark', *International Journal of Social Policy*, 51(1), pages 59–60.

41 IntoWork, *Submission 156*, p. 5.

42 Dr Michael McGann, private capacity, *Committee Hansard*, 14 March 2023, p. 15.

43 DEWR, *Submission 254.7*, p. [11].

14.39 DEWR also noted that the Australian Government has announced that it would double the income support nil rate period to 12 fortnights and expand access to the nil rate for people who enter full-time employment. DEWR indicated that this change—which should take effect in July 2024—should address some of the disincentives associated with seasonal work.[44]

Genuinely 'mutual' obligations

14.40 A common concern was that obligations are 'mutual' in name only. While a jobseeker must engage in activities that (at least nominally) enable them to prepare for, find, and keep employment, other parties are not subject to corresponding requirements.[45] Stakeholders indicated that truly 'mutual' obligations require that:

- Providers genuinely support jobseekers increase their work readiness and obtain sustainable employment, with jobseekers enabled to hold providers to account.[46]
- Employers make efforts to recruit and support vulnerable jobseekers while still responding to their own recruitment needs. Employers and industry sectors also ensure an adequate supply of entry-level roles and pay a reasonable wage.[47]
- Government ensures that providers deliver high quality services, that the labour market is open and transparent, and respond effectively to concerns. Government must also ensure that workplaces are physically and psychologically safe, provide an adequate level of income support; and enable job creation.[48]

14.41 Dr Bielefeld observed that while mutual obligations are often described as enforcing a social contract, the terms of the contract are unfair in that jobseekers must participate in onerous—often meaningless—activities to access their income support payments. Moreover, as jobseekers are under threat of having their income support suspended, reduced, or cancelled, the contract is entered under duress.[49]

14.42 Per Capita asserted that mutual obligations must proceed from government seeking to learn from jobseekers about barriers to employment and supporting the jobseeker to access appropriate and effective services and supports. From there, government may set reasonable expectations for participation and compliance.[50] Per Capita also

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44 DEWR, *Submission 254.7*, p. [11]. See also Commonwealth of Australia (2023), *Working Future: The Australian Government's White Paper on Jobs and Opportunities,* p. 183.

45 See, for example, Ms Karen Black, *Submission 94*, p. [3]; Name Withheld, *Submission 137*, p. [3]; Name Withheld, *Submission 162*, p. [6]; Name Withheld, *Submission 187*, p. [1]; Tasmanian Government, *Submission 174*, p. [10]; ACOSS, *Submission 203*, p. 42; Antipoverty Centre, *Submission 276*, p. [11].

46 See, for example, Name Withheld, *Submission 93*, p. [3]; Mx Eve Geyer, *Submission 220*, p. [3].

47 See, for example, Name Withheld, *Submission 160*, p. 11.

48 See, for example, Mr Matthew Ford, *Submission 7*, p. [2]; Ms Juliet Vrakas, *Submission 91*, p. 6; Name Withheld, *Submission 92*, p. 2; Name Withheld, *Submission 93*, p. [3]; Name Withheld, *Submission 187*, p. [2]; Name Withheld, *Submission 221*, p. [1].

49 Dr Bielefeld, *Submission 204*, pages 3–4.

50 Dr Lam, Per Capita, *Committee Hansard*, 14 March 2023, p. 31.

emphasised that mutual obligations must be informed by the needs of local labour markets and employers.[51]

14.43 BSL emphasised that providers and jobseekers must be accountable for what is in a Jobs Plan, and that an enabling environment is required to ensure mutual accountability functions effectively. An example of mutual accountability is included in the case study below, taken from the BSL's submission.[52]

Case study: 'The Deal' (Brotherhood of St Laurence)

'The Deal' is a mechanism that BSL has used to demonstrate an alternative to mutual obligations, particularly for jobseekers experiencing disadvantage. It seeks to replace a focus on activation with capacity-building.

Difference from mutual obligations

Features of 'The Deal' that distinguish it from mutual obligations include that it:

- is a voluntary, non-punitive mutual agreement between service providers and the person presenting to the service;
- outlines the expectations providers hold of people accessing services, and the expectations that participants hold of providers in return;
- outlines the mutual investment required by participants and providers;
- expresses value and respect through mutual investment expectations;
- recognises people's capacity for accountability, and values their ability to contribute to and shape the support they receive; and
- holds people in high regard by recognising the contributions of each party.

While 'The Deal' sets out service requirements, it is not used for compliance. Rather, participation is framed as an opportunity for participants to define their goals and access the support they need, while being expected to show up and work towards their goals.

'The Deal' was tested in TtW by a Community of Practice, which found that a culture of reciprocity and accountability enabled young people to progress in their careers.

Source: BSL, *Submission 249,* pages 71–72.

Exemptions to mutual obligations

14.44 Where a person is temporarily unable to meet mutual obligation requirements, they can apply for an exemption. This may be on the basis of illness, temporary caring responsibilities, personal crisis, domestic violence, or other circumstances.

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51 Ms Dawson, Per Capita *Committee Hansard*, 14 March 2023, p. 31. See also RDA Kimberly, *Submission 105*, p. [5].

52 Ms Cara Nolan, Senior Adviser, BSL, *Committee Hansard*, 20 September 2023, p. 5.

Generally, exemptions cannot be granted for ongoing issues.[53] As of 29 September 2023, 12 per cent of the Workforce Australia caseload were on an exemption. The top five reasons for exemptions were medical incapacitation; the participant being overseas; the participant having a major personal crisis; home schooling; and being part of a large family. DEWR stated that individuals who are exempt from mutual obligation requirements can continue to participate in services if they choose to do so.[54]

14.45 Some stakeholders raised concern that exemptions are not always appropriately applied, with a particular focus on exemptions relating to drug and alcohol dependency and for people exiting the criminal justice system. IntoWork noted that jobseekers in drug and alcohol rehabilitation programs are not automatically exempted. This creates challenges as a person is often unable to comply with the requirements of the rehabilitation program (in particular physical attendance) while meeting their mutual obligations. While providers may develop innovative service arrangements to address this issue (for example, delivering services out of a rehabilitation centre), this is not consistent across the system.[55]

14.46 DEWR told the Committee that exemptions cannot be granted if the reason is wholly or predominantly attributable to a person's misuse of alcohol or drugs. However, if a person is undergoing treatment, their points targets can be adjusted to reflect this. A person participating in residential treatment would also not be required to look for work or participate in other activities.[56]

14.47 DEWR also told the Committee that in some cases people being released from prison will be automatically exempted from mutual obligations, notwithstanding that the person may not wish to have an exemption applied and that such an exemption could interfere with meeting parole conditions.[57] During site visits, providers told the Committee that these exemptions can create difficulties for providers in engaging with participants at a critical time during their reintegration into society. While a provider may negotiate with Services Australia to have the exemption lifted, this takes a significant investment of time and resources.

14.48 CVGT Employment (CVGT) noted that recently released offenders are frequently referred to a provider with an automatic exemption from mutual obligations, on the basis that the person needs additional time to integrate into society. CVGT stated:

> [T]he last thing an ex-offender needs is an immediate exemption. While we might not necessarily make referrals to employment or instigate job search[es] … the PBAS would allow [a provider] to work with a support the participant with a while

53 DEWR, *Submission 254*, p. 103.
54 DEWR, *Submission 254.8*, p. [12].
55 Mrs Mattsson, IntoWork, *Committee Hansard*, 14 March 2023, p. 63.
56 Ms Melissa Ryan, First Assistant Secretary—Workforce Australia for Individuals DEWR, *Committee Hansard*, 20 September 2023, p. 57.
57 Ms Ryan, DEWR, *Committee Hansard*, 20 September 2023, p. 55.

> range of social supports during this time ... Research indicates that offenders without stable … employment are the most likely to re-offend.[58]

The Points Based Activation System

14.49 Participants in Workforce Australia are required to accrue a maximum of 100 points per month under the PBAS to meet their mutual obligation requirements. Points are accrued by participating in activities designed to increase the participant's chances of finding, obtaining, and keeping work.

14.50 Evidence indicated that while flexibility afforded by the PBAS is welcomed, the new system suffers from several issues that require urgent attention. The Committee heard that the PBAS is complex and for many jobseekers—particularly for cohorts who already face challenges understanding, completing, and reporting on their obligations. Providers are often obliged to assist participants to understand the PBAS, which takes time away from delivering support.[59]

14.51 DEWR acknowledged that some participants have—at least initially—found PBAS to be confusing and stated that measures are in place to quickly identify participants experiencing challenges and refer them to websites, the DSCC, or a provider.[60] DEWR also noted that they may have also been issues with points targets being set to high, and as a result DEWR has been working with providers and the DSCC to ensure more tailored points targets are set.[61]

14.52 Stakeholders also argued that the PBAS is often administratively burdensome. For example, Workways Australia Ltd (Workways) noted that activities must be created in Workforce Australia and re-entered for PBAS, engagement, and progress fee purposes. Creating an activity is also complex, with each activity taking up to 25 minutes to create.[62]

14.53 Providers cannot always to adjust points to account for participants' circumstances, as their performance is assessed based on how often the points targeted is varied.[63] This leads to points totals which do not recognise the impact of sickness, disability, or labour market variation across geographic areas.[64]

14.54 Workskil proposed establishing temporary or permanent streams for jobseekers with capability, with streams differentiated according to whether points targeted may be varied.[65] APM recommended removing the 'default' 100-point target and starting from

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58 CVGT, *Submission 106*, p. 14.

59 See, for example, Name Withheld, *Submission 160*, p. 18; MTC, *Submission 164*, pages 4–5; WISE Employment, *Submission 169*, p. 12; Nirrumbuk Aboriginal Corporation (NAC), *Submission 180*, p. [3]; CPF-UQ, *Submission 217*, p. 4; Jobs Statewide, *Submission 272*, p. 7.

60 DEWR, *Submission 254*, p. 103.

61 Ms Ryan, DEWR, *Committee Hansard*, 20 September 2023, p. 58.

62 Workways Australia Ltd (Workways), *Submission 239,* p. 18.

63 See, for example, Mr Steve Wyborn, CEO—IntoJobs, IntoWork, *Committee Hansard*, 14 March 2023, p. 67.

64 See, for example, Name Withheld, *Submission 93*, p. [2]; Ms Black, *Submission 94*, p. [3].

65 Workskil, *Submission 196*, p. 26.

a neutral position, from which providers would have the opportunity to build a participant's capacity and increase their points target over time.[66]

Recognition of activities

14.55 A concern for some stakeholders was that existing mutual obligation arrangements—particularly the PBAS—fail to recognise certain activities despite the efficacy of those activities in preparing a jobseeker for work.[67] Key examples included:

- work performed by business owners who are also recipients of income support;[68]
- rideshare and other 'gig' economy work;[69]
- hobbies and other self-directed activities which may contribute to a person's employability and overall wellbeing;[70]
- the various activities undertaken by professional visual artists who are actively seeking employment-like opportunities in the sector. These activities may be particularly impacted by automation in the application of the PBAS;[71]
- support programs for ex-offenders;[72] and
- driving lessons and other activities relevant to obtaining a driver license—which are particularly important for jobseekers in regional, rural, and remote areas.[73]

14.56 The Committee also heard that the PBAS—at least as understood and applied by providers—does not adequately recognise education and training and can force participants to engage in work-related activities even if they are actively engaged in training.[74] Dr McGann suggested that poor recognition of education and training may be driven by performance monitoring and DEWR's distrust of the provider network:

> [Providers] had clients wanting to [voluntarily] undertake extra training and extra study that would push them above a certain threshold of points … But that comes up as a flag, from the department's end, that the provider is enforcing too many activities on the jobseekers, that they're doing in excess of their required points.[75]

14.57 Stakeholders told the Committee that the PBAS leaves little room for providers to innovate or to adapt mutual obligations to participants' needs. The Centre for Policy Futures at the University of Queensland (CPF–UQ) noted that there is little clarity around whether points have been appropriately allocated to particular activities, and there is evidence suggesting that some providers have been penalised for allocating

66 APM, *Submission 213*, p. 17.
67 ACOSS, *Submission 203*, p. 42.
68 Ms Vrakas, *Submission 91*, p. [5].
69 Dr Tom Barratt, Dr Caleb Goods and Dr Alex Veen, *Submission 218*, p. 4.
70 Ms Vrakas, *Submission 91*, p. [5].
71 NAVA, *Submission 165*, p. 1.
72 Success Works, *Submission 139*, p. [3].
73 Name Withheld, *Submission 125*, p. [2].
74 Name Withheld, *Submission 224*, p. [1].
75 Dr McGann, *Committee Hansard*, 14 March 2023, p. 9.

too many points. There have also been cases of points being withdrawn or reduced after an activity has been completed.[76]

14.58 Evidence indicated that while it may be possible to meet targets by participating in State employment programs, this rarely occurs and is poorly understood.[77]

Voluntary work

14.59 Participants may undertake voluntary work to meet mutual obligation requirements. Voluntary work can only be undertaken with a not-for-profit or community organisation. Participants may accrue five points for every five hours (maximum 10 points per month) for voluntary activities they source, and up to 20 points per week for voluntary activities sourced by a provider. For provider-sourced activities, a risk assessment must be completed and an agreement must be signed by the provider and the host organisation.[78]

14.60 A key concern expressed by some participants was that voluntary work sourced by a provider attracts more points than work sourced by the participant—despite the fact that the work may be identical.[79]

14.61 Volunteering Australia asserted that challenges associated in undertaking voluntary work to satisfy mutual obligations are compounded by the fact that activities cannot be completed in a person's home. According to Volunteering Australia, this limits the accessibility of volunteering and fails to acknowledge changes to engagement, particularly in response to COVID-19.[80] Volunteering Australia also observed that:

- volunteering was included as a mutual obligation activity without adequate consultation with the sector. This has limited input into the design of mutual obligations—including the points allocated to different volunteering activities; and
- mutual obligations are not well understood by the volunteering ecosystem. Accordingly, volunteering organisations struggle to assist volunteers to undertake applicable roles and to provide evidence of their participation.[81]

14.62 Volunteering Australia recommended that volunteering be included as an optional activity in future employment programs, stating that this should involve consultation with the volunteering sector ensuring that volunteering activities are supported and accessible to participants on their own terms.[82]

14.63 SYC Ltd (SYC) stated that the PBAS should be adjusted to allow providers to include voluntary work as an activity for younger jobseekers, noting that voluntary work is an

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76 CPF–UQ, *Submission 217*, p. 4.
77 Ms Laura Trengove, Executive Director—Employment Policy and Strategy, Government of Victoria: Department of Jobs, Skills, Industry and Regions (DJSIR), *Committee Hansard*, 14 March 2023, p. 54.
78 DEWR, *Submission 254*, p. 183.
79 See, for example, Name Withheld, *Submission 160*, p. 18; Name Withheld, *Submission 230*, p. [3].
80 Volunteering Australia, Submission 240, p. 5.
81 Volunteering Australia, *Submission 240*, p. 4.
82 Volunteering Australia, *Submission 240*, pages 7–8.

important work experience opportunity for this cohort and is often used as a stepping-stone to employment.[83]

14.64 Per Capita stated that a 'retrograde move' of the previous government was to reduce the amount of volunteering hours a person over 55 may count towards their mutual obligations, noting that many people on the caseload are waiting to retire and that the community work in which this cohort engages must be better recognised.[84]

Activation and mandatory activity requirements

14.65 In addition to satisfying 'general' mutual obligation requirements, Workforce Australia participants are required to complete a specified amount of work, education, or training by the following defined activation points:

- For Workforce Australia Online participants: after four months in the program.
- For Workforce Australia Online participants who transfer to provider services after 12 months: three months after transfer.
- For Workforce Australia Services participants there is a recurring activation point every six months.[85]

14.66 Where a participant fails to meet activation requirements by the activation point, they are placed into a default activity. For participants in Workforce Australia Online, this will be Employability Skills Training (EST). For participants in provider-led services, this will be Work for the Dole (WfD).[86]

14.67 According to DEWR, activation requirements are designed as a safeguard to 'ensure that participants are not left behind, remain motivated, engaged and are supported improving their employment prospects'.[87]

14.68 Some stakeholders called for a restructure of current activation requirements, noting in particular that 'default' activities have not been effective in terms of moving the jobseeker towards employment and that coordination of activities places significant resource burdens on providers and comes at significant cost to the taxpayer.[88]

14.69 WISE Employment observed that requiring participants to engage in specific activities at six months if they have not met activation requirements may be viewed as 'toxic' or punitive. WISE Employment indicated that participants should instead be

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83 SYC Ltd (SYC), *Submission 189*, p. 17.
84 Ms Dawson, Per Capita, *Committee Hansard*, 14 March 2023, p. 32.
85 DEWR, *Submission 254*, p. 104.
86 DEWR, *Submission 254*, p. 104.
87 DEWR, *Submission 254.7*, p. [8].
88 See, for example, Name Withheld, *Submission 2*, p. 2; Professor Green et al, *Submission 120*, p. [10]; Name Withheld, *Submission 123*, p. 1; Name Withheld, *Submission 162*, p. 3; SYC, *Submission 189*, p. 17; Workskil, *Submission 196*, p. 26; SAEP*, Submission 199*, p. 59. It is noted that most of these stakeholders raised concerns about current activation requirements, including WfD, rather than about the concept of activation or mandatory activities.

encouraged to engage in a range of activities throughout their journey to employment to increase social and economic participation.[89]

14.70 The Committee also heard that mandatory activation disrupts relationships between jobseekers and providers and can negatively impact a jobseeker's progress towards employment.[90] For example, CoAct stated:

> Enforcement of a mandatory activity such as Work for the Dole undermines the provider relationship with the jobseeker by forcing a sudden transition in the relationship and conversation. Regardless of the positive progress being made by a jobseeker … mandatory activity means that the relationship with a jobseeker inevitably shifts from 'choice to 'prescription and coercion'.[91]

14.71 A common theme was that jobseekers must have much greater choice in terms of the activities in which they engage, with stakeholders indicating that the current policy of 'default' activities is unduly restrictive.[92] For example, ACOSS stated:

> As long as Work for the Dole or any other program is the default program for some period of mutual obligation, whatever called, it will undermine that element of individual tailoring of assistance. The provider should be working with people to offer them a range of choices, and they choose one that meets their needs. If you have a standard, default program then it does become a dumping ground.[93]

14.72 ACOSS indicated that key elements of an activation framework which is tailored to the needs of the jobseeker should include:

- A trustful relationship between an unemployed person and a caseworker who has the skills to assess their needs and connect them with the employment, training, and other opportunities. This must involve offering the jobseeker genuine choice which aligns with their pathway to employment.
- Skills development opportunities, including support to engage with VET and with higher education.
- Work experience in 'regular jobs', and paid work placements. These placements may be supported by wage subsidies.
- Government taking a coordinating role to ensure people in employment services have access to education and training, work experience, and other supports.[94]

14.73 In making comments on activation and mandatory activity requirements, several stakeholders raised specific issues related to WfD. Issues associated with WfD are

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89 Mr Matthew Lambelle, CEO, WISE Employment, *Committee Hansard*, 19 September 2023, p. 27.

90 See, for example, See also MAX, *Submission 146*, p. 8; Mr Anders Ross, *Submission 158*, p. 3.

91 CoAct, *Submission 151*, p. 19.

92 See, for example CVGT, *Submission 106*, p. 21; ETC, *Submission 133*, p. 7; SAEP, *Submission 199*, p. 59; atWork, *Submission 210*, p. 12; Mr Lambelle, WISE Employment, *Committee Hansard*, 19 September 2023, p. 33; Mr Coonan, Antipoverty Centre, *Committee Hansard*, 19 September 2023, p. 33.

93 Dr Peter Davidson, Principal Adviser, ACOSS, *Committee Hansard*, 19 September 2023, p. 32.

94 ACOSS, *Submission 203*, pages 23–25. See also Dr Davidson, ACOSS, *Committee Hansard*, 19 September 2023, p. 34.

explored in more detail in Chapter 13, in the context of reforms to Active Labour Market Programs (ALMPs).

The Targeted Compliance Framework

14.74 The Targeted Compliance Framework (TCF) is the mechanism by which participants' income support may be suspended, reduced, or cancelled. Introduced in 2018, the TCF is designed to target financial penalties to participants who persistently fail to meet mutual obligation requirements and enable protections for those who are trying to comply with their obligations.[95] It applies to all participants in Workforce Australia Services, Workforce Australia Online, DES, and ParentsNext.[96]

14.75 Several stakeholders called for the TCF to be abolished, citing harmful impacts on jobseekers' physical and mental health and level of engagement with employment services.[97] A key concern was that that financial sanctions limit jobseekers' ability to provide for their and their families' basic needs, with stakeholders noting that this is inconsistent with Australia's human rights obligations.[98]

14.76 Stakeholders also emphasised that certain cohorts—including jobseekers from culturally and linguistically diverse backgrounds (CALD) and refugee backgrounds, younger people, First Nations peoples, people with disability, and victim-survivors of domestic violence—are particularly susceptible to the harmful impacts of financial penalties.[99]

14.77 Some stakeholders argued that the system should be restructured around supporting jobseekers and addressing barriers to participation, stating that this would be a more effective system for jobseekers whose persistent noncompliance indicates difficulty engaging.[100] For example, Dr Nevile stated:

> If a program is designed to deliver outcomes valued by participants, repeated failure on the part of participants to meet their obligations should raise questions about why a participant is not meeting their obligations. In other words, repeated failure should be taken as a signal that the Job Plan may need to be revised, or more support is required, or a different mix of supports are needed.[101]

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95 DEWR, *Workforce Australia Guidelines – Part B*, p. 170.

96 DEWR, *Submission 254*, p. 112. From 5 May 2023, all compulsory requirements for participants in ParentsNext were paused, meaning that participants would no longer receive payment suspensions or penalties.

97 See, for example, Professor Green et al, *Submission 120*, pages [11–12]; National Foundation for Australian Women (NFAW), *Submission 135*, p. [2]; Dr Colin Harrison, *Submission 152*, p. 4;

98 See Dr Bielefeld, *Submission 204*, pages 2–3.

99 See, for example, Mr Paul Upcroft, *Submission 86*, p. [8]; Youth Projects, *Submission 141*, pages 7, 19; SSI, *Submission 193*, p. 15; Australia's National Research Organisation for Women's Safety (ANROWS), *Submission 212*, p. 9; Yilabara Solutions, *Submission 231*, p. 25; Western Australian Association for Mental Health (WAAMH), *Submission 248*, p. 18.

100 See, for example, Anglicare WA, *Submission 127*, p. [10]; ACCE, *Submission 225*, p. 2; Professor Green et al, *Submission 120*, p. [12]; VERTO, *Submission 202*, pages [24–25].

101 Dr Nevile, *Submission 136*, p. 9.

14.78 Sanctions are often disproportionate to the relevant non-compliance, with jobseekers having payments suspended for a mere failure to attend appointments on time.[102] This concern can be exacerbated by errors on the part of providers and caseworks.[103]

14.79 ACOSS similarly observed that the employment services system includes a 'fairly arbitrary' set of appointment and activity requirements that don't reflect what people need or want. ACOSS' analysis of payment suspension also showed that 53 per cent were related to appointments and 43 per cent for PBAS reporting.[104]

14.80 DEWR asserted that Australia's compliance framework is considered less punitive than other members of the Organisation for Economic Co-operation and Development (OECD) due to the low value of penalties as a proportion of payment, and because financial penalties are not imposed until a pattern of non-compliance without valid reason has been established.[105] However, DEWR acknowledged that vulnerable participants are often disproportionately represented in compliance outcomes. For example, in the last 12 months of jobactive, 55 per cent of participants incurred a suspension, and 0.7 per cent incurred a financial penalty. By contrast:

- 80 per cent of First Nations participants incurred a suspension and 2.5 per cent incurred a financial penalty;
- 79 per cent of ex-offender participants incurred a suspension and 2.0 per cent incurred a financial penalty; and
- 70 per cent of participants experiencing homelessness incurred a suspension and 1.6 per cent incurred a financial penalty.[106]

14.81 From July 2022 to September 2023, 70 per cent of participants with mutual obligation requirements who moved through Workforce Australia Services were subject to at least one suspension. The majority of the suspensions were driven by failures to attend an appointment with a provider. In addition, 40 per cent of participants who moved through Workforce Australia Online in this period received a suspension.[107] Around 16 per cent of those who moved the two services (combined) were subject to five or more suspensions during a single period of assistance.[108]

14.82 Disadvantaged cohorts—and particularly First Nations peoples—continue to be overrepresented in the compliance data. For example:

- In the period from April to June 2023, First Nations peoples made up 25 per cent of participants in Workforce Australia Services who received at least one payment

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102 See, for example, Office of the Commonwealth Ombudsman, *Submission 134*, p. [1]; Joblink Plus, *Submission 157*, p. 18; AYAC, *Submission 238*, p. 4; NBCS, *Submission 268*, p. [2].

103 See, for example, Mr Upcroft, *Submission 86*, p. [2]; Name Withheld, *Submission 223*, p. [1]; Melissa Fisher, *Submission 235*, p. [1].

104 Dr Simone Casey, Senior Adviser—Employment, ACOSS, *Committee Hansard*, 17 May 2023, p. 3.

105 DEWR, *Submission 254*, p. 108.

106 DEWR, *Submission 254*, p. 113.

107 Dr Louise O'Rance, Assistant Secretary—Evidence and Assurance Division, DEWR, Senate Education and Employment Legislation Committee, *Committee Hansard*, 25 October 2023, p. 74.

108 DEWR, *Submission 256.8*, pages [13-14].

suspension.[109] In addition, suspension data for Workforce Australia Online and Workforce Australia Services for the period from July 2022 to September 2023 shows that First Nations peoples made up 36 per cent of participants who received 10 to 19 suspensions and 47 per cent of participants who received over 20 suspensions. By comparison, First Nations peoples have consistently made up approximately 15 per cent of the Workforce Australia caseload.[110]

- In the period from April to June 2023, people with disability made up 31 per cent of participants in Workforce Australia Services who received at least one payment suspension.[111] In addition, suspension data for Workforce Australia Online and Workforce Australia Services for the period from July 2022 to September 2023 shows that people with disability made up 31 per cent of participants who received five to nine suspensions and 31.5 per cent of participants who received over 20 suspensions. By comparison, people with disability have consistently made up approximately 28 per cent of the Workforce Australia caseload.[112]

14.83 DEWR stated that they have engaged an external consultant to undertake research to better understand the experiences of disadvantaged cohorts' experience with the employment services system.[113]

Impact on engagement with employment services

14.84 A key concern for several stakeholders was that while the rationale for the TCF was to incentivise engagement with employment services, in many cases it has had the opposite effect. Participants and advocates argued that the mental health impacts linked to the threat and imposition of sanctions can demotivate jobseekers, reduce their trust of the system, and leave jobseekers mentally or physically incapable of participation. Jobseekers unable to meet their basic needs will also be unable to meet the costs of engaging with services and preparing for or searching for work.[114]

14.85 DEWR noted that following introduction of the TCF, compliance with requirements increased while penalties were reduced by 90 per cent. DEWR also observed that there is significant international and Australian evidence demonstrating that financial penalties can be effective in encouraging engagement and increasing the likelihood that individuals will find work.[115]

14.86 ACOSS called for independent research on causal relationships between compliance and employment outcomes, as well as the establishment of an advisory body which

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109 DEWR (2023), *TCF Public Data, April to June 2023*, www.dewr.gov.au/employment-research/job-seeker-compliance-data, viewed 13 November 2023.
110 DEWR, *Submission 256.8*, p. [14].
111 DEWR (2023), *TCF Public Data, April to June 2023*.
112 DEWR, *Submission 256.8*, p. [14].
113 DEWR, *Submission 256.8*, p. [1].
114 See, for example, Name Withheld*, Submission 142*, p. [2]; CoAct, *Submission 151*, p. 20; Dr Harrison, *Submission 152,* p. 4; ACOSS, *Submission 203*, p. 39; Anglicare Australia, *Submission 215*, p. 10; Name Withheld, *Submission 229*, p. [4].
115 DEWR, *Submission 254*, p. 116.

would review and re-design the compliance framework in consultation with experts and with people with lived experience of the system.[116]

14.87 The Committee also heard that income support and compliance measures may not be appropriately adapted to participants in certain ALMPs. The National Self-Employment Association (NS-EA) stated that following changes to the Self-Employment Assistance (S-EA) program, people who would traditionally move from JobSeeker to the self-employment allowance and self-employment rental assistance retain eligibility through Centrelink for rental assistance and other benefits. This means that people are required to report their income on a fortnightly basis and have seen a reduction in rental assistance over time.[117] The NS-EA stated that these changes have created mistrust and confusion among S-EA participants and indicated that participants should be able to report their income less frequently.[118]

14.88 The NS-EA further noted that those who elect to remove themselves from Centrelink benefits when moving into S-EA experience issues related to re-applying for healthcare cards and other benefits, stating:

> There are times in [S-EA] where people do need to suspend due to ill health, quite serious ill health at times—cancer treatments and so on. They are still classified as part of the program. They are therefore not a jobseeker. They can't move on to an allowance because nothing in the Services Australia system is there. They are basically at risk of having no income support for the period they are unable to operate their business. They have up to 13 weeks in the program with potential for extensions, if needed, under specific circumstances. But three months without any income support while they are recovering from serious health issues is a really serious issue.[119]

A revised approach to compliance and enforcement

14.89 Some submitters asserted that the TCF can be effective in encouraging engagement, with the caveat that much depends on whether consequences for non-compliance are proportionate to the behaviour and whether a provider is able to use the TCF fairly and effectively. The Committee heard that where compliance is not used effectively, jobseekers are likely to disengage with the system and may become aggressive or violent towards providers and their staff.[120]

14.90 Some stakeholders also noted that the TtW program—which is exempt from the TCF—has been more successful than Workforce Australia in engaging young people

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116 ACOSS, *Submission 203*, pages 45–47. See also Jobs Australia, *Submission 185*, p. 21.

117 Ms Diane Minnis, CEO, National Self-Employment Association (NS-EA), *Committee Hansard*, 26 May 2023, pages 13–14.

118 NS-EA, *Submission 225,* p. 16.

119 Ms Minnis, NS-EA, *Committee Hansard*, 26 May 2023, p. 14.

120 See, for example, CVGT, *Submission 106*, pages 21–22; atWork, *Submission 210*, p. 13; BUSY, *Submission 227*, p. 2.

and moving them towards employment. Stakeholders suggested that the compliance approach in TtW be adopted across the broader employment services system.[121]

14.91 There were also calls for abolition of payment cancellations and financial penalties, with stakeholders noting that sanctions of this kind achieve little in practice.[122] Some of those stakeholders expressed qualified support for retaining payment suspensions, so long as they are used as a last resort and do not lead to jobseekers being unable to meet their basic needs.[123] For example, both Bamara and Asuria People Services (Asuria) expressed support for the more moderate system of financial holdbacks recommended in the Committee's interim report, stating that this recommendation should be extended to all employment services programs.[124]

14.92 The Committee also heard that the reconnection framework should be adjusted so that it is not unduly onerous for jobseekers. ACOSS recommended that government ensure reconnection requirements can be completed quickly, and do not result in the cancellation of payments unless the person no longer needs income support.[125] ACOSS also proposed changes to the notification and a 'light touch reconnection' process that would reduce the number of demerits and payment suspensions, having identified pain points related to poor notification practices and a lack of contact when participants miss calls from unidentified numbers.[126]

14.93 Yilabara Solutions expressed support for a system which enables a graduated approach to payment suspension, under which payments are suspended for 24 to 48 hours in the first instance. Under such a mode, suspensions would still be a last resort, and reductions and cancellations would be removed for most participants.[127]

14.94 NESA noted that under previous employment service models, jobseekers could accept a non-payment period and 'clean slate' their compliance record through participation in activities such as WfD. NESA argued for this approach over current arrangements as it promoted engagement over exclusion, encouraged compliance, and gave the participant more options and greater agency.[128]

14.95 ACOSS expressed grave concerns about high rates of payment suspensions, as well as with the widespread use of automated processes to determine financial penalties. ACOSS asserted that suspensions should be paused as a matter of urgency, and should not be reinstated until a fair, workable alternative to the present system is in place. According to ACOSS, this should include:

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121 See, for example, Joblink Plus, *Submission 157*, p. 18; National Youth Commission Australia (NYCA), *Submission 166*, p. [9]; Mission Australia, *Submission 190*, p. 76; ACOSS, *Submission 203*, p. 46.

122 See, for example, Name Withheld, *Submission 187*, p. [2]; Workskil, *Submission 196*, p. 30.

123 See, for example, CVGT, *Submission 106*, p. 22; Workskil, *Submission 196*, p. 30; Settlement Council of Australia (SCoA), *Submission 211,* p. 16; Workways, *Submission 239*, p. 26; Workways, *Submission 239.1*, p. 4.

124 Bamara, *Submission 214*, pages 7–8; Asuria People Services (Asuria), *Submission 246,* pages 29-30.

125 ACOSS, *Submission 203*, p. 42.

126 ACOSS, *Submission 203 (Attachment 1)*, pages 2, 3.

127 Yilabara Solutions, *Submission 231*, p. 25.

128 NESA, *Submission 260*, p. 80.

- Decisions to suspend a person's payment should no longer be automated, and should be made by appropriate personnel at Services Australia.
- Suspensions should not be used as the first resort, especially for minor infractions such as missing a provider appointment. Providers should also have more discretion not to initiate suspensions.
- Proper administrative law processes, including human rights protections, should be adopted to ensure that suspension is the least restrictive option, taking into account any personal vulnerabilities, the impact on individual and their family financial circumstances (such as the risk of not being able to pay rent), and the seriousness of the breach.[129]

Rewards vs penalties

14.96 Some stakeholders called for current compliance and enforcement arrangements to be restructured to incentivise positive engagement rather than punishing non-compliance. A rewards-based system might also help challenge some of the negative messaging about jobseekers that persists in the system.[130]

14.97 One proposal was that participants be given a base rate of income support sufficient to meet basic needs, with additional payment conditional on meetings PBAS targets, completion of specified activities, or meaningful engagement with the system.[131]

14.98 Dr Colin Harrison stated that income support payments should not be a universal basic income, but an 'absolute minimum lifeline' that could be increased to the level of a full benefit via compliance with obligations. According to Dr Harrison, this would:

- reframe Workforce Australia as a system which rewards jobseekers for achievements rather than penalising them for perceived failures;
- reduce administrative complexity for providers and remove the requirement for the provider to police compliance with mutual obligations; and
- enhance personal accountability for jobseekers.[132]

14.99 Other stakeholders indicated that compliance should attract rewards which are not directly linked to income support payments such as fuel vouchers and support with work-related resources such as training or equipment. Cash payments additional to a participant's income support payments were also suggested. Stakeholders observed that incentives of this kind would help restore positive views about the employment services system and enhance jobseekers' capacity to engage with the system.[133] Yilabara Solutions suggested combining the PBAS with the voucher system used by

129 ACOSS, *Submission 203.2*, p. [3].
130 See, for example, CoAct, *Submission 151*, p. 3; WISE Employment, *Submission 169,* p. 20; CPF–UQ, *Submission 217*, p. 6.
131 See, for example, CVGT, *Submission 106*, p. 22; CoAct, *Submission 151*, p. 19; WISE Employment, *Submission 169*, p. 8; SYC, *Submission 189*, p. 16; NESA, *Submission 260*, p. 83.
132 Dr Harrison, *Submission 152*, p. 5.
133 See, for example, CoAct, *Submission 151*, p. 18; MatchWorks, *Submission 263*, p. 37.

Services NSW, stating that a jobseeker who achieves their points target would receive a government voucher which could assist with living costs such as utilities.[134]

14.100 Incentive programs have been trialled under previous employment services systems. For example, the (then) Department of Jobs and Small Business (DJSB) trialled an incentive for young jobseekers—the Job Commitment Bonus—from 2014 to 2016. The program offered an incentive payment of $2,500 for participants who started a job and remained off income support for a continuous period of 12 months. A further $4,000 was available to those who remained employed and off income support for a further 12 months (24 months total).[135]

14.101 It was anticipated that the Job Commitment Bonus would influence jobseeker motivation to find and keep employment. However, evaluations of the incentive found that motivation was already present for most participants, and that the incentive had little impact on job search behaviour. Accordingly, the incentive reported a near total deadweight loss. Take-up of the incentive was also low, driven by low awareness, negative perceptions of the income support system, and the perceived limited value of the bonus relative to the requirement to be in employment for 12 months.[136]

Responsibility for imposing penalties

14.102 A critical issue for a significant number of stakeholders was that providers have the dual—often incompatible—role of supporting participants and enforcing compliance. These views were shared near unanimously across current and former participants,[137] providers,[138] unions,[139] and experts, advocacy organisations, and peak bodies.[140]

14.103 Stakeholders variously asserted that these arrangements:

- add to the fear and anxiety experienced by participants and are antithetical to relationships of trust that are essential to quality support;

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134 Yilabara Solutions, *Submission 231*, p. 24.

135 Department of Jobs and Small Business (DJSB) (2017), *Job Commitment Bonus for Young Australians Evaluation*, p. 9, www.dewr.gov.au/employment-services-evaluations/job-commitment-bonus-young-australians-evaluation, viewed 24 July 2023.

136 DJSB (2017), *Job Commitment Bonus for Young Australians Evaluation*, pages 2, 5, 7–8.

137 See, for example, Name Withheld*, Submission 2*, p. 2; Mr Ford *Submission 7*, p. [1]; Name Withheld, *Submission 93,* pages 5–6*;* Name Withheld, *Submission 104*, pages [1–2]; Name Withheld*, Submission 119*, p. [7]; Name Withheld, *Submission 187*, p. [3]; Name Withheld, *Submission 229*, p. [3]; Name Withheld, *Submission 230*, p. [2]; Ms Kaye Demetriou, *Submission 267*, p. 3.

138 See, for example, CVGT, *Submission 106*, p. 23; SRJA, *Submission 145*, p. 14; MAX*, Submission 146*, pages 40–42; AMES, *Submission 148*, p. 3; Campbell Page, *Submission 150*, pages [5, 8]; WISE Employment, *Submission 169*, p. 21; WDEA Works, *Submission 168*, pages 4–5; 4; Jobs Australia, *Submission 185*, p. 22; VERTO, *Submission 202*, p. [26]; atWork, *Submission 210*, p. 13; Bamara, *Submission 214*, p. 3; Workways, *Submission 239*, pages 19, 26; Matchworks, *Submission 263*, p. 37.

139 CPSU, *Submission 255*, p. [12].

140 See, for example, Dr David O'Halloran, *Submission 108*, pages [7–8]; NFAW, *Submission 135*, pages [3, 6]; NYCA, *Submission 166*, p. 16; ECCQ, *Submission 206*, p. 4; Dr Bielefeld, *Submission 204*, pages 5–6; Dr Victor Quirk, *Submission 209*, p. 7; AUWU, *Submission 253*, p. [7].

- add significantly to providers' administrative burden, and negatively impact the mental health of employment consultants;
- lead to qualified staff leaving the sector, contributing to a gradual decline in the skills and qualifications of the frontline workforce;
- contribute to a culture that encourages caseworkers to bully or threaten the jobseekers they are meant to support; and
- create safety issues for provider staff where jobseekers blame their caseworker for suspension of income support payments or imposition of financial penalties.

14.104 Stakeholders recommended that compliance and enforcement functions—including, critically, the suspension of payments and imposition of sanctions—should be the responsibility of a public entity such as Services Australia.

14.105 Dr McGann observed that even if providers are not directly responsible for applying sanctions (that is, a provider reports a breach and a sanction is applied automatically or by Centrelink), there is a perception that providers are both 'clinician and cop'.[141]

14.106 Under previous employment service programs, Centrelink had greater responsibility for compliance. For example, APM stated:

> [Under previous arrangements the provider] would record a system trigger. For example, 'Johnny didn't attend his appointment.' That would be recorded and that would be where you would walk away, and then that would be in the hands of Centrelink at the time to follow up and understand why that was.[142]

14.107 Stakeholders indicated that if a public agency takes responsibility for compliance and enforcement, officers must have the competencies needed to apply complex social security law fairly and consistently.[143] This would need to be underpinned by effective communication channels between jobseekers, providers, and government agencies.[144] One submitter indicated that communication with Services Australia leaves room for improvement:

> You speak to a Services Australia employee over the phone who is located in another state and…this person knows nothing about you or your circumstances. The process is intimidating and embarrassing as you have to share sensitive personal information with them and be judged as being either capable or not being capable of complying with your requirements.[145]

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141 Dr McGann, *Committee Hansard*, 14 March 2023, p. 9.
142 Mr James Muller, General Manager, APM Employment Services (APM) *Committee Hansard*, 14 March 2023, p. 64.
143 Name Withheld, *Submission 230*, p. [4].
144 See, for example, WISE Employment, *Submission 169*, p. 2; Workways, *Submission 239*, p. 15.
145 Name Withheld, *Submission 187*, p. [2].

14.108 ACOSS recommended that the application of financial penalties be subject to robust processes for assessing the hardship of the jobseeker, to ensure that penalties do not cause or worsen poverty or result in negative health impacts.[146]

14.109 DEWR argued that Services Australia should not take responsibility for compliance activity, noting that Services Australia staff have far less frequent contact with each participant and are significantly less likely to understand the context of a participant's employment pathway, including non-compliance events and the extent to which a provider has tried to engage with the participant. DEWR also argued that separating compliance from setting and monitoring requirements may also lead to less tailored requirements for participants and undermine the provider-participant relationship.[147]

Automation of sanctions

14.110 Several stakeholders raised concern in relation to automation of suspensions and other sanctions, emphasising that decisions impacting income support payments must be made by a person, with jobseekers given access to appeal.[148]

14.111 For example, Economic Justice Australia (EJA) observed that automated decision-making processes can result in poor decisions and servicing, with little to no regard for a jobseeker's needs or vulnerabilities. EJA explained that these processes may fail to consider impacts of payment suspensions and financial penalties on a jobseeker's mental health and capacity to meet basic needs and may not consider practical matters relating to compliance—such as access to a phone or to reliable transport. EJA also stated that automated processes result in disproportionately high rates of suspensions and penalties among vulnerable cohorts.[149]

14.112 EJA emphasised that automated decision-making makes complaints and review challenging, as it will often be difficult to identify who made a decision, how it was made and why it was made, where to go for help and how to seek review. EJA highlighted the need to learn the lessons of Robodebt,[150] including by ensuring that there is a human 'in the loop' in relation to all decisions relating to the suspension of payments and the imposition of financial penalties.[151] ACOSS supported this proposal, stating that the automatic suspension of payments after two days must be abandoned and replaced with a system where suspensions are not automated, there is human review before a suspension is applied, and discretion is exercised by the Secretary of DEWR.[152]

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146 ACOSS, *Submission 203*, p. 45.

147 DEWR, *Submission 254*, pages 113–114.

148 See, for example, NFAW, *Submission 135*, p. [3]; Name Withheld, *Submission 187*, p. [2]; SSI, *Submission 193*, p. 15; SAEP*, Submission 199*, p. 63; Centre for Excellence in Child and Family Welfare (CECFW), *Submission 200*, p. 9; APM, *Submission 213*, pages 16–17; Anglicare Australia, *Submission 215*, p. 9.

149 Economic Justice Australia (EJA), *Submission 153*, pages [3–4].

150 Ms Eagle, EJA, *Committee Hansard*, 17 May 2023, p. 2. See also Ms Vrakas, *Submission 91,* p. 4; Name Withheld*, Submission 92*, p. 16.

151 EJA, *Submission 153*, pages [2, 4].

152 ACOSS, *Submission 203*, p. 40.

14.113 Anglicare Australia stated that concerns associated with automated compliance are exacerbated by system error and poor provider conduct, stating that its review of DEWR data indicates that more than one in five people who had their payments suspended in 2020–21 were found not to be at fault. [153]

Committee comment

14.114 Mutual obligation requirements and the broader issue of welfare conditionality is one of the most—if not the most—controversial components of the employment services system. These settings drive fundamental (and often counterproductive) behaviours and demand a significant use of resources across the system, including by government agencies, service providers, and people receiving jobseeker payments. Policy settings relating to mutual obligations and welfare conditionality also impact directly on levels of engagement by employers.

14.115 To locate the Committee's deliberations in a broader historical and global context, it is worth noting that every comparable jurisdiction with a public employment service grapples with the question of what unemployed people requiring income support should be expected to do while receiving social security payments, what requirements best supports them into work, as well as how sanctions should be applied for non-compliance. Having reviewed the applicable academic literature, considered the evidence tendered to the inquiry and examined the approaches taken by a dozen or more other nations, the Committee is clear that there is no perfect answer to this question. Every country's settings are driven by an imperfect combination of evidence and changing circumstances, values, community expectations and politics, making it inevitable that this question will remain contested and subject to debate and periodic review.

14.116 The same questions we grapple with today have been the subject of intense policy and political debate for centuries, with policies oscillating between the provision of goods, cash, and support to help enable individuals to succeed a market economy, to deploying regulatory strategies to discipline the labour force by withholding aid or making it conditional.

14.117 Having engaged comprehensively with jobseekers, employers, providers, policy experts, and other stakeholders—both in Australia and overseas—the Committee remains of the view that participation requirements must continue to be a part of Australia's system, and that most Australians in receipt of income support should be required to make reasonable efforts to engage. Evidence indicates that while current requirements require reform, without some form of obligation there is a real risk that many of the most vulnerable jobseekers would not engage with services. It is also clear that the community expects reassurance that people in receipt of income support who are capable of work are making reasonable efforts to secure work.

153 Anglicare Australia, *Submission 215*, p. 9.

14.118 Every society we have examined has some form of participation requirement under various names, including mutual obligations, shared accountability, and ‘rights and duties’. However, the name is not the key question. What actually matters most is the nature and extent of requirements that should underpin a rebuilt Commonwealth Employment Services System.

14.119 While the Committee does not support a voluntary system, it is clear that the current approach to mutual obligations in Australia is ineffective, self-defeating, and needs reform. As the OECD has repeatedly advised Australia and the Committee, social security payments in Australia are not sufficiently high as to be a disincentive to work. Most people want to and have a strong financial incentive to work.

14.120 The small proportion of people who are deliberately or persistently non-compliant should be dealt with through appropriate compliance mechanisms. However, the system cannot be designed for everyone else around punishing that cohort. Evidence is that only a small percentage of those who are not in work are actively cheating the system. The significant majority of people want to work and are making genuine efforts to secure employment that suits their circumstances or improve their prospects. Moreover, of those who are not making such efforts, the majority are experiencing significant barriers to work or are making quite rational choices not to move off income support due to fear or disincentives in the system.

14.121 In practical terms, the current nature and extent of mutual obligations is too ‘one-size-fits-all’. This has serious practical consequences:

- *Red tape.* Thousands of staff in service providers and government agencies are tied up in red tape. Shockingly, some providers tell us that the majority of staff time is focused on policing clients and undertaking administrative work. The time required to complete this work—which would be clearly better spent supporting clients—is exacerbated by DEWR’s terribly inefficient online IT system. The Committee was shocked to hear from one provider that more than half of all staff time is spend on such tasks. That is utterly ridiculous.
- *Driving employers away.* Big and small businesses alike have clearly stated that excessive job search and other mutual obligation requirements imposed on people clearly not ready for work is a key reason for their disengagement with the system. Despite improvements to the system with the introduction of the PBAS, employers are still deluged by inappropriate applications and harassed by service providers chasing payments for work outcomes for people who are demonstrably not job ready or suitable for a given vacancy.
- *Ineffective, one-size-fits-all.* The system is a blunt instrument, and far too often people are forced to do things they simply cannot do, which don’t help them, or which distract them from meaningful job search. Despite the promises of previous reviews, the employment services system still fails to provide genuinely tailored and efficient services—in significant part due to mutual obligation settings. Instead of improving someone’s chance of employment, the system marginalises people and harms their chances of work by:
    - Requiring LTU people to do pointless things which may actually harm their future chances of employment, for example:

        - applying for unsuitable jobs that distract from meaningful job search, also noting a concern that algorithms in digital employment marketplaces may discriminate against people who apply for endless jobs they do not get and lower their chances of being considered for jobs they are actually suitable for; or
        - undertaking inappropriate and time-consuming study options which have little to no connection with future employment and which may use up a finite ability to study a qualification at a certain education level.
    - Fostering stigma and shame through constant rejection and failure which harms mental health, leads to disengagement from and distrust in the system, and makes people less employable as they lose confidence.
- *Not really mutual.* The system is mutual in name only, as beyond a modest social safety net payment which any decent society would provide (and which as one expert frankly observed is in society's best interests), there is no commitment to reciprocity by service providers or the State in terms of tailored services or supports. This must be addressed as a matter of urgency.

14.122 In summary, Australia's current mutual obligation requirements, designed around a small number of the 'worst' jobseekers, is akin to using a nuclear bomb to kill a mosquito. Moreover, the current scattergun approach to mutual obligations is like throwing spaghetti at a wall. Some may stick, but most just gets stuck on the ground and you make a giant mess. A more nuanced approach, tailored to the individual, is required. The Committee reiterates that it is reasonable to impose baseline expectations on jobseekers. However, there must be much greater alignment between mutual obligation requirements and the overall goal of building jobseekers' capacity and supporting them to find work.

14.123 In determining participation requirements, it is critical to differentiate between what is appropriate and effective to support LTU or disadvantaged people and what is appropriate and effective to support those who are closer to the labour market.

14.124 The significant majority of LTU people have multiple individual barriers, variously including homelessness; family violence; episodic mental illness and severe anxiety; unresolved childhood or life trauma; caring responsibilities; health issues; chaotic lives or psycho-social disorders.

14.125 In addition, large numbers of unemployed Australians face structural barriers beyond their control. Common barriers include age discrimination, racism, thin labour markets, education barriers, and lack of access to reliable and affordable transport. Yet there is a prevailing—and largely irrational—view often expressed in public discourse that unemployment is the fault of the individual jobseeker: if only LTU people applied for more jobs and took more courses, then that would magically change reality. This is patently not the case. People are diverse and the employment services caseload is comprised of a very heterogeneous group of citizens that need tailored responses and goals—recognising there are multiple pathways back to participation and employment.

14.126 Evidence is overwhelming that for LTU people, the most effective means of encouraging and enabling progress toward employment is to build a trusted relationship with a skilled, supportive case worker, and for the caseworker and client to work together to set realistic goals for which the provider and the client are mutually accountable.

14.127 In a rebuilt Commonwealth Employment Services System, the range of mutual obligations needs to be broadened and tailored to individuals in a far more considered and collaborative way. However, such a significant structural change will not be possible immediately given regulatory and IT systems. Accordingly, interim changes should be adopted where possible while broader reforms are progressed.

14.128 For people closer to the labour market in online or hybrid servicing, the PBAS should broadly be retained to underpin reporting against a person's Participation and Jobs Plan. However, changes should be made to provide more flexibility in activities; better tailor points to the individual; monitor progress and enable interventions where a person is having trouble navigating the system well; and take account of the utterly excessive volume of payment suspensions which are tying the system up in red tape and overwhelmingly impacting the most vulnerable jobseekers.

14.129 It is also envisaged that the PBAS would be used as the default compliance tool for that small minority of people who persistently fail to meaningfully engage with the system or comply with their Participation and Jobs Plan.

14.130 For those who are directly managed by ESA or by a service partner, mutual obligation requirements should be to attend appointments (at whatever frequency is agreed between the partner and the client) and to 'participate meaningfully' in employment services by undertaking agreed activities set out in a person's (regularly reviewed) Participation and Jobs Plan. However, when a client is assessed as being work-ready, 'meaningful participation' should generally include appropriate job search requirements. This is broadly the approach the Committee articulated in its interim report on ParentsNext.

14.131 Guidelines should be developed to inform providers' decision-making. These should aim to achieve consistency in how service partners determine 'meaningful' participation, while also ensuring that mutual obligations are tailored to the needs, aspirations, and circumstances of the client. Given that a person may be supported by human services other than employment services, development and monitoring of the Participation and Jobs Plan may in some cases be the responsibility of ESA. This would typically be the case for those people whose pathway is focused on building social capacity. For the purposes of system monitoring, accountability, and evaluation, it would be possible to map the Participation and Jobs Plan for a person in a social participation pathway to the PBAS system. However, a Participation and Jobs Plan for people in this cohort should not simply be driven by a points target.

14.132 As set out in Chapter 9, a more comprehensive initial assessment process will ensure a client's aspirations, needs, and barriers are fully considered and that they can make an informed choice about the supports in their Participation and Jobs Plan. Participation in the enhanced assessment process should constitute meaningful

engagement for the purposes of the social security law; that is, a person may continue to receive income support payments—at least on a provisional basis—while they are participating in assessment.

14.133 Critical to a more effective approach to mutual obligations is that providers have additional frontline discretion to be able to build trust, essential for successful case management. Discretionary functions may include counselling a person for smaller or more transactional breaches rather than moving to compliance, as well as working with the person to ensure that breaches do not re-occur. This may include better explaining requirements, providing additional support, and referring a client to other services. The Committee understands that frontline staff already have scope under existing legislative and policy settings to exercise discretion, and strongly encourages government to implement measures to ensure that staff exercise this discretion in an appropriate manner consistent with supporting rather than punishing clients.

14.134 The Committee expects that service partners will rely on case management best practices to ensure clients are participating in services and completing activities in accordance with their Participation and Jobs Plan. It is also envisaged that—at least for job ready clients—service partners would consider actions such as refusing a reasonable offer of employment and leaving a role without a legitimate reason to constitute a failure to participate meaningfully. This may trigger referral for assessment, review or potentially compliance action (see below).

14.135 As noted in earlier chapters, proposed changes to mutual obligations are to be complemented by other reforms, including allowing a client to continue to work with a case manager to achieve their aspirations once they are in work. This will be particularly important where a client takes up a position which does not suit their long-term goals but which gets them back into the labour market, including as part of a longer journey towards more meaningful, sustainable employment.

14.136 Many participants have also reported mistreatment or heavy-handed behaviour by providers or employment consultants, and the Committee acknowledges the tension between providing frontline staff with discretion and staff having control over clients which could be unfairly used. However, on balance the Committee is persuaded that many of the perceived negative behaviours of concern among providers are driven by system design, and particularly current compliance, payment, and performance management arrangements. Separating compliance from support and restoring frontline discretion to skilled staff—most of whom are genuinely committed to supporting jobseekers and are often performing small miracles under very trying conditions—is preferable to risking further negative impacts on clients by maintaining the status quo.

14.137 The Committee considers that the PBAS was a well-intentioned addition to Workforce Australia in terms of increasing flexibility for jobseekers, and notes that the PBAS was implemented in response to a previous review. However, evidence indicates that even where this system may be broadly appropriate for jobseekers, certain activities—particularly self-directed activities with positive impacts on a client's employability—are not recognised, and others have not been assigned appropriate points values. The Committee is also concerned that participant-sourced

voluntary activities only attract a maximum of 10 points per month, while provider-sourced activities attract up to 20 points per week—even if the activity is identical. While it is acknowledged that there may be legitimate reasons for points assigned to specific activities, current points values should be reviewed in consultation with participants, providers, and other stakeholders.

14.138 It is also clear that for participants assessed as not job ready, there is little to no value in imposing minimum job search requirements in addition to PBAS targets and there are often negative consequences in doing so. Retaining minimum job search requirements for jobseekers furthest from the labour market has led to a widespread belief that job search is the only or the main way of meeting mutual obligations and appears to actually be at the expense of more useful activities. Perversely, people who are depressed, demotivated, and disengaged can meet their mutual obligations requirements too easily by applying endlessly for jobs they will not get, rather than being required to negotiate other activities more likely to help them progress to the labour market. Accordingly, in reviewing the PBAS, government should consider whether exemptions from minimum job search requirements should be possible for people furthest from the labour market, in favour of other more appropriate activities.

14.139 There is also a clear need to broadly align mutual obligation requirements in the mainstream employment services system with the remote service, CDP, as part of an effort to harmonise employment services programs over time. The approach proposed in this report would be a useful starting point in considering requirements that should apply in the CDP. 'Meaningful participation' is sufficiently broad to capture differing needs, aspirations, and circumstances. Evidence also clearly indicated that a harmonised approach to mutual obligation is needed, particularly noting that many clients often move between programs and some are currently staying in CDP as they perceive that currently they don't need to seek work.

Recommendation 56

14.140 The Committee recommends that in a rebuilt Commonwealth Employment Services System, the range of mutual obligation requirements be broadened and be much better tailored to individuals. Reforms should focus on cutting red tape, addressing employers' concerns, and ensuring that mutual obligations are effective in supporting people into work, and should be founded on the following key principles:

- **For clients who are assessed as close to the labour market and largely self-managing in online-hybrid services: the Points Based Activity System (PBAS) be retained to underpin reporting against a person's Participation and Jobs Plan. Changes to the PBAS should be made to provide more flexibility in activities; better tailor the points to the individual; and monitor progress and intervene earlier where a person is experiencing challenges in navigating the system.**
- **For clients who are managed directly by Employment Services Australia or referred to service partners for case management, the core requirement be**

to meaningfully participate by attending appointments and undertaking activities as agreed via the Participation and Jobs Plan.

- **For clients who persistently fail to meaningfully engage or to comply with their Participation and Jobs Plan, the PBAS be used as the default reporting and compliance tool.**

Over time, the Australian Government should also broadly harmonise mutual obligation requirements across the 'mainstream' employment service program and the Community Development Program.

14.141 In light of statistical evidence on the application of financial penalties, the Committee is concerned that rates of payment suspensions and cancellations under Workforce Australia are excessive, and that penalties fall overwhelmingly on the most vulnerable jobseekers in both Workforce Australia Online and Workforce Australia Services. The Committee was shocked at the latest evidence that more than 70 per cent of all participants who move through Workforce Australia Services have been subject a suspension, and that between 35 and 50 per cent of all participants who have been subject to more than 10 suspensions have been First Nations peoples. This clearly points to a compliance system which is not adapted to the realities and support needs of vulnerable clients or effective at supporting them into work. The evidence overwhelmingly suggests that these levels of suspensions and compliance activity drive disengagement from and distrust in the system rather than positive engagement to address barriers and secure work.

14.142 The Committee was also appalled at the evidence from Anglicare Australia's review of DEWR data which, if accurate, indicates that more than one in five people who had their payments suspended in 2020–21 were not at fault. In light of this and other compelling evidence, the Committee holds strong concerns about the largely automated compliance system–from Robodebt to Robopenalty–which are exacerbated by system error and poor provider conduct.

14.143 Current rates of suspensions are simply unacceptable and excessive. Levels of red tape, along with an inefficient IT system, are killing productivity and driving staff out of the sector. As noted in Chapter 6, the level of staff turnover is unfeasibly high at 40 per cent per year. In addition, the constant process of vulnerable people seeking re-connection and payment reinstatement is destroying trust and wasting precious time that could be used on more productive activities. Constant fear of and the reality of payment suspensions fuel anxiety, exacerbate poverty and drive anger towards staff in both the public sector and in service providers.

14.144 Over the longer term, measures to address concerns about the compliance framework should be implemented as part of a new Shared Accountability Framework (see below). However, there remains the question of how to address at least some of these concerns in the short term while more fundamental reforms are developed and implemented.

14.145 One thing which strikes the Committee as peculiar in the application of the PBAS is that the default target of 100 points is the same for people assessed as being close

to the labour market (that is, 'job ready'), and who are typically allocated to online services and for those assessed as having more significant barriers, and who typically receive supports from a provider (save for some specified cohort or geographically based adjustments). Although in theory points targets are tailored, in reality providers have under-utilised the intended flexibility in the system and are monitored and judged in aggregate by DEWR for adjustments to points targets. It makes little sense that the default be the same for people in online and provider led services.

14.146 The Committee acknowledges the calls of some stakeholders including ACOSS to suspend all mutual obligations. The Committee does not consider this a preferred or sustainable option. However, the Committee proposes that the Government take urgent action to make changes to the PBAS and to other compliance settings in the immediate to short term, while broader reforms to mutual obligations and compliance requirements are progressed. Government should consider whether these measures should be retained as the rebuilt Commonwealth Employment Services System matures and as a Shared Accountability Framework is developed and implemented.

Recommendation 57

14.147 The Committee recommends that the Australian Government urgently implement changes to the compliance framework for employment services, proposed to include:

- **Providing case managers with frontline discretion to counsel clients regarding their obligations for the first two or three times that a person misses an appointment or commits another minor compliance breach within one year—rather than being forced to trigger demerit points and compliance action.**
- **Adjusting the period within which a person must reconnect with the system after committing a breach from 48 hours to no more than four or five business days.**
- **Amending the Points-Based Activation System (PBAS) such that:**
  - **100 points is seen as the maximum and not the default points target across all services;**
  - **the Digital Services Contact Centre (DSCC) review and consider adjustments to the points targets for clients in Workforce Australia Online who have experienced repeated suspensions or other penalties; and**
  - **for clients in Workforce Australia Services, the default points target be set at 50 points, with discretion afforded case managers to vary the points target up or down based on their professional judgement exercised in consultation with clients and that all points targets be reviewed as soon as possible after this report is tabled;**
- **Case managers and the DSSC are given additional discretionary points (*e.g.,* up to 40 points) that can be allocated each month to people who fail to meet**

their points target but who are showing commitment and are deemed to be meaningfully participating.

14.148 In addition, the Committee is concerned that mutual obligation requirements and income support arrangements may not be adapted to the circumstances of people in Northern Australia. As work and accordingly job vacancies are seasonal in this region, many people are reluctant to take up what may be short-term job opportunities for fear of being left without income support when opportunities 'dry up' (ironically during the wet season). Without available work clients may be less able to meet their mutual obligation requirements—particularly noting that all compellable participants have job search requirements and that many activities which attract points under the PBAS relate to seeking or maintaining employment.

14.149 The Committee appreciates that mutual obligation requirements can be adapted to the needs of seasonal workers and is optimistic that the practical and cultural changes proposed in this report will if implemented go at least some way to recognising and responding appropriately to the realities of seasonal work.

14.150 The Committee also welcomes the proposal in the *White Paper: Working Futures* to extend and expand eligibility for the nil rate period. However, further policy changes may be required to ensure people in regions with high levels of seasonal work are not disadvantaged. Government should monitor the impact of the extension to the nil rate period in case further changes are warranted, in particular for people impacted by seasonal changes to work.

Recommendation 58

14.151 The Committee recommends that as part the reforms contemplated by the Employment White Paper, the Australian Government:

- **monitor the impact of the proposed extension to the income support nil rate period; and**
- **review income support eligibility criteria to ensure that they adequately take account of the circumstances of people impacted by seasonal work arrangements, especially in Northern Australia and other regions required due to the dry/wet season.**

14.152 The Committee is also concerned that the framework for exempting clients from mutual obligations—both in terms of policy design and application—do not align with the lived realities of some cohorts. This is particularly the case for those in active medical treatment for drug and alcohol dependency and those with experiences of the criminal justice system.

14.153 Earlier in this report the Committee made recommendations in relation to the reinstatement of Sickness Benefit for people unable to seek work for a prolonged period due to medical incapacity. Consistent with these recommendations, the Committee considers that current policy settings for people in drug and alcohol rehabilitation programs require adjustment as a matter of urgency. Currently, a

person in a drug or alcohol treatment program—unless it is a residential treatment program—is required to prepare for and seek work in essentially the same manner as jobseekers who are not enrolled in and being treated in such programs.

14.154 Requirements to prepare for and seek work would not apply to other people receiving medical treatment for illnesses and appear to go against medical advice, common sense, and the lived experience of people genuinely seeking to overcome addiction disorders. If a person is taking steps towards rehabilitation on the basis of medical advice and/or under medical supervision (for example, attending outpatient day services after completing a residential program, or attending intensive group support such as Alcoholics Anonymous or Narcotics Anonymous), it makes little sense to require the person to prepare for or search for work. To pretend that such requirements serve as a deterrent to people abusing alcohol or drugs is to fundamentally misunderstand the nature of addiction and substance abuse disorders.

14.155 The Committee considers that people suffering from addiction but who are not genuinely seeking or engaged in medical treatment should not be eligible for exemptions. However, if a person is actively seeking and engaging in medically supervised treatment for a dependency disorder this should be able to form all or part of the person's Participation and Jobs Plan. If a person is genuinely engaged in rehabilitation or recovery activities but not under medical supervision then this may form part but not all of a person's plan.

14.156 If legislation is required to give effect to these measures, the Committee encourages the Government to introduce a bill as soon as possible to address the harm and irrationality of the current situation.

14.157 The Committee also considers that the automatic exemption for people exiting a criminal justice setting should be removed, noting that engagement with employment services is often of significant value to the process of reintegrating into the community. Ceasing to apply this automatic exemption is consistent with the proposal for a dedicated specialist service for ex-offenders as set out in Chapter 5, which would see an individual supported while in prison with supports continuing—and in some cases, increasing—following release.

14.158 The Committee also would also encourage the government to review the current exemptions framework as part of the process to rebuild the Commonwealth Employment Services System, to ensure that exemptions respond effectively to the lived realities of clients on the caseload.

Recommendation 59

14.159 The Committee recommends that the Australian Government implement the following clear default principles:

- **People suffering from substance dependency who are not genuinely seeking and engaged in medical treatment are not eligible for exemptions from mutual obligations.**

- **Where a person is actively participating in medically supervised treatment for substance dependency including rehabilitation programs and early phase recovery, this can form all or part of a person's Participation and Jobs Plan.**
- **Exemptions are no longer automatically applied to people exiting the criminal justice system and are considered only on a case-by-case basis.**

14.160 Mandatory activation requirements are a controversial element of Australia's employment services system. In policy terms, these requirements serve as both an 'availability test' (for example to confirm whether a person is in fact job seeking and not working cash or engaged in other activities), and as a means of 'nudging' jobseekers to make meaningful efforts to improve their employability and to search for, find, and keep work. The objectives of mandatory activation are pursued by imposing additional requirements on those who have not—in the system's view—made sufficient efforts to move toward employment by defined points in time.

14.161 There is overwhelming evidence that current 'default' activation requirements often have little positive impact on a jobseeker's employment prospects and can disrupt established relationships between jobseekers and providers. A common view was that the 'default' activation activities (WfD for those in Workforce Australia Services and EST for those in Workforce Australia Online) are simply not helpful or appropriate for many people and are inconsistent with an employment services system which offers genuinely tailored support.

14.162 The Committee appreciates that data collected by DEWR over many years (including via Online Services) shows that when activation occurs there is a measurable increase in reporting of income. This is consistent with international experience of 'availability tests'. The Committee concludes that activation requirements should be generally retained within a rebuilt employment services system as part of an 'availability test' for jobseekers. However, the activation framework requires significant reforms. The Committee proposes that in a rebuilt system:

- Jobseekers should have much greater choice in the activation activities in which they engage, in line with goals agreed via their Participation and Jobs Plan.
- Timing of mandatory activation points should be more flexible so they complement the client's other activities and take account of life events that may occur. Instead of a hard requirement to undertake a mandatory activity at a specified time (for example, three or six months after starting in online or provider-led services), a range be utilised. This may include implanting a requirement that activation activities be undertaken between two and five months after a person has commenced in services, so that activation can form part of a considered Participant and Jobs Plan. Randomised control trials could also be considered to determine whether there is an optimal time for activation points for various cohorts across different service streams.
- A client and their case manager should negotiate and agree on the activities in which the client will participate, a set time within which to complete the activities, and the relevant activation activity or activities. Activities and timeframes should

be set according to the jobseekers' pathway to employment, consistent with the typology of supports included in Chapter 5.

- Single 'default' activation activities should no longer be imposed. Ultimately, if a client refused to choose an activity or undertake the activity in their Participation and Jobs Plan, their case manager should be empowered to determine the mandatory activation activity that would best support them. This would be a last resort but is better than a single default mandated by Canberra.

14.163 Examples of activities that could be chosen might include ALMPs such as paid work experience, internships, and self-employment assistance, participation in State, Territory or community programs, engagement with foundation skills and other training, and participation in WfD or similar programs. The Committee considers that the majority of the activation activities which are currently authorised under Workforce Australia Online and Workforce Australia Services might be chosen, subject to the activity being appropriate to the client's needs and circumstances.

14.164 Several of these activities are discussed in Chapter 13, in the context of enhancing and consolidating active labour market and complementary programs. This includes a broader discussion of WfD and community-based programs.

14.165 For a very limited groups of people—for example, those for whom employment is not a realistic option or who are suffering genuine life crises—it may not be appropriate to impose activation requirements within the default time-period and such requirements should be deferred.

Recommendation 60

14.166 The Committee recommends that the Australian Government replace current default mandatory activation requirements with a framework of 'availability test' activities that help jobseekers progress to employment, including the following key elements:

- **Activities in which the jobseeker must participate to meet their activation requirements are mutually agreed between the jobseeker and their provider (or Employment Services Australia) for online participants).**
- **'Default' activation activities are removed, with jobseekers enabled to select from activities including community-based programs and paid work.**
- **Specific timing for activation points be removed, and replaced with a more flexible range so they work in with a person's other efforts and activities and take account of life events that may occur.**
- **Activation requirements are recorded in the jobseeker's Participation and Jobs Plan.**
- **If a client refuses to choose or do an activity then, their case manager or Employment Services Australia (for online participants) is empowered to determine the mandatory activation activity that would best support them.**

- **Employment Services Australia can exempt jobseekers from activation requirements in limited circumstances.**

14.167 In line with the Committee's high-level conclusions earlier in the report, evidence overwhelmingly leads to the conclusion that the TCF should be replaced by a Shared Accountability Framework as a more effective approach to compliance. While compliance measures are necessary, consistent with evidence received they should operate in the background of the system rather than being the first thought or tool that dominates everything else.

14.168 The new Shared Accountability Framework should be tailored to a very heterogenous caseload, respond in a proportionate manner to compliance failures— taking account of the broader impacts of financial penalties on children and families— and separate compliance from support. For too many jobseekers caught up in the cycle of payment suspensions and reconnection, non-compliance is inadvertent or reflects a genuine inability to comply. Only the small minority of jobseekers who persistently refuse to comply should be subject to stronger measures.

14.169 Consistent with the Committee's interim report, the Committee recommends a Partial Payment Withholding (a 'holdback') be implemented as a less onerous alternative to full payment suspensions. A 'holdback' would provide an intermediate measure that provides a strong incentive to re-engage with services without leaving people (and often their families) with insufficient funds to meet basic needs. 'Holdbacks' should be repaid to the participant on re-engagement. The Committee acknowledges that a 'holdback' mechanism almost certainly requires legislative change and encourages government to introduce a bill to permit such as measure as soon as possible.

14.170 The Committee is also convinced by the overwhelming evidence that responsibility for more serious sanctions such as suspensions, penalties, and cancellations must be returned to the public sector and not exercised by case managers—and especially not by outsourced providers. It is reasonable to express a principled view that the State should not contract out the power in effect to effect someone's basic survival income to a private actor.

14.171 As discussed earlier in this report, the current approach of requiring case managers to undertake excessive and onerous compliance related work not only wastes precious time, but also destroys trust. Yet trust is the critical thing needed between an often-vulnerable unemployed person and those who are paid to help them help progress into employment. International evidence also supports the view that case managers should not have the incompatible roles of both supporting participants and monitoring and enforcing compliance.

14.172 In addition, while automating compliance may be 'efficient' from the Department of Finance's point of view, it degrades the effectiveness of the entire service. Bringing compliance functions back in-house and reducing automation post-Robodebt will mean more friction and a call on public servant time. However, these demands are necessary. The current situation is self-defeating and is a major false economy.

14.173 Ultimately, the Committee considers that a Shared Accountability Framework should provide that:

- Frontline discretion is restored so that case managers can educate and counsel people for a limited number of minor or initial compliance breaches each year (whether failing to attend an appointment or meet an activity or points requirement) rather than moving into formal compliance.
- After counselling options are exhausted, a number of warnings may be recorded which could result in a partial payment withholding (holdback) until a non-compliance is remedied, noting a case manager's ongoing responsibilities to review a Participation and Jobs Plan to ensure requirements remain appropriate.
- People who accrue the maximum number of warnings by persistently failing to meet mutual obligation requirements are referred to ESA to assess and determine whether there are any barriers to participation. This process may result in:
  - reassessment and referral back to a case manager or to a new provider or support service with adjusted participation requirements;
  - a client electing to be referred back to a case manager with a warning that further breaches may result in more serious compliance measures; or
  - transfer into intensive case management by ESA with the risk of suspension, penalisation, or cancellation of payments for persistent non-compliance.

14.174 Stronger actions such as payment suspensions, penalties, or cancellations would be expected to apply only to a minority of people in intensive case management or who elected to remain with their provider while being subject to more serious compliance measures, subject to the following caveats:

- Holdbacks should be utilised instead of full payment suspensions in the initial warning phases, repaid on re-engagement.
- The time for a participant to reconnect with ESA after notification of a compliance failure should be extended (to no more than four or five business days to reduce friction).
- Enforcement decisions to fully suspend, penalise or cancel a payment should be made by a Services Australia staff member, rather than automatically by Services Australia's systems, after considering a report from a case manager.

14.175 Services Australia should exercise discretion in the impositions of sanctions and take account of the impact on children and family members and undue hardship in any decision to suspend, impose a financial penalty or cancel a payment.

14.176 The new Shared Accountability Framework and associated guidance should be developed in consultation with participants, providers, peak bodies, academic and policy experts, and other key stakeholders, ideally utilising the new Client Councils and the Employment Services Coordinating Council as recommended be established in Recommendation 3.

14.177 In addition, the Committee reaffirms its position in the interim report that Services Australia be required to provide reasonable notice of the intention to cancel a

person's income support if they have not re-engaged with their provider or DSCC within 28 days of their payment being suspended (or subject to a 'holdback').

Recommendation 61

14.178 The Committee recommends that, consistent with the Interim Report's recommendations, the Australian Government introduce legislation to provide an additional compliance tool of a Partial Payment Withholding (a 'holdback') as a less onerous alternative to full payment suspensions providing strong incentive to re-engage with services but without leaving people (and their children and families) with insufficient funds to meet basic needs. 'Holdbacks' should be repaid to the participant on re-engagement.

Recommendation 62

14.179 The Committee recommends that the Australian Government implement a new Shared Accountability Framework. This should replace the current Targeted Compliance Framework and should include the following key elements:

- **Frontline discretion is restored so that case managers can educate and counsel people regarding their obligations for a limited number of minor or initial compliance breaches each year.**
- **After counselling options are exhausted, a number of warnings be recorded which could result in a partial payment withholding (holdback) until the non-compliance is remedied.**
- **People who accrue the maximum number of warnings by persistently failing to meet mutual obligation requirements are be referred to Employment Services Australia for a capability assessment.**
- **Should there be barriers to participation or engagement, the client is referred back to their provider or offered the option to transfer to a different provider or service.**
- **If there are no barriers to participation, the client may elect to be referred back to their provider and made aware of the risk of more serious compliance measures including payment suspensions, penalties, or cancellations. Alternatively, the client would be transferred to intensive case management by Employment Services Australia.**
- **All decisions that affect income support payments must be made by a public servant in Services Australia, and not automatically by the IT system.**

Guidelines and training for staff should be developed in consultation with stakeholders and subject to periodic review by the new Client Councils and the Employment Services Coordinating Council.

14.180 While acknowledging there needs to be a compliance framework, there would also be merit in experimenting and trialling the use of incentives—rather than just

sanctions—to assess whether acknowledging genuine engagement, efforts and successes has a positive impact and results in greater participation and encouragement of jobseekers.

14.181 In line with evidence received, incentives could take the form of a modest cash payment or a contribution toward the cost of utilities or supermarket vouchers. Government could trial such measures in the short term with a view to national scaling should the measure be effective— which of course they may prove not to be. Incentives must also be subject to robust monitoring and evaluation, with guidelines developed to ensure consistency—particularly as it is proposed to give providers greater discretion to determine whether a participant has demonstrated meaningful participation.

14.182 It is important that government learn from previous incentives such as the Job Commitment Bonus and consider insights from behavioural science research and use in other public policy domains in considering the possible use of incentives. Lessons include the need to ensure awareness of incentives and ensuring the value of the incentive is at least roughly aligned with the perceived investment of time and effort for a person.

Recommendation 63

14.183 The Committee recommends that the Australian Government consider trialling incentives to enhance engagement with employment services, with a view to national scaling if an incentive proves effective in increasing engagement and successful outcomes.

14.184 Many Workforce Australia participants are subject to considerable compliance and reporting burden. Accordingly, income reporting arrangements should be simplified for Workforce Australia participants, and in particular those who are not receiving and do not anticipate receiving income for a defined period of time.

14.185 The Committee notes that regular reporting of income helps to reduce issues associated with overpayments and debts, and that there is a balance to be struck between reducing administrative burden on clients in the short term and reducing the risk that people accrue debts and encounter financial difficulties at a later time.

14.186 On balance, the Committee considers that it would be appropriate to allow an income support recipient to specify a period of time (for example, up to three months) during which they advise that thy do not expect to earn income and accordingly will not be subject to reporting requirements. This should be subject to the participant reconnecting with Services Australia at the end of that period, and to the participant reporting any income they do earn while the non-reporting period is in effect.

14.187 The Committee also considers that income reporting should be simplified for participants pursuing self-employment in the S-EA program, noting concerns that the frequency and complexity of income reporting appears to be creating significant challenges for this cohort. The Committee considers that self-employment should

remain an important part of the employment services ecosystem, and that measures should be taken to ensure that engagement with self-employment programs is not unduly onerous. Other measures to improve S-EA are discussed in Chapter 13, in the context of Active Labour Market Programs (ALMPs).

14.188 These measures should be implemented as soon as feasible, subject to timeframes around legislative, policy, and systems changes. Ensuring reporting arrangements are simple and easy be a feature of the rebuilt Commonwealth Employment Services System.

Recommendation 64

14.189 The Committee recommends that the Australian Government consider options to simplify income reporting for employment services clients, especially those who are not working and do not intend to work and those who are participating in self-employment programs, including by enabling less frequent reporting for a defined period of time.

15. Commissioning, funding and regulatory culture

This chapter details the proposed operational structure for a rebuilt Commonwealth Employment Services System, including reforms to commissioning, funding, and the regulatory culture that underpins operational management of function, such as, performance management arrangements. These reforms will be necessary to ensure that other changes to the design and delivery of employment services are effective.

The most fundamental change will be the development of a new regulatory culture and a more relational contracting model, focused on partnerships and on building quality services. This will challenge current 'black box', 'arm's length', 'hyper-competitive', and 'hard performance management' paradigms under which the employment services system has historically operated. These reforms must be progressed before a new system can be recommissioned and requires the active and practical engagement of government departments, central agencies, academics, and other key stakeholders.

Within a rebuilt system, commissioning for mainstream case management service partners and specialist service partners should continue to be undertaken centrally by the responsible department. Providers should be required to demonstrate their capacity to deliver the service and their capacity to support clients in a local area, with weight given to local connections and proven knowledge and relationships. These core services should be complemented by specialist services engaged via flexible commissioning approaches, with the reverse auction grants model used for Jobs Victoria given priority.

Noting the compelling evidence that Aboriginal Community Controlled Organisations (ACCOs) are preferred in delivering services to First Nations clients, additional ACCOs should also be commissioned as soon as possible in areas with high numbers of First Nations unemployed people. Separate commissioning arrangements will also be needed for a service for clients in the criminal justice system, as discussed in Chapter 5.

A rebuilt Commonwealth Employment Services System should include smaller regions which better reflect communities of interest and natural labour markets. Determining the number and size of regions should be both a 'top down' and 'bottom up' process, informed by consultation with State, Territory and local governments and advice from Jobs and Skills Australia (JSA). Regions must also take account of the boundaries of other services systems and administrative jurisdictions such as local governments.

Longer licenses and work orders should be considered. Approaches used in other jurisdictions (such as Belgium's '3-6-9' model) are instructive. In addition, business transmission clauses should be built into contracts, to minimise confusion for service users and reduce public costs, so that where a key service partner providing Job Coach case management services ceases operating a contract the site and other capital may be able to transfer to a new provider.

As outlined in Chapter 4, government must have a far stronger role in stewarding and providing enabling services for a rebuilt system. Government should begin work as soon as possible to strengthen Australian Public Service (APS) understanding and capacity.

Government should consider directly delivering services in some areas in the short term, possibly through establishing arrangements whereby it partners with a provider to deliver coordination and mapping services, following the model currently being tested in Broome. Direct service delivery by the Commonwealth would not be undertaken on a competitive neutrality basis or to save money, but only in a limited number of places in order to rebuild an understanding of quality service delivery and efficient pricing in the public sector.

Implementing funding arrangements that balance meaningful employment, building the capacity of clients, and financial viability for service partners is one of the most complex challenges in the design and implementation of an effective public employment service. However, while in reality there is no perfect funding models, existing funding arrangements require reform. Among other concerns, an over reliance on heavy outcome payments for individual placements are a key driver of an excessive 'work first' approach which the previous government's review intended to move away from, but which is still driven by funding and performance incentives, fuelling a transactional, depersonalised approach to service delivery.

The Committee is attracted to a mixed funding model for a rebuilt system, tailored to the needs and circumstances of clients. This should include a mix of upfront service fees; progress payments; some (reduced) outcome payments; and bespoke and other flexible funding arrangements for specialised services. A youth specialist program should include funding for Transition to Work (TtW) at a similar level, probably best complemented by a blended funding model with a mix of performance-based outcome payments but with resourcing to allow a service to support a mixed group of young people with varying intensity.

Executive government would retain decision-making authority regarding system funding. However, the new Employment Services Quality Commission (see Chapter 7) would have a role in transparently advising government on the recommended pricing of 'bundles' of services, regularly reviewed and updated to ensure prices remain efficient. Over time this could potentially build towards a more activity-based funding model.

Noting that it will take time to co-design a fit-for-purpose funding model for a rebuilt system, government should also trial alternative funding approaches to determine their impact on the quality of services and on client outcomes.

Performance management arrangements are another key contributor to the 'work first' focus of service partners. The rhetoric of 'matching people to the right job' rings hollow when measured against a performance framework which forces providers to move clients into any job as quickly as possible.

Pending broader changes to regulatory culture and the implementation of a more relational contracting model, performance management arrangements should be reviewed with the aim of simplifying the metrics used to assess performance and ensuring the framework does not focus heavily on blunt employment outcomes. Some focus on outcomes should be retained but alongside more appropriate measures that reflect the goals of the system and the reality of progress for clients. This review should

be conducted as quickly as possible, with a new performance framework in place within one year or so of the tabling of this report.

Market structure

Commissioning

15.1 Evidence was received indicating that existing procurement arrangements are expensive and complex, and favour larger and for-profit organisations over smaller scale, local, and community-based organisations which are often well placed to support vulnerable jobseekers.[1]

15.2 Workways Australia Ltd (Workways) stated that larger organisations are typically able to dedicate resources to completing tenders—up to and including hiring staff for this purpose. Smaller and not-for-profit organisations often lack this capacity. This impacts on their success in the procurement process and consequently on their market share. Workways also indicated that tender processes do not sufficiently consider the extent to which organisations are embedded in local communities, noting in the most recent procurement round many unsuccessful tenderers had been delivering services in their communities for over 20 years, while many successful tenderers had little to no community presence.[2]

15.3 Providers must also be certified against accreditation standards to be able to deliver services, including the Quality Assurance Framework (QAF) and Right Fit For Risk (RFFR). As outlined in Chapter 7, consistent evidence was that these requirements are costly and complex, and act as a significant barrier to many smaller and community-based organisations entering the provider market.[3] Further, and as outlined below, various iterations of employment services—including Workforce Australia—have relied heavily on outcome payments as a funding source for providers. These arrangements often require organisations to have substantial pre-existing capital to be able to deliver services. This has exacerbated the issue of smaller, community-based organisations with strong local networks and relationships, being unable to deliver Commonwealth-funded employment services.[4]

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1 See, for example, The Salvation Army Employment Plus (SAEP), *Submission 199*, pages 19-20; Brotherhood of St Laurence (BSL), *Submission 249*, p. 29; Professor Mark Considine, private capacity, *Committee Hansard*, 14 March 2023, p. 14.

2 Workways Australia Ltd (Workways), *Submission 239.1*, p. 3.

3 See, for example, The Business Centre, *Submission 102*, p. 14; SSI, *Submission 193*, p. 17; Workskil Australia (Workskil), *Submission 196*, p. 31; Ms Felicite Black, CEO, Women's Heath and Family Services (WHFS), *Committee Hansard*, 1 February 2023, p. 8.

4 See, for example, CoAct, *Submission 1511*, p. 8; Nirrumbuk Aboriginal Corporation (NAC), *Submission 180*, pages [4, 6]; Workways, *Submission* 239.1, p. 3. See also Organisation for Economic Co-operation and Development (OECD) (2022), *Paying for results: Contracting out employment services through outcome-based payment schemes in OECD countries*, Social, Employment and Migration Working Papers No. 267, p. 14, https://doi.org/10.1787/c6392a59-en, viewed 20 November 2023; The Policy Lab (2018), *Improving outcomes for disadvantaged jobseekers – The next generation of employment services: response to*

15.4 MAX Solutions (MAX) noted that countries such as the UK allow tenderers to make presentations to showcase their organisation, partners, understanding of local issues, and services they offer. By contrast, the tender process in Australia is based on written submissions with a cap on length.[5]

15.5 The National Employment Services Association (NESA) indicated that a longer and more considered procurement process would support a diverse pool of providers, including smaller organisations, and allow more time to design service models and explore innovative solutions. NESA highlighted the 2018 procurement for Disability Employment Services (DES), which involved an initial expression of interest to pre-qualify as a bidder, followed by a formal bid process.[6]

15.6 In addition, NESA called for more detailed negotiation in the procurement process to enable an efficient establishment of the market—including to give providers visibility over where other providers intend to establish sites.[7] NESA provided an example of a viable procurement timetable, drawn from tender processes in the UK's *New Deal* employment service scheme. This is set out in **Table 15.1** below.

Table 15.1 Example procurement timeline – UK New Deal

Month	Activity
1	Advertisement and expression of interest
2	Briefing sessions hosted, and pre-qualification questionnaires issued (PQQs)
3	PQQS assessed and provisional shortlist drawn up
4	Invitations to tender (ITT) issued to bidders
6	Provider surgery events hosted, enabling providers to speak directly to Districts Bids due in
6-8	Bid assessment, financial viability risk assessment (FVRA) and bid assessment
8-9	Final post-tender negotiations
9	Contract award notification
9-12	Post-contract support/development
12	Contract commencement

Source: NESA, *Submission 260*, p. 24.

15.7 NESA noted that the DES procurement process was similar to the approach taken in international jurisdictions, and that:

- In other countries, the initial expression of interest sometimes involves more detailed proposals and demonstrations of financial capacity to deliver, and

discussion paper, p. 4, www.apsreview.gov.au/your-ideas/ submissions/university-melbourne, viewed 20 November 2023.

5 MAX Solutions (MAX), *Submission 146*, p. 12.

6 National Employment Services Association (NESA), *Submission 260*, p. 23.

7 NESA, *Submission 260*, p. 24.

contracting authorities may consult with prospective bidders to gather information and provide additional clarity around the tender process.

- The Organisation for Economic Co-operation and Development (OECD) has stated that tenders are best managed over a longer period—ideally up to a year.[8]

15.8 In 2016, the Productivity Commission observed that effective delivery of human services in remote First Nations communities (and for First Nations peoples more generally) may require the use of different commissioning models, noting that (then) current approaches to contestability were not resulting in the provision of quality services. The commission stated:

> Redesigning arrangements for commissioning services and providers could encourage providers to improve service quality, use innovative service models, expand access so more people get the support they need, and reduce the costs to government and users who pay for those services. Introducing or expanding contestability for services that are currently not fully contestable could make it possible for a better performing service provider to expand its service offering and for a poorer provider to be replaced with a better performer.[9]

15.9 The Productivity Commission made similar observations in a follow-up report released in 2017, and made the following recommendations to enhance commissioning processes for remote First Nations communities and bolster place-based solutions:

- Increase default contract lengths to ten years—with some exceptions including for program trials—and ensure contracts contain adequate safeguards in case of failure by providers.
- Publish rolling schedules of upcoming tenders, allow sufficient time for providers to prepare considered responses, and align tender processes for related services.
- Ensure commissioning processes incorporate skills transfer and capacity building for people and organisations in communities.
- Take account of the attributes of providers that contribute to achieving outcomes for people in remote communities, including culturally appropriate services.
- Invest in better systems to underpin service provision by developing outcome measures, conducting community assessments, and establishing evaluation and feedback systems.

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8 NESA, *Submission 260*, pages 23–24. See also OECD (2022), *Paying for results: Contracting out employment services through outcome-based payment schemes in OECD countries*, p. 21.

9 Productivity Commission (2016), *Introducing Competition and Informed User Choice into Human Services: Identifying Sectors for Reform*, Preliminary Findings Report, p. 140, www.pc.gov.au/inquiries/completed/human-services/identifying-reform/report, viewed 20 November 2023.

- Adopt more regional approaches to decision-making and engagement with communities, with local staff given more authority over planning, engagement and service implementation.[10]

15.10 Some stakeholders highlighted specialised tender approaches for certain services and providers. The Victorian Government uses a reverse tender approach for Jobs Victoria Mentors, wherein tenderers detail their service model, associated costs, and outcomes to be delivered.[11] A 2019 evaluation of Jobs Victoria concluded that reverse tendering:

> … helped to achieve a diversity of approaches by providers to the delivery of employment support services, which helped to generate interventions more responsive to local needs both from the perspective of job seekers and of employers.[12]

15.11 The Department of Employment and Workplace Relations (DEWR) asserted that the potential cost reductions and flexibilities associated with reverse tendering could result in inconsistent or poor-quality services. DEWR stated that this is a particular risk in a demand-driven service where the flow of new referrals and the size of the caseload can fluctuate due to labour market changes. DEWR also further noted that when providers were permitted to compete on the basis of price in the Job Network tender, many tenders put forward pricing models under which quality services would not be financially viable.[13]

15.12 Stakeholders also indicated that procurement processes must evaluate the capacity of bidders to meet employers' needs, noting that this will require that employers are involved in co-designing tender policies.[14] Associate Professor Jo Ingold (Dr Ingold) and Mr Tony Carr asserted that policies, programs, and commissioning models should be co-designed with employers, with employers and industry associations involved 'from the start'. Dr Ingold and Mr Carr drew attention to research conducted in the UK and Denmark, stating:

> Jobcentres in Denmark [can] engage employers in a sustained way because businesses are considered within the commissioning process … By contrast, in the UK, with its weaker institutional framework, business engagement was much harder to achieve because providers were on the 'back foot' … if [employers] do

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10 Productivity Commission (2017), *Introducing Competition and Informed User Choice into Human Services: Reforms to Human Services*, Inquiry Report No. 85, p. 265, www.pc.gov.au/inquiries/ completed/human-services/reforms/report, viewed 20 November 2023.

11 Government of Victoria, *Submission 278*, p. 8. See also Ms Laura Trengove, Executive Director, Employment, Government of Victoria: Department of Jobs, Skills, Industry and Regions (DJSIR), *Committee Hansard*, 20 September 2023, pages 13–14.

12 Government of Victoria, *Submission 278*, p. 8. See also South Australian Centre for Economic Studies (2019), *Review and Evaluation: Jobs Victoria Employment Network (JVEN), Final Report*, p. iv, https://jobs.vic.gov.au/__data/assets/pdf_file/0006/496482/Jobs-Victoria-Employment-Network-Final-Evaluation-Report.pdf, viewed 20 November 2023.

13 Department of Employment and Workplace Relations (DEWR), *Submission 254*, p. 29. See also Social Enterprises Australia (SEA), *Submission 305*, pages [7-8].

14 See, for example, Dr David O'Halloran, *Submission 108*, [p. 8]; The BUSY Group Ltd (BUSY), *Submission 227*, p. 4.

> engage in programs, [they] engage on a transactional or ad hoc basis, rather in a repeated or sustained way.[15]

15.13 During its European delegation, the Committee heard that Belgium uses a '3-6-9' approach to contracting. This involves a staggered approach to contract review and renewal with around 30 per cent of the market coming up for contract renewal every three years. In effect, this leads to contracts lasting for nine years for each provider. Representatives of Belgium with whom the Committee engaged during the European delegation observed that this supports a more sustainable, open market structure.

15.14 The Brotherhood of St Laurence (BSL), Centre for Policy Development (CPD), and the University of Melbourne (UniMelb) emphasised that more relational forms of commissioning are required to create a collaboration-focused employment system that provides tailored, enabling support to jobseekers and encourages cross-sector partnerships to leverage local community effort and address barriers to employment. According to the submitters, this form of relational contracting ('collaborative commissioning') will require entirely new approaches and systems within the public sector and will require government to largely abandon or at significantly reform current instruments of competitive tendering, compliance-driven contract management, and performance payments that are used to steer the market. Relational contracting will also require a different and more flexible funding model which rewards improvement over a longer period, as well as different performance measures which capture providers' progress in bringing clients with barriers into different versions of labour market attachment.[16]

15.15 The BSL, CPD, and UniMelb also observed that, in Denmark, a relational approach to contracting is used by municipalities to harness the expertise of specialist non-government providers to support long-term unemployed (LTU) jobseekers with multiple and complex needs. The partnerships involved in this model frequently extend beyond employment services organisations and incorporate the expertise of allied health, social services, and education and training providers who all have a pivotal role to play in enabling a joined-up service response.[17] The Committee also explored the role of relational contracting in Denmark during its European delegation.

Service regions and boundaries

15.16 Workforce Australia is currently delivered in 51 employment regions across non-remote Australia (with assistance for jobseekers in remote Australia delivered via the Community Development Program (CDP)).[18] The DES program covers the same geographical area as Workforce Australia but is delivered across 111 employment services areas.[19] The second Job Network contract covered the same geographic

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15 Associate Professor Jo Ingold (Dr Ingold) and Mr Tony Carr, *Submission 216*, pages 2–3.
16 BSL, Centre for Policy Development (CPD), and UniMelb, *Submission 256*, pages 17, 23, 29.
17 BSL, CPD, and UniMelb, *Submission 256*, p. 21.
18 DEWR, *Submission 254.1*, pages [1, 6-14].
19 See Ms Robyn Shannon, Acting Deputy Secretary—Disability and Carers, Department of Social Services (DSS), *Committee Hansard*, 26 May 2023, p. 2.

area as Workforce Australia and CDP combined, with the program delivered in 137 employment service areas.[20]

15.17 Some stakeholders indicated that the number and size of the current employment regions are largely artificial, and do not reflect local labour markets. For example, yourtown noted that while Logan and South-East Brisbane are distinct communities, both are covered by the same employment region (Brisbane South-East).[21]

15.18 Jobs Australia stated that a competitive tendering process and the move to fewer employment regions—with each covering a larger geographical area—has resulted in fewer and larger providers, with a corresponding reduction in the number of mission-based not-for-profit organisations with deep connections to communities. Jobs Australia asserted that the Commonwealth should increase the number of employment regions from 51 to 110 in the next contract round to help address this issue.[22]

15.19 WISE Employment noted that employment regions under Workforce Australia do not align with Australian Bureau of Statistics (ABS) geographic regions, stating that this prevents the development of accurate, detailed pictures of local labour markets and makes it challenging for providers to tailor services to local need. WISE Employment stated that boundaries for employment regions should align with the ABS' Main Statistical Area Structure.[23]

15.20 During its delegation, the Committee heard that other countries are considering alternative approaches to defining service regions. For example, the Netherlands has been contending with framing their boundaries on the basis of economic indicators (such as labour shortages(and social indicators (such as entrenched disadvantage).

15.21 NESA indicated that the number and size of regions should be determined through co-design, stating that this should involve consideration of different market structures across various programs (for example, Workforce Australia and DES).[24]

15.22 DEWR noted that boundaries for the current 51 employment regions were designed in 2014 to reflect natural labour markets and confirmed the regions consolidated 110 non-remote employment service areas used in Job Services Australia. DEWR acknowledged that these boundaries have not been reviewed since 2014 despite significant changes in regional labour markets since that time.[25] DEWR also indicated that there may be merit in re-visiting some of the boundaries between remote areas (serviced under the CDP) and non-remote areas (serviced under Workforce Australia), stating:

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20 See Department of Employment, Workplace Relations and Small Business (2001), *Job Network Evaluation: Stage Two*, p. 69, www.dewr.gov.au/employment-services-evaluations/job-network-evaluation, viewed 20 November 2023.

21 Mr Brendan Bourke, Head of Client Services, yourtown, *Committee Hansard*, 6 June 2023, p. 17.

22 Jobs Australia, *Submission 185*, p. 10.

23 WISE Employment, *Submission 169*, pages 23-24.

24 NESA, *Submission 260*, p. 25.

25 See, for example, DEWR, *Submission* 254, p. 22.

> [I]individualised servicing is a bit of a concern with people moving between boundaries because it does require a new provider or a new employment consultant to re-establish that connection. It's not ideal. I definitely think there are certain areas of Workforce Australia that are almost islands, with CDP around them. They would be a key part to look at in [Western Australia], [the Northern Territory], Queensland, and New South Wales.[26]

Number and mix of providers

15.23 As of December 2022, there were 43 providers with licenses to deliver Workforce Australia Services. Those providers deliver services out of 1,490 sites across Australia, including 663 sites in metropolitan areas and 827 in regional areas. The market share (that is, the proportion of jobseekers each provider is contracted to assist in each employment region)[27] for for-profit entities, multinationals, and small, medium, and large entities is set out in **Table 15.1** below.[28] This compares Workforce Australia to the two previous employment services contracts.

Table 15.1 Market share of employment services providers

Employment service	For-profit entities	Multi-nationals	Small entities	Medium entities	Large entities
Job Services Australia (2009 to 2015)	37%	11%	8%	67%	25%
jobactive (2015 to 2022)	50%	27%	6%	69%	24%
Workforce Australia Services (2022 to 2025)	42%	12%	5%	71%	25%

Source: DEWR, *Submission 254*, p. 26.

15.24 Stakeholders indicated that there should be a greater diversity of providers in the employment services system, to ensure services meet the needs of an increasingly heterogenous caseload. NESA stated that diversity is an important precondition to an effective quasi-market system and can—assuming appropriate regulatory and policy settings—promote innovation and improve service quality. NESA also asserted that provider diversity should be maintained, with selection based on the demonstrated capacity to deliver program outcomes. NESA also noted that providers in outsourced

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26 Ms Edwina Spanos, Acting First Assistant Secretary—Workforce Australia for Providers, DEWR, *Committee Hansard*, 17 May 2023, p. 17.

27 While a provider, for example, in one employment region may be allocated a market share of 25 per cent in that region, there is a tolerance of 30 per cent above and below that market share in which they can operate. This means that provider with a market share of 25 per cent can be assisting between 17.5 per cent to 32.5 per cent of jobseekers.

28 Information is based on AusTender contract data at the beginning of each employment services contract. The size of an entity is determined in accordance with Australian Taxation Office (ATO) definitions: small (annual turnover between $2 million and $10 million); medium (annual turnover between $10 million and $100 million; large (annual turnover between $100 million and $250 million). See ATO, *Entity size classification,* www.ato.gov.au/About-ATO/Research-and-statistics/In-detail/Taxation-statistics/Taxation-statistics-2020-21/?anchor=Entitysize, viewed 20 November 2023.

employment services in OECD countries come from a variety of organisational backgrounds and from the for-profit and not-for-profit sector.[29]

15.25 The Salvation Army Employment Plus (SAEP) observed that the mix of providers makes a great difference to the effectiveness of the program and gives jobseekers greater control over their supports. SAEP recommended criteria for procurement include consideration of provider diversity, stating that this should be accompanied by a comprehensive description of different providers and services for jobseekers to enable informed choice.[30] SAEP views on the diversity of providers in the sector was echoed by other providers.[31]

15.26 SAEP asserted that an ideal procurement model for employment services includes the following elements:

- Tender design and evaluation methodology reviewed independently by a separate agency to the agency administering and regulating outsourced programs.
- Procurement focused on providers, with validated evidence that they can deliver government objectives—including the providers' track record in supporting LTU and disadvantaged jobseekers.
- Procurement which applies favourable weighting to track records of successful performance and continuity of service.[32]

15.27 Some stakeholders noted that for-profit entities receive a disproportionate amount of funding under Workforce Australia. For example, ACOSS noted that two-thirds of program funding is allocated to for-profit providers, and expressed concern that those providers have a business model based on cost minimisation and other commercial considerations which does not prioritise support for jobseekers.[33] This concern was echoed by several other stakeholders.[34]

15.28 The Community and Public Sector Union (CPSU) observed that the issue of market share for for-profit providers has existed since at least the jobactive contract. The CPSU drew attention to a 2021 report which found that three major providers had received 74 per cent of the $3.3 billion in tenders awarded to jobactive providers since the contract began. The two largest providers—ultimately owned by American-based multinationals—accounted for 56 per cent of all public money spent on employment services contracts since 2015.[35] These concerns were echoed by the

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29 NESA, *Submission 260*, pages 24–25. See also OECD (2022), *Paying for results: Contracting out employment services through outcome-based payment schemes in OECD countries*, p. 21.

30 SAEP, *Submission 199,* pages 17–18. Measures to enable informed choice for jobseekers are discussed in Chapter 9 in the context of assessment and onboarding.

31 See, for example, Asuria, *Submission 246*, p. 24; MatchWorks, *Submission 263*, p. 11.

32 SAEP, *Submission 199*, p. 17.

33 ACOSS, *Submission 203*, p. 4.

34 See, for example, Name Withheld, *Submission 92*, p.14; CVGT Employment (CVGT), *Submission 106*, p. 7; Name Withheld, *Submission 230*, p. [1]; Anglicare Australia, *Submission 215*, p. 4.

35 Community and Public Sector Union (CPSU), *Submission 255*, p. [7]. See also C Foote and S Tran (2021), *jobactive: The private investment firms profiting from Australia's unemployed*, p. 5, https://michaelwest.com.au/jobactive-report-who-profited-from-it/, viewed 20 November 2023.

BSL in their submission to the Productivity Commission's inquiry into user choice and contestability in human services:

> A diversity of providers is necessary to deliver choice and accountability. However present trends in commissioning threaten diversity by placing undue pressure on smaller and mid-sized community sector organisations to merge in order to compete with larger providers … [T]he creation of new human service markets, together with the preference of government for contracting to fewer, larger agencies, puts smaller organisations, especially those embedded in local communities, at a distinct disadvantage. Yet it is this embeddedness –the strength and duration of their relationships, the richness and reach of their networks— that enables them to comprehend the needs of the community they serve and harness local altruism to find solutions.[36]

15.29 The Productivity Commission itself made similar findings, stating that government should focus on the capabilities and attributes of service providers when designing arrangements for human services and selecting delivery organisations.[37]

15.30 Several stakeholders called for services to be delivered by not-for-profit entities, noting that these entities do not have the same commercial imperatives as for-profit counterparts, are connected to the communities they serve, and are better able to support disadvantaged jobseekers.[38] For example, Jobs Australia stated:

> [F]or-profits, as a matter of law and legal obligation they have with respect to their shareholders, need to maximise the return on these contracts. The directors of those companies are required under corporate law to maximise the profit under those contracts. The not-for-profit submission based organisations don't have those same pressures; obviously they've got to make more than they spend, or they go out of business, but they do not come from that position. They are in their communities to stay.[39]

15.31 By contrast, some stakeholders indicated that whether a provider is for-profit or not-for-profit is of little consequences, noting that the drivers of service quality are contract conditions and financial incentives.[40] For example, the Antipoverty Centre stated:

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36 BSL (2017), *Reforms to human services: response to the Productivity Commission*, p. 10, https://library.bsl.org.au/bsljspui/bitstream/1/9385/1/BSL_subm_Prod_Comm_Reforms_to_human_services_2017.pdf, viewed 17 November 2023.

37 Productivity Commission (2017), *Introducing Competition and Informed User Choice into Human Services: Reforms to Human Services*, p. 2.

38 See, for example, SSI, *Submission 193*, p. 8; Australian Services Union (ASU), *Submission 205*, p. [3]; BUSY, *Submission 227*, p. 4.

39 Mr Bryan McCormick, Senior Advisor–Government and Policy, Jobs Australia, *Committee Hansard*, 14 March 2023, p. 43.

40 See, for example, MAX, Submission 146, p. 11; Associate Professor Siobhan O'Sullivan, private capacity, *Committee Hansard*, 14 March 2023, p. 4.

> Whether for-profit or not-profit service providers, private organisations do not act in the interests of unemployed people. An ecosystem of supports must have the public sector at its core to provide meaningful assistance.[41]

15.32 Stakeholders also noted that while the number of individual providers in Workforce Australia is low, many providers operate across multiple employment regions, and often operate multiple sites within one geographic area. In some cases, this has led to service saturation.

15.33 For example, MAX indicated that many locations have multiple providers competing for a relatively small caseload. Larger entities in these locations often have little to no connection to local communities, while smaller entities cannot remain financially viable in this environment and often close within a few years. MAX indicated that the sector is best served by a smaller number but a more diverse range of providers with the capability to deliver the supports that vulnerable jobseekers require.[42]

15.34 VERTO observed that increasing the number of providers in regional areas limits the depth of partnerships with employers and industry and leads to poor outcomes for vulnerable jobseekers.[43] Another submitter expressed similar concerns, stating:

> Why does my town need a half dozen centres that tell people to go apply for jobs online, when it could have just one with a local jobs board, brochures for TAFE and university courses and apprenticeships and people to talk to about finding appropriate work clothes? A place for people to go as needed, where they come for the carrot, not in fear of the stick.[44]

15.35 SAEP indicated that government should consider adopting a similar model to that used in Transition to Work (TtW). SAEP explained that under this model, a single provider is registered for each 'sub-region' and services the total caseload for three or four sites. Providers in TtW do not compete for market share within a region, which permits concentration of provider resources and a single point of contact for local employers and community organisations. However, a downside of this model is that jobseekers have no choice over their provider.[45]

15.36 The Training Alliance Group (TAG) also supported adopting a model based on the arrangements in TtW, noting that the ideal model would involve providers servicing regions by postcode. According to TAG, this would help to prevent the duplication of services in the same suburb and encourage greater collaboration. TAG also indicated that a new procurement model should be supported by a performance framework that evaluates providers against performance targets for the local region rather than comparing performance between competing providers.[46]

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41 Antipoverty Centre, *Submission 276*, p. [7].
42 MAX, *Submission 146*, p. 7.
43 VERTO, *Submission 202,* [p. 14].
44 Name Withheld, *Submission 115,* [p. 1].
45 SAEP, *Submission 199*, p. 17.
46 Training Alliance Group (TAG), *Submission 195*, p. [2].

15.37 DEWR confirmed that no providers are currently licensed to deliver Workforce Australia Service in part of a region, nor are any contracted to deliver a service spanning multiple regions. All licenses are for the entire employment region for which they are issued.[47]

The role of specialist licenses

15.38 Specialist licences were introduced as part of the Workforce Australia contract on the basis of recommendations of the *I Want to Work* report, which argued that this would allow for greater responsiveness to regional caseload differences. Under Workforce Australia, specialist providers are only referred participants from their target cohort and are expected to have service strategies in place which are specifically tailored to the cohorts with whom they work.[48]

15.39 Specialist Workforce Australia Services licenses were issued to organisations that were able to demonstrate capability and appropriate strategies to deliver tailored services to specific cohorts. Target cohorts were First Nations peoples, people from culturally and linguistically diverse (CALD) backgrounds, people from refugee backgrounds, and people with experience of the justice system (ex-offenders).[49] An overview of the specialist licenses offered in Workforce Australia is included in **Table 15.2** below.

Table 15.2 Workforce Australia specialist licenses

License type	Number of providers[50]	Number of regions
Generalist	40	51
First Nations	8	14
CALD	4	10
Refugee	2	3
Ex-offender	7	12

Source: DEWR, *Submission 254*, p. 27.

15.40 DEWR acknowledged that the regions with the highest concentration of jobseekers from identified cohorts are not necessarily the regions where specialist licenses are issued. However, the generalist providers in those regions are expected to have in place servicing strategies to deliver appropriately targeted services to those cohorts. Additional specialist licenses may also be granted if there is an identified need based

47 DEWR, *Submission 254.8*, p. [5].
48 DEWR, *Submission 254*, p. 26. See also Employment Servies Expert Advisory Panel (2018), *I Want to Work: Employment Services 2020* p. 71. www.dewr.gov.au/new-employment-services-model/resources/i-want-work, viewed 20 November 2023.
49 DEWR, *Submission 254*, p. 26.
50 Providers may hold multiple license types, and accordingly may be counted multiple times in the table.

on the region's caseload composition, a suitable organisation will be available to deliver the services, and specialist services would be financially viable.[51]

15.41 Some stakeholders indicated that specialist services are often crucial to improving social and economic participation for target cohorts.[52] However, stakeholders also noted that despite good intentions, specialist licensing has not resulted in significant increases to service quality or employment outcomes. One key driver of these poor results was that specialist licenses were not granted to organisations with specialist expertise or strong community ties (for example, Aboriginal Community Controlled Organisations (ACCOs) to support First Nations jobseekers), or in areas with high numbers of jobseekers from the cohort the specialist license was designed to support. For example:

- Only generalist licenses were allocated in Dubbo, notwithstanding high numbers of First Nations jobseekers who would benefit from specialist assistance.[53]
- Only one of the 16 First Nations specialist contracts was awarded to a First Nations-led provider.[54]
- No CALD specialist licenses were allocated in several employment regions with a high number of jobseekers from CALD backgrounds.[55]
- Specialist licenses for refugee services have not been allocated in the locations where refugee communities are most highly concentrated and were not issued to settlement service providers.[56]

15.42 Sarina Russo Job Access (SRJA) indicated that financial viability can be challenging for specialist providers, as in many regions there are insufficient jobseekers from the target cohorts to enable economies of scale. This is a particular challenge given that jobseekers in those cohorts often have higher, more specific needs and accordingly may require more costly supports.[57]

15.43 yourtown stated that government should use existing data to determine the types of providers required in employment regions, asserting that there should only be one generalist provider in each location. Added to this would be a youth specialist, with First Nations and CALD specialist providers also commissioned depending on the demographic makeup of the area.[58]

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51 DEWR, *Submission 254*, p. 27.
52 See, for example, SAEP, *Submission 199*, p. 19; Settlement Council of Australia (SCoA), *Submission 211*, p. 8.
53 Joblink Plus, *Submission 157*, p. 7.
54 Minderoo Foundation Trust - Generation One, *Submission 222*, p. 4.
55 See, for example, MTC Australia (MTC), *Submission 164*, p. 9; Multicultural Australia, *Submission 182*, p. 15; SSI, *Submission 193*, p. 8.
56 See, for example, HOST International (HOST), *Submission 188*, pages 2, 5. Refugee Council of Australia (RCOA), *Submission 226*, p. 10; Ms Sandra Elhelw Wright, CEO, ScoA, *Committee Hansard*, 17 May 2023, p. 27.
57 Mr Mark Berlese, Chief Operating Officer, Sarina Russo Job Access (SRJA), *Committee Hansard*, 6 June 2023, p. 16
58 yourtown, *Submission 198*, p. 9.

15.44 Another concern was that despite the assumption that specialist providers deliver a bespoke service, differences between the services are often largely cosmetic, with funding, contract provisions, and performance management identical for generalist and specialist licenses.[59] Yilabara Solutions asserted that this creates challenges for specialist First Nations providers, stating:

> [O]ur current caseload as of today is made up of 99.8 per cent Aboriginal job seekers... Many [of our clients] may present with complex barriers. Thirty-two per cent of our clients are ex-offenders, more than double the national average. Twenty-one per cent of our clients have disability or mental health issues flagged. Twenty per cent of our clients are homeless. Ten per cent of our clients are homeless and ex-offenders. We work within the same performance quality and funding conditions as non-Indigenous organisations.[60]

15.45 Yliabara Solutions stated it is expected to place First Nations jobseekers at the same rate as other providers, notwithstanding that jobseekers on their caseload often have greater barriers to employment, and that culturally appropriate service delivery can often take more time than the delivery of more standardised supports.[61]

15.46 As outlined in Chapter 5, service providers delivering assistance to people with experience of the criminal justice system are typically expected to provide a bespoke service based on throughcare and continuity of support. However, specialist ex-offender licenses—like other specialist licenses—operate under the same contractual requirements, funding and KPIs as generalist counterparts. This can impact provider performance and viability, noting that specialist providers are often required to deliver a more tailored service to those they support, which may involve greater investment in capacity-building over the longer term and less focus on quickly placing clients in employment.[62]

15.47 During its site visits, the Committee met with several providers who held specialist licenses for a region (for all four cohorts). Those providers told the Committee that they had made efforts to meet the needs of target cohorts, including engaging staff with a similar demographic profile to the jobseekers on their caseload; conducting training to build cultural competence; and developing connections to community organisations to which jobseekers could be referred. However, providers emphasised that these efforts were made on their own initiative and were not driven by specific contractual or funding arrangements.

15.48 Some providers also noted that clients from the relevant cohort (for example, CALD clients) are frequently not referred to a specialist but are instead referred to a generalist provider in order to balance provider caseloads. DEWR acknowledged that there have been some challenges referring participants who may have been eligible

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59 See, for example, Workskil, *Submission 196*, p. 9; Minderoo Foundation Trust - Generation One, *Submission 222*, p. 3; DEWR, *Submission 254*, p. 26.

60 Mr Matthew Clarke, CEO, Yilabara Solutions, *Committee Hansard*, 26 May 2023, p. 38.

61 Mr Clarke, Yilabara Solutions, *Committee Hansard*, 26 May 2023, p. 38.

62 Workskil, *Submission 196*, p. 9.

for specialist services to the relevant providers in the earlier stages of Workforce Australia but indicated that those issues have been resolved.[63]

15.49 CALD specialist providers with which the Committee engaged noted that funding and performance management arrangements do not take account of the additional time needed to support CALD participants—particularly in cases where it necessary to engage interpreters and work through language and cultural barriers over time. The Committee heard from one provider that the time taken to assist a CALD client is effectively doubled when working with an interpreter. In addition, high administrative requirements within the system—detailed in Chapters 6 and 7—can limit the amount of time staff can spend supporting their clients. This can be a particular challenge for CALD, migrant, and refugee clients who often need additional, tailored support.

15.50 Yilabara Solutions also told the Committee that the specialist licensing model is not adapted to circumstances of First Nations communities—in particular because the model does not allow non-First Nations family members of First Nations jobseekers to be referred to a specialist provider. Yilabara Solutions stated:

> We see how many mixed families are in our communities. We are turning away mothers. We are turning away cousins. We are turning away uncles. That's because they're non-Aboriginal. We have modelled that we would probably have 300 to 400 clients that are non-Indigenous on our caseload. They are not there.[64]

15.51 DEWR stated that allowing specialist providers to service participants outside their target cohort (for examples, allowing First Nations licensees to deliver services to clients who are not a First Nations person) requires policy change with consequent system changes. These changes would require the identification of a funding source for scoping and development.[65]

The role of physical sites

15.52 The majority of supports in Workforce Australia Services are delivered via physical sites operated by the service provider, with some delivered in sites belonging to other organisations on an outreach basis.[66]

15.53 Stakeholders indicated that employment services could be enhanced via an outreach model focused on meeting jobseekers where they feel comfortable and in locations that are easy to access. For example, IntoWork noted that it operates a 'completely mobile' service in some locations, with consultants using company vehicles to meet current or potential participants in their communities. IntoWork also acknowledged that there are some challenges with this approach. For example, where a jobseeker indicates that they wish to be referred to IntoWork and IntoWork's mobile service is

63 Ms Melissa Ryan, First Assistant Secretary—Workforce Australia for Individuals, DEWR, *Committee Hansard*, 20 September 2023, p. 51.
64 Mr Clarke, Yilabara Solutions, *Committee Hansard*, 26 May 2023, p. 48.
65 DEWR, *Submission 254.8*, p. [4].
66 DEWR, *Submission 254*, p. 61.

operating in their area, they may still be referred to another provider whose bricks-and-mortar office is closer to the jobseeker's address.[67]

15.54 Youth Projects called for measures to enable youth-focused employment services to undertake outreach to disadvantaged communities. Youth Projects highlighted its Youth Holistic Outreach Program, stating:

> Because many disadvantaged, disconnected young people do not come forward seeking help, [Outreach Program] workers embed themselves in the community among young people—at community centres, youth hubs, hangouts, sport/recreation facilities—the places where young people meet, the spaces they inhabit.[68]

15.55 Jobs Victoria advocates directly approach people in a variety of settings to ask if they need support or referral to an employment service. Moreover, Jobs Victoria markets its services directly to people captured in its databases—including to connect people to employment opportunities it has identified. This outreach rarely takes place at physical sites.[69]

15.56 There can be substantial transaction costs associated with opening and closing sites both during procurement for new contracts and as part of licence renewal processes. Asuria People Services (Asuria)—one of Australia's largest providers—noted that standing up a Workforce Australia contract required a $10 million investment.[70]

15.57 Workskil Australia (Workskil) noted that during each procurement round, providers are obliged to shut down and open multiple sites within a 12-week period, which typically requires wholesale organisational restructuring. Workskil indicated that no industry should be required to meet such unrealistic and demanding timeframes.[71]

15.58 Concerns were also raised as to the time it takes DEWR to action service change requests. For example, the Nirrumbuk Aboriginal Corporation (NAC) noted that it would take nine months to hand back a Workforce Australia contract.[72] This aligns with what the Committee heard during site visits. Providers indicated that DEWR would often take significant time to approve changes to service arrangements, leading to providers being forced to send staff to locations with no clients.

15.59 The *Joint Charter – Workforce Australia* sets out the manner in which the department and providers would work collaboratively.[73] However, as NESA observed there is no operational framework to enable resolution of issues to ensure mutual accountability. NESA also highlighted that given the power imbalance between providers and DEWR as the sole purchaser of services, the Joint Charter is—at least in isolation—

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67 Mrs Nicole Mattsson, National Services Design and Integration Leader, IntoWork, *Committee Hansard*, 14 March 2023, p. 61.
68 Youth Projects, *Submission 141*, pages 9–10.
69 Ms Trengove, Jobs Victoria, *Committee Hansard*, 14 March 2023, p. 53.
70 Mr Con Kittos, Asuria, *Committee Hansard*, 26 May 2023, p. 26.
71 Workskil, *Submission 196*, p. 8.
72 Mr Joseph Grande, CEO, NAC, *Committee Hansard*, 26 May 2023, p. 40.
73 DEWR, *Submission 254*, p. 120.

an ineffective measure. NESA recommended an Operational Framework including clear mechanisms to drive collaboration between DEWR and providers.[74] This issue was also identified during site visits, with some providers calling for service standards requiring DEWR to action core deliverables and tasks.[75]

Funding arrangements

15.60 As outlined in Chapter 1, the funding model for Workforce Australia Services includes four key funding types: an upfront payment when participants commence in services; outcome payments, which are payable when a jobseeker remains in work (or rather off income support) for a set period; progress payments which reward demonstrable improvements to a participant's employment prospects; and supplementary fees for securing work for LTU jobseekers.

15.61 Separate payment arrangements apply to TtW and to complementary programs.

Outcome payments and upfront payments

15.62 A key theme in evidence was that the fee structures in Workforce Australia has too strong a focus on outcome payments, to the point that it will be difficult for a provider to remain financially viable if jobseekers on the caseload do not achieve employment outcomes within a reasonable timeframe. This is a key driver of the 'work first' approach that has historically underpinned employment services—and is not conducive to providers investing in and building the social and economic capacity of jobseekers.[76] For example, Generation Australia stated:

> [T]he current … funding structure encourages [providers] to place people quickly into the first available job. This structure does not incentivise [providers] to consider the long-term prospects of the industry they are placing the job seeker in, the job seekers' skills and interests, the employers' needs and relevant education pathways available to reskill [or] upskill.[77]

15.63 The Refugee Council of Australia (RCOA) noted that the refugee community has long asserted that current funding arrangements push new arrivals into jobs which do not enable meaningful career outcomes or economic participation. Moreover, under

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74 NESA, *Submission 260*, pages 57-58

75 House of Representatives Select Committee on Workforce Australia Employment Services, *Your Future Planning: Interim Report on ParentsNext*, p. 121.

76 See, for example, Professor Leila Green, Dr Kylie Stevenson, Dr Kelly Jaunzems, Ms Claire Hanlon and Mr Arthur Hanlon (Professor Green et al), *Submission 120,* pages [3–4]; National Foundation for Australian Women (NFAW), *Submission 135*, p. [7]; MAX, *Submission 146*, pages 7-8; CoAct, *Submission 151*, p. 7; SAEP, *Submission 199,* p. 12; Yilabara Solutions, *Submission 231*, p. 5; Dr Michael McGann, private capacity, *Committee Hansard*, 14 March 2023, p. 19. Evidence also indicated that the focus on 'work first' is driven by performance management arrangements. This is discussed below.

77 Generation Australia, *Submission 154*, p. 3.

current arrangements providers are not incentivised to support jobseekers pursuing recognition of overseas qualifications or local work experience.[78]

15.64 Yilabara Solutions indicated that current funding arrangements do not enable investment in capacity-building for First Nations peoples, stating:

> Under jobactive, 70 per cent of revenue for individual job seekers was directed to employment outcomes … [this] constrain[ed] the ability of employment service providers to deliver longer term interventions designed to address the substantial barriers that the long and very long-term unemployed face. This approach has been magnified under Workforce Australia with over 82 per cent of payments for job seekers being directed to employment outcomes and only 18 per cent being directed to engagement and development.[79]

15.65 The Committee also heard that funding structures under previous iterations of the employment services were more conducive to investing in the capacity of jobseekers. For example, MAX observed that under the Job Network and Job Services Australia, there was greater balance between outcome and service payments that encouraged investment of time and resources in jobseekers.[80]

15.66 Several stakeholders supported moving funding arrangements away from outcomes and towards higher upfront payments, to enable providers to deliver tailored services while remaining financially viable.[81] The Committee heard that such a model could be based on funding arrangements for other employment service programs, such as TtW or DES.[82] For example, Jobs Australia called for:

- a reduction in the emphasis on outcome-based payments and the reintroduction of quarterly service fees to encourage greater investment in building the capacity of jobseekers with complex barriers;
- a greater focus on progress payments; and
- the introduction of a service payment for ongoing support, such as has been part of the DES program for many years.[83]

15.67 Yilabara Solutions argued that a new funding model would be needed to underpin a new dual-stream approach to supporting jobseekers (involving work preparation and support services). Providers would receive base funding in the form of a grant representing 60 per cent of all possible funding for a jobseeker, with the remaining 40 per cent of funding contingent on the support a provider delivers.[84] VERTO

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78 RCOA, *Submission 226*, p. 8.
79 Yilabara Solutions, *Submission 231*, p. 5.
80 MAX, *Submission 146*, p. 11. See also DEWR, *Submission 254*, p. 36.
81 See, for example, National Youth Commission Australia (NYCA), Submission 166, p. [6]; Asuria, *Submission 246*, pages 23-24; MatchWorks, *Submission 263*, p. 15.
82 See, for example, CoAct, *Submission 151*, p. 7; Joblink Plus, Submission 157, p. 8.
83 Mr Bryan McCormack, Senior Advisor—Government and Policy, Jobs Australia, *Committee Hansard*, 20 September 2023, p. 16
84 Yilabara Solution, *Submission 231*, p. 19.

similarly stated that longer, performance-based contracts linked to block funding arrangements would provide a more stable operating environment for providers.[85]

15.68 SYC Ltd (SYC) indicated that higher upfront fees would reduce reliance on the Employment Fund (EF) and accordingly reduce the administrative burden associated with claiming. According to SYC, this would allow providers to invest additional time in delivery of frontline services.[86]

15.69 Among the stakeholders who supported retaining outcome-based payments, several indicated that payments should be made available for 52-week outcomes (rather than the current maximum of 26 weeks), to enable providers to deliver longer-term support and enable more sustainable employment.[87] For example, SAEP stated:

> [T]he Committee [should] consider 52-week outcome fees within the funding structure. Sustainable and secure work is a key objective for job seekers and for those who have worked through activities to build their capacity for long-term work … 26 weeks is not sufficient time to demonstrate whether the employment is sustainable and secure.[88]

15.70 Professor Jeff Borland observed that there are challenges with both payment-by-outputs (payments based on employment outcomes) and payment-by-inputs (more upfront payments) models, noting that:

- Payment by output can be effective to motivate performance when relevant output measures are aligned with the objectives the government is seeking to achieve, and if it is possible to vary payments according to the effort a provider is required to expend to achieve the same outcome for different service users.
- In employment services, payment output has been challenging. This is because outputs are often misaligned with the objective of moving participants into high quality jobs, and because classifying jobseekers into categories does not fully reflect the heterogeneity of the caseload.
- Payment by input can be desirable if output from a service is difficult to measure. However, this model creates no direct incentive to achieve the objectives for a service market and may create incentives for over-servicing of users.[89]

15.71 The Committee received mixed evidence on progress payments. For example, SAEP argued that progress fees should represent between 35 and 50 per cent of all fees payable to providers, and that fees should be adjusted according to jobseekers' barriers to reflect the necessary investment of time and resources.[90]

15.72 By contrast, CoAct suggested that progress payments be removed and replaced with more substantial ongoing funding. CoAct noted that existing progress payments are

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85 VERTO, *Submission 202*, p. [23].
86 SYC Ltd (SYC), *Submission 189*, p. 11.
87 See, for example, Workskil, Submission 196, p. 22; atWork Australia (atWork), *Submission 210*, p. 8.
88 SAEP, *Submission 199*, p. 13.
89 Professor Jeff Borland, *Submission 171,* p. 11.
90 SAEP, *Submission 199*, p. 18.

undermined by administrative complexity and inflexible compliance arrangements. Moreover, current arrangements for progress payments can leave providers with little alternative but to nominate a specific set of activities for a jobseeker that will be tied to a payment, thereby increasing prescription in the system.[91]

Blended and pathway-based funding models

15.73 Some stakeholders expressed support for a blended funding approach, combining outcome-based funding with payments based on the number of jobseekers served and the types of services delivered.[92] One stakeholder observed:

> To address the limitations of outcome-based funding models, alternative arrangements could include a mix of outcome-based, fee-for-service, and block grant funding. This would allow providers to address the diverse needs of jobseekers, including those with more significant barriers to employment.[93]

15.74 CPD asserted that the funding model should not be one-size-fits-all but should include a mix of fit-for-purpose funding mechanisms, including arrangements to support a jobseeker's journey towards employment and to enable participation in a range of activities to boost social and economic participation. Moreover, funding arrangements should incentivise collaboration between providers, engagement with employers and the community, and the sharing of lessons and examples of good practice.[94]

15.75 Stakeholders also indicated that a new payment model should better recognise the pathways to employment which jobseekers may take, as well as the various services included within the employment services system. For example, ACOSS called for a new payment model with a mix of payment arrangements:

- The 'core' employment service should have hybrid funding that combines establishment, service and outcome payments and access to an investment fund in respect of each individual assisted. Within funding stream, service payments would be increased to support an adequate number of suitably qualified frontline workers; progress payments would be abolished, and higher outcome fees would be paid in respect of people assessed with greater labour market disadvantage.
- Providers would have access to places in national paid work experience and training programs. These would offer fixed rates of funding per program place and local employment and skills networks would provide regular advice on the number and type of places required in each region.
- Professional career counselling services would be paid as fixed, per-person fees.
- Local partnership services for people with complex needs would be funded on a grants model, with funding provided to a lead agency or consortium to oversee partnerships among services. Modest outcome payments would also apply.

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91 CoAct, *Submission 151*, p. 7.
92 See, for example, CVGT, *Submission 106*, p. 9; WISE Employment, *Submission 169*, p. 9.
93 Name Withheld, *Submission 264*, p. [10].
94 Ms Annabel Brown, Deputy CEO, CPD, *Committee Hansard*, 20 September 2023, p. 2.

- A local employment and skills network (similar to the current Local Jobs Program) would be funded on through grants, with an auspicor agency funded to develop the network and then to sustain it by employing facilitators, conducting regular meetings, and sharing information.[95]

15.76 Dr Ingold and Mr Carr indicated that there would be value in adjusting the funding model for employment services to better recognise 'soft' outcomes such as increases in confidence and development of key employability skills. Funding could also recognise the 'distance travelled' towards an employment or education outcome, supported by measures of increased optimism, purpose, and self-confidence, or improvements in learning behaviour and attitudes.[96]

15.77 According to Dr Ingold and Mr Carr, incentivising soft outcomes and rewarding distance travelled could involve splitting payments between clients and providers. Dr Ingold and Mr Carr drew attention to several models in other jurisdictions which have focused on these measures, with varying levels of success:

- In the early 2000s in the UK, the StepUP program experimented with progression payments for employers and clients. Many participants moved closer to the labour market particularly as a result of increased objective employability.
- The UK Talent Match programme for young people not in employment, education, or training experimented with the measurement of hard and soft outcomes. The program led to improved wellbeing for young people.
- In Ireland, the My Journey Distance Travelled Tool measures soft skills relevant to employment, education and training and personal development. This can assist providers in initiating conversations, assessing needs and planning steps in conjunction with the service user. However, it is not a way to determine funding levels or benchmark performance.
- Estonia has a pathways model based on a workability approach combined with employer services. The intention is to work with clients so that they identify barriers and work to overcome them, ideally actively owning their employability plans. The model has demonstrated some success in reintegrating clients furthest away from the labour market.[97]

15.78 The BSL, CPD, and UniMelb stated that a range of approaches to pricing and funding should be considered to enable service delivery that is more responsive to the needs of people and communities, especially to people facing disadvantage or who have greater barriers to employment. These include:

- Contracting and pricing arrangements that incentivise a range of progressive and final outcomes and allow providers flexibility to respond to jobseeker challenges and capability.
- Sustained funding for elements of the delivery model that are outside standard service delivery but make a difference to outcomes, such as coordination and

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95 ACOSS, *Submission 203*, pages 36–37. See also BSL, CPD and UniMelb, *Submission 256*, p. 31.
96 Dr Ingold and Mr Carr, *Submission 216.1*, pages 1–2.
97 Dr Ingold and Mr Carr, *Submission 216.1*, pages 2–3.

capability-building of service providers, development of shared approaches and tools, strategic employer liaison, comprehensive and intensive case management, and service innovation.

- Accurate costing of the supports required to respond to complex cases—in terms of duration, sequencing, intensity—so that providers are incentivised to invest in personalised supports.[98]

15.79 The BSL, CPD, and UniMelb also highlighted activity-based funding —used in public hospitals—as an example of an alternative funding approach that is suited to effective, responsive service delivery. They explained that this funding model, in the health system context, is:

> … a national mechanism for funding, pricing, and performance measurement [which] uses a Nationally Efficient Price and a National Weighted Activity Unit … Funding allocation is based on forecast activity levels in specific categories … [such as] Acute or Emergency Services, with each hospital receiving the 'nationally efficient price' per unit. A standard unit equates to the resources required for a typical admission and stay at a hospital for a recognised procedure or treatment. Adjustments are made for paediatric patients, First Nations, remoteness, and complexity.[99]

15.80 The BSL, CPD, and UniMelb further explained that activity-based funding requires defining, defining, classifying, costing, and funding activities in a consistent model, with pricing controlled by an independent authority. In the context of employment services, this would involve independent national authority fixing an efficient price for agreed bundles of services, updated regularly with regional and cohort variation as appropriate. Services could be priced as a bundle, would recognise complex needs, and could span multiple services and objectives, with bundles of services provided by individual providers or by a consortium. A consortium approach would also create the incentives and conditions for collaborative responses.[100]

Funding local initiatives

15.81 The existing funding model may need to be adjusted to support local initiatives and wrap-around services to ensure that they are integrated into the national system, and to enable greater collaboration at the local level. For example, the RCOA noted that collaboration may be achieved via pooled place-based funding or by increasing the proportion of funding allocated to service fees—with a corresponding reduction in outcome-based payments.[101]

15.82 Stakeholders also told the Committee that place-based initiatives can be challenging to implement due to lack of investment and to funding arrangements which can stifle innovation. There was support for flexible funding and contracting arrangements to

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98 BSL, CPD, and UniMelb, *Submission 256*, pages 30–31.
99 BSL, CPD and UniMelb, *Submission 256*, p. 31.
100 BSL, CPD and UniMelb, *Submission 256*, pages. 31–32.
101 RCOA, *Submission 226*, p. 9

enable providers to partner with local organisations and design place-based solutions.[102]

15.83 The Enterprise and Training Company (ETC) suggested establishing community foundations in each employment region with the purpose of maintaining and administering funding for long-term local projects. These would be allocated regular government funding from the Australian Government, supplemented by community investment from services providers and from philanthropic funding. Funding from providers would involve the provider investing system-generated profits above a certain margin in the community-based foundation. An advisory board for each foundation would advise on local priorities, assess proposed programs for funding, and appropriately allocate funds.[103]

15.84 The BSL, CPD and UniMelb similarly proposed the creation of a Regional Advisory Group, connected to regional hubs, to identify and offer advice on place-based, person-centred initiatives in response to local needs and opportunities; ensure that there are partnerships and capacity building across the local services ecosystem; and strengthen connections to local industries and employers.[104]

15.85 Bamara raised concerns with the use of grants to fund community-based initiatives. Specifically, they noted that grants are temporary and once funding ceases, so does the project. This leads to a sudden loss of assistance to participants, and often a loss of valuable accumulated knowledge and experience.[105]

Performance management

15.86 As outlined in Chapter 1, the performance of providers in Workforce Australia Services is assessed during Annual License Reviews, which determine whether the provider has performed sufficiently well to warrant a license extension. Providers are assessed against the Provider Performance Framework (PPF), which focused on whether the provider has achieved employment outcomes for jobseekers; whether the provider has supported jobseekers to make progress to employment; the quality of services delivered to participants and employees, and whether the provider has complied with their contractual requirements. [106]

15.87 Providers in TtW are assessed against a similar performance framework, with some minor differences in how the framework is structured.[107]

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102 See, for example, Enterprise and Training Company (ETC), *Submission 133*, p. 3; SYC, *Submission 189*, p. 8; BUSY, *Submission 227*, p. 2.

103 ETC, *Submission 133*, pages 3–4.

104 BSL, CPD and UniMelb, *Submission 256.1*, p. 8. See also Ms Brown, CPD, *Committee Hansard*, 20 September 2023, p. 10.

105 Bamara, *Submission 214*, p. 7.

106 DEWR, *Submission 254*, pages 122–123.

107 DEWR, *Workforce Australia Guidelines – Part B Transition to Work*, pages 156-160. The performance framework for TtW measures both the quality of services for participants and the quality of services for employers. However, both measures are evaluated using a single module ('Quality of Service').

15.88 Several stakeholders indicated that performance management arrangements for employment services continue to drive a 'work first' approach.[108] The Angus Knight Group (AKG) noted that a provider can only achieve 'High' performance if they achieve a 'High' rating for the Sustained Employment module and may achieve an overall rating of 'High' if they otherwise achieve 'Moderate' ratings against the other criteria. The AKG indicated that this may encourage providers to focus on placing jobseekers into work as quickly as possible rather than building their capacity.[109]

15.89 Dr Micheal McGann similarly noted that the 'work first' approach to service delivery is driven by incentives in the funding and performance management framework, stating:

> [Providers are] just responding to incentive structures in their environment around the risk that has been shifted onto them—the fact that they have to achieve outcomes in the immediate future or their contract is potentially not going to be renewed in the next period or they're going to be subject to business reallocation. So there are a whole series of mechanisms established in the design, in the technical instruments of the market model, that aggravate this emphasis on work first as the approach. It's an approach that doesn't work with the very long-term unemployed. We know that from the comparative international research.[110]

15.90 SYC asserted that the PPF should be adjusted to focus more on building human capital, arguing that progress—rather than employment outcomes—must be rewarded.[111]

15.91 SRJA asserted that three of the modules in the PPF—that is, Quality of Services to Participants, Quality of Services to Employers, and Provider Compliance—appear to duplicate elements of QAF accreditation.[112]

15.92 Asuria indicated that 12-month license reviews are too frequent to be effective within a system which supports building human capital. Asuria called for 24- to 36-month reviews, asserting that it takes time to develop relationships with employers and other human services, and to develop a pathway to employment for jobseekers who are further from the labour market.[113]

15.93 NESA argued that existing performance management arrangements, including the focus on work outcomes and frequent license reviews, are not conducive to building the capacity of jobseekers. NESA also observed that performance management arrangements do not give providers sufficient information to enable continuous improvement. As an example, NESA noted that assessment information may note

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108 See, for example, NFAW, *Submission 135*, p. [10]; MAX, *Submission 146*, p. 7; CoAct, *Submission 151*, p. 3; SAEP, *Submission 199*, p. 12; MatchWorks, *Submission 263*, p. 13.

109 The Angus Knight Group (AKG), *Submission 208*, p. [8].

110 Dr McGann, *Committee Hansard*, 14 March 2023, p. 3.

111 SYC, *Submission 189*, p. 13.

112 SRJA, *Submission 145*, p. 19.

113 Asuria, *Submission 246*, p. 34.

that a proportion of records must be brought up to standard but will not provide unit data as to why the records were assessed as unacceptable.[114]

15.94 NESA called for the performance framework to be subject to an independent, expert review, to assess whether it is appropriate in the context of a program which aims to build human capacity. In addition, NESA recommended that licensing arrangements be amended to better align with a human capability model.[115]

15.95 Dr Ingold and Mr Carr indicated that performance management has historically focused on perceptions of candidates' level of work readiness, stating that this is 'a very supply-sided'. Dr Ingold and Mr Carr argued that what is needed are genuine measures of employer satisfaction, and suggested the following measures:

- A composite measure of employer engagement based on latent class analysis and involving measures of participation in programs and HR-related services.
- Measurement of employer participation, retention, and repeat business, based on measures used in the US. They indicated that a less 'blunt' approach might be preferred in the Australian context, noting high levels of churn in the employment services system.[116]

15.96 Dr Ann Nevile suggested a range of measures which might be considered in evaluating levels of employer engagement. For example:

- The number of provider staff responsible for employer engagement.
- Whether a provider has an employer engagement strategy, and whether the strategy contains:
  - measurable and time-bound targets;
  - the sequence of steps the organisation will take to realise these targets; and
  - quarterly review processes to identify emerging constraints, additional actions, and any other necessary adjustments.
- Evidence of repeat business, including:
  - numbers of employers returning to the provider after initial engagement; and
  - evidence of new business generated as a result of the organisation's employer engagement strategy.
- Employer satisfaction surveys, including:
  - the extent to which the provider understands the employer's requirements.
  - the suitability of applicants referred to the employer by the provider; and
  - the level of administrative burden associated with engaging with the provider.[117]

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114 NESA, *Submission 260*, pages 27, 56.
115 NESA, *Submission 260*, p. 9.
116 Dr Ingold and Mr Carr, *Submission 216*, p. 8.
117 Dr Ann Nevile, *Submission 136*, p. 13. See also CVGT, *Submission 106*, p. 24

Committee comment

15.97 In Chapters 4 to 14 of this report, the Committee made recommendations to improve design and delivery of employment services in Australia with a rebuilt Commonwealth Employment Services System and a framework for the delivery of services focused on pathways to social and economic participation. To be effective, these reforms will need to be supported by fundamentally different, fit-for-purpose commissioning, funding, and performance management arrangements.

15.98 Commissioning arrangements for rebuilt system must encourage a diversity of providers with the capacity to support an increasingly heterogenous caseload. Current commissioning arrangements have created unreasonable barriers to entry for smaller and community-based organisations, compounded by complex and burdensome accreditation and assurance arrangements (including IT). This has led to a situation where many services are delivered by large providers with little community presence, compounded by perverse levels of provider turnover and staff turnover. If a person steps back and takes stock of the system in its entirety it really is bizarre the place that Australia has ended up in.

15.99 As outlined in Chapter 5, the core service model for a rebuilt Commonwealth Employment Services System is proposed to include:

- A stronger public sector core, including a national digital-hybrid service for those closest to the labour market; Employment Services Australia (ESA) and its regional hubs providing enabling and stewardship functions; and some case management capacity for people furthest from the labour market who have not succeeded in or are not ready for provider services, in thin markets or where warranted to rebuild sector capability and experience.
- Contracted service partners providing generalist and specialist case management services in a far less competitive, more collaborative model with smaller regions and stronger local connections, differentiated by an individual's needs and proximity to the labour market and complemented by a similar model specialist youth service. Most jobseekers would likely be supported via this network of partners.
- A richer ecosystem of labour market participation options via social enterprises, complementary local or cohort programs and supports—funded via regional and national reverse auction grants according to outcomes and subject to rigorous evaluation.
- Active labour market and complementary programs—funded and available nationally—including an employer support service, wage and training subsidies, and other programs.

15.100 The Committee has not had the data, analytical resources, or capacity to make fully detailed findings and recommendations regarding the optimal commissioning and funding model. However, the series of findings and recommendations presented in this chapter should be the basis for further work by DEWR and central agencies to design a future system.

15.101 **The most fundamental change required however will be the development of a new regulatory culture and a more relational contracting model, focused on partnerships and building quality services**. This will challenge the existing 'black box', 'arm's length', 'hyper-competitive', and 'hard performance management' paradigms under which the employment services system has historically operated to one of achieving common goals. In essence, this is a mindset and cultural shift from contracting services out, to contracting service partners in.

15.102 With regard to the system's regulatory culture, the Committee agrees with expert academic evidence that compliance-driven regulatory models which remain prevalent in quasi-markets and service systems like Workforce Australia have proven to be unhelpfully costly and defensive. By contrast, models such as those found in occupational health systems involve an inspectorate which is empowered to help firms improve and is encouraged to identify and share lessons and examples of good practice to enable continuous improvement. Generally, such models will subject certain core issues to harder or more prescriptive regulation and leave most other operational issues in the 'learn to improve' category where inspectors work with managers to improve quality and get better outcomes. This model promotes transparency and specifically allows agreement to adapt rules and operating expectations to improve performance.

15.103 The Committee's recommendations concerning a continuous learning and improvement function and a new Employment Services Quality Commission will go some way to rebuilding a system focused on collaboration and service improvement rather than on competition. However, building such a system will also require DEWR to shift the commissioning, procurement, and performance management culture. This will require changes to language, policies, and practices in relation to regulation, as well as adjustments to the and ownership and understanding of key policy and program matters by relevant departments, central agencies, and engagement with the Australian National Audit Office (ANAO). It will also require a shift from rigid, 'closed box' tenders to a more collaborative honest, transparent, and efficient procurement approach.

15.104 There is significant theory and practice that can be drawn on regarding relational contracting—some of which was touched on in evidence. The core feature of this approach involves greater effort to leverage shared norms and long-term relationships to improve performance. A rebuilt system must still maintain integrity but build better relationships with providers, rather than relying on rigid beauty parades to get a contract (which often reward organisations who can write the perfect tender document rather than those who are best placed to deliver services), imposing tough performance management requirements, and ultimately subjecting service partners to a Darwinian model of survival of the fittest.

15.105 There is a lot of research about these issues in the private sector. Long term suppliers often work without a contract. For example, McDonalds uses Coca Cola as its exclusive supplier but has no contract. The two companies simply agree to plan together and meet agreed expectations. While it would not be appropriate for the Australia Public Service (APS) to run without contracts, the Committee encourages the public sector to explore long term supply arrangements and more 'open book'

partnering. This could involve a two-part agreement. First, the common objectives and agreed manner of working together (potentially including co-governance, 'open book' accounting, and shared interests) could be determined. Secondly, the service offer and prices could be agreed. Ultimately, procurement and contracting should involve no more 'black boxes' and no more secret sauces.

15.106 The Committee acknowledges that such a shift in procurement and contracting is a significant change and that public sector norms of integrity, probity, and accountability, and fair treatment of all parties must be preserved. A 'relational contracting' model should not be understood as suggesting a drift into informality given the need for fair competition and the prevention of corruption.

15.107 Building a new regulatory culture and relational contracting model is a critical and separate piece of reform work that needs to be done before a system can be recommissioned or it will fail. This work must involve government departments, central agencies, academics and potentially with insights from the ANAO.

Recommendation 65

15.108 The Committee recommends that the Australian Government develop over the next nine to 12 months a new model for regulatory culture and relational contracting for a rebuilt Commonwealth Employment Services System and articulate this before new approaches to commissioning are trialled or determined. This should occur as a collaboration between departments, central agencies and expert academics supported by insights from the Australian National Audit Office and practices in other jurisdictions and the private sector.

15.109 In a rebuilt system, procurement for mainstream case management service partners (generalist and specialist) and specialist youth service partners should continue to be undertaken centrally by the DEWR (procurement risk cannot be shifted to the regional level) but with key changes. Providers should be required to demonstrate their capacity to deliver the service and their capacity to support jobseekers in their local area. Weight should be given to existing local connections and proven knowledge and relationships rather than abstract claims of future performance and cleverly written tenders of equal word length. This would entail greater focus on local connections and on the organisation's ability to deliver services which are tailored to the needs, circumstances, and backgrounds of jobseekers in the region. Measures should also be implemented to simplify tender processes to provide equity of access for smaller organisations.

15.110 As outlined in earlier chapters, the Committee has concluded that the level and nature of competition in the system is excessive and counterproductive, resulting in high levels of service saturation, fragmentation, and duplication. In some areas, be they regional towns or disadvantaged suburban centres, it seems there is a provider operating on every block. This is despite those providers in reality delivering largely the same service with little innovation or variation in offering or performance. Coupled with the myriad of Disability Employment Services (DES) providers it is a patently

ridiculous situation. Five ice cream shops all selling the same vanilla ice-cream, lined up side by side, while the government studiously manages market share so everyone gets a lick.

15.111 The problems arising from excessive competition have plagued every iteration of the quasi-market system for decades. The promised benefits of choice and contestability have never been realised, despite this issue being raised in every major previous review. Successive governments of all persuasions have only ever made tweaks to the system and experimented with band-aid and sticky-tape responses. While payment incentives, facilitators, and regional coordination mechanisms can result in minor improvements to the system, they simply cannot overcome the fundamental problem of excessive competition and fail to respond to the significant current and historic problems associated with regulation, commissioning, funding, and performance management.

15.112 The Committee considers it past time that fundamental issues in the system are addressed, and therefore agrees with the many submitters that the number of generalist case management providers and youth specialist providers should be generally limited to one per place, in line with the ‘default’ commissioning approach currently used for TtW. This may (and usually would be expected to) involve having more than one provider per region.

15.113 The core mainstream case management and youth service in each place would be complemented by specialist case management services as appropriate, subject to factors such as caseload demographics and community needs. The Committee shares the concerns of stakeholders that—despite being well intentioned the implementation of specialist licensing has not been effective. Rather than specialist licenses, specialist service partners with cohort expertise and strong community ties such as ACCOs should be engaged to deliver bespoke supports.

15.114 Generally, it would be expected that there would be a specialist service partners available in each region where there are reasonably sized First Nations, CALD, or ex-offender cohorts. Over time, if DES is integrated in some way, then specialist disability service partners would be needed. Rather than keeping every licence or service contract within a region, a single organisation could be commissioned to work across multiple areas or regions in a flexible way. For example, a CALD specialist could operate across a number of regions with smaller CALD caseloads, using a mix of physical sites and outreach ‘fly-in, fly-out’ servicing. CALD specialist providers would be the default partner to work with the humanitarian settlement program and there may be value in positively weighting bids by humanitarian settlement providers to also provide CALD employment services. Of course, where a specialist provider is not justified or possible, providers should possess a sufficient level of cultural competency and skill to respond to different cohorts within the mainstream service.

15.115 Noting concerns about the impact of contestability on service provision for First Nations clients and in remote communities, the Committee also reiterates that specialist service partners should be engaged via flexible commissioning approaches which recognise the increased cost of service delivery for clients with multiple and

intersectional barriers, and the importance of ensuring that there is always a ‘provider of last resort’ in the case of market failure.

15.116 The Committee also accepts the strong evidence set out in this and other chapters, as well as the impression gained through numerous site visits, that ACCOs are to be preferred as the service delivery organisation for First Nations jobseekers. Enabling First Nations jobseekers to be supported by First Nations-led organisations is consistent with government’s efforts under the Closing the Gap reform process and aligns with previously settled understandings of First Nations peoples’ right to self-determination and the view that policies and programs which impact First Nations peoples should be culturally appropriate and community led. ACCOs should be recommissioned as soon as possible in areas with a high number of First Nations jobseekers.

15.117 With regard to the number and size of employment regions in Workforce Australia the Committee concludes that they are currently simply too large. This view has been tested extensively with stakeholders and there is broad agreement that the large size of the regions has been driven by a flawed theory of competition and ease of Commonwealth procurement rather than reflecting coherent or more natural regional labour markets. The system has assumed that it is necessary to ensure high levels of competition and choice in every place, which means large regions so caseloads are large enough to maximise service efficiency and ensure providers’ viability.

15.118 A future system should be rebuilt based on smaller regions that better reflect communities of interest and labour markets, with the tender process adapted to the service typology proposed in this report. This should support smaller and community-driven organisations that bring social capital and local expertise back into the system over time. The size of the existing regions has also encouraged the proliferation of larger service providers with little to no local presence, at the expense of smaller organisations with deep connections to their communities.

15.119 Determining the number and size of employment regions should be both a ‘top down’ and ‘bottom up’ process, informed by consultation with State, Territory, and local governments and by advice from Jobs and Skills Australia (JSA) on local labour markets. It should also take into account of the boundaries imposed under other services such as DES and the CDP. The more that boundaries can be aligned across service systems (especially with DES) the better.

15.120 Separate arrangements will be needed for a service for jobseekers in the criminal justice system as discussed in Chapter 5. This will require engagement with States and Territories, including on a specific commissioning process for that service once redesigned.

15.121 As part of a fundamentally different regulatory and market culture and a more relational approach to contracting, longer licenses for providers should be considered. The Committee was attracted to Belgium’s ‘3-6-9’ approach of nine-year contracts with three-year renewals, subject to satisfactory performance, and 3-yearly tender rounds so that no more than one third of the market is up for tender at any

one point in time. This is consistent with a model that focuses on improving providers' performance and encouraging providers to build strong community connections.

15.122 The Committee also considers that in a less competitive model, business transmission clauses should be utilised in contracts. These are commonly used in State, Territory, and local government service contracts. When a contractor responsible for public amenities and services such as parks and gardens, garbage or public transport leaves an area or a market then offices, equipment, and facilities (and possibly staff or options on staff) transfer to the area's new provider. The current approach in employment services is peculiar as ultimately the taxpayer pays for fit-outs, new IT, staff terminations, and staff recruitment (among other matters). Citizens and employers get confused when services regularly disappear and reappear up the road in different shops with different logos.

15.123 The Committee acknowledges the evidence that there is nowadays little difference in performance outcomes for for-profit and not-for-profit providers. Poor and positive service quality and a heavy focus on outcomes are displayed broadly across both for-profit and not-for-profit entities. Moreover, academic work over many years has shown increasing convergence across provider types, driven by funding and performance management arrangements. There is nevertheless a clear need to allow local not-for-profits back into the sector, and evidence suggests that encouraging a diversity of providers—including for the generalist case management service—is desirable when all providers operate in a shared model of performance and ethical service delivery. This should be enabled by the changes to tender processes outlined above.

15.124 The 'reverse tender' approach used by Jobs Victoria allows organisations greater freedom to bid based on the services they will deliver and outcomes to be achieved, rather than requiring those organisations to conform to prescriptive service deliver models designed by government. The Committee proposes that a 'reverse auction grants' approach be used as outlined earlier at a regional level, and with a national fund to support local and social enterprises, programs, services, and projects which can plug into the Commonwealth system but without the scale or formality of larger case management services.

15.125 Funding should be allocated through these pools based on the quality of the supports and outcomes proposed to avoid the kind of 'race to the bottom' on price which has negatively impacted procurement in other human services. This will require careful design of the process so the impact costs are clear, keeping the lens of paying what it takes for the hardest cohorts and using that flexibility for greatest outcomes, so as not to incentivise bidders to only target the easiest, cheapest to help people.

15.126 Reverse auction grants for these sorts of local services allows an efficient price to be established more regularly for outcomes and supports, which will vary significantly by location, cohort and with labour market cycles. It would not be necessary to allocate all funds in every round either like a traditional grants round. A regional fund could be seen as a tool for the region to draw on including partnering and leveraging State, Territory, local or philanthropic contributions especially in disadvantaged areas.

Recommendation 66

15.127 The Committee recommends that the commissioning model for a rebuilt Commonwealth Employment Services System includes the following elements:

- **A review of employment regional boundaries leading to a substantial increase the number of regions to better reflect natural labour markets and communities of interest, aligned as much as possible with Disability Employment Services and the Community Development Program. This should include mechanisms for periodic review.**
- **Service partners engaged as follows:**
  - **for the generalist case management service, one partner per location, acknowledging that this may mean more than one partner per region;**
  - **for the youth specialist service, one partner per location, acknowledging that this may mean more than one partner per region; and**
  - **specialists commissioned to support target cohorts with priority on people from culturally and linguistically diverse backgrounds, people with disability, ex-offenders, and First Nations peoples, some of which may operate across more than one region utilising flexible servicing models.**
- **Procurement for generalist and youth case management services and specialist service partners continue to be undertaken centrally but adjusted to include:**
  - **a simplified tender process, to reduce barriers to entry for smaller and community-based organisations;**
  - **a requirement for providers to demonstrate capacity to deliver targeted services to participants in their employment region; and**
  - **priority for service partners which are able to demonstrate strong local and community connections and a proven track record in place.**
- **Consider longer license terms for all providers, using Belgium's approach which involves nine-year contracts with three-year renewals, with staggered re-tendering so that only one third of the provider market is subject to review at any one time.**

Recommendation 67

15.128 The Committee recommends that the Australian Government include efficient business transmission mechanisms into contracts for employment services. These should provide for:

- **increased use of government assets in the delivery of assistance; and**
- **the transfer of facilities, assets, and equipment (and potentially staff options) when a provider is replaced in a location.**

Recommendation 68

15.129 The Committee recommends that as a priority, even before a new commissioning model is fully developed and implemented, the Australian Government prioritise the recommissioning of First Nations specialist services in areas with high populations of First Nations jobseekers and jobseekers from culturally and linguistically diverse backgrounds. Priority should be given to commissioning Aboriginal Community Controlled Organisations.

15.130 In its interim report on ParentsNext, the Committee recommended that the Australian Government seriously consider having a public sector agency deliver services in some employment regions. The Committee emphasised that this would not be done on a competitive neutrality basis or to save money. Rather, the proposal was made on the basis of an identified need to re-develop direct experience of service delivery to inform policy development, evaluation, and public stewardship—in short, to begin to rebuild a public core to the employment services sector.

15.131 The additional evidence the Committee has considered since tabling its interim report has only strengthened its view that government must have a far stronger role in the employment services sector, including in the direct delivery of services to clients. After more than two decades of a of outsourced employment services, the Australian public sector now has little corporate memory or experience of the complexities of service delivery. The Committee was particularly shocked to discover early in the inquiry that DEWR—the department with primary responsibility for policy and program design and implementation—does not have a clear view on what constitutes a 'good' service delivery model.

15.132 Elsewhere in this report (particularly Chapters 4 and 7) of this report, the Committee has outlined a series of measures to substantially increase the role of government in the employment services sector—both in the delivery of services and as an active steward. Key recommendations include the creation of two entities—ESA and an Employment Services Quality Commission. ESA would be responsible for core enabling functions within a rebuilt Commonwealth Employment Services System and would act as a provider of last resort for certain cohorts and in thin markets. Among the functions of the Quality Commission would be advising government on pricing for high quality services, commissioning, and payment models, and facilitating research, evaluation, and continuous learning and improvement.

15.133 The Committee is optimistic that the proposed measures should—if implemented—be effective in boosting the capability of the public sector and ensuring that, over the long term, the employment services sector has a robust public core. It is critical that government begin this capacity-building work as soon as possible to ensure that it has a strong understanding of and the capacity to deliver high-quality services by the time the rebuilt employment services system reaches maturity.

15.134 The Commonwealth should consider taking over the delivery of services in certain areas in the relatively short term. This may include directly delivering services in the Australian Capital Territory on a trial basis after current contracts with providers

expire and while broader reforms to the employment services system are progressed.

15.135 It is emphasised that service delivery by the Commonwealth would not be undertaken on a competitive neutrality basis, nor to save money—especially noting concerns about current under-investment in employment services outlined in Chapter 2. Rather, public provision of services is intended to rebuild an understanding of quality service delivery and efficient pricing to inform policy and program design and development, and to help embed a culture of continuous learning and improvement.

15.136 Taking over delivery of employment services in a small number of places such as the Capital region may, at least in the early stages, require government partnering with an existing provider.

15.137 In addition, the Committee welcomes new arrangements in Broome whereby the Commonwealth is partnering with a First Nations provider. As outlined in Chapter 4, these arrangements will involve APS personnel engaging and advocating locally to improve coordination across the employment and human services ecosystem, helping to establish more streamlined pathways for clients to address barriers to employment, and supporting the new First Nations provider to build capacity.

15.138 The role of the Commonwealth in Broome resembles and may be instructive for (but is by no means identical to) the role that the Committee envisages for the ESA Regional Hubs (see Chapter 4)—particularly their role in mapping and coordination supports within local service systems. As such, the Committee considers that the Australian Government should establish additional arrangements, focused on locations (for example, partnering with one or more providers in regional or remote areas) and cohorts (for example, supporting one or more organisations that deliver services to people from CALD backgrounds or to First Nations peoples).

15.139 In the Committee's view, such arrangements would be instrumental in rebuilding the Commonwealth's understanding of and capacity for service delivery, and particularly how service delivery must adapt to the needs of different places and cohorts. These arrangements should also inform the policy settings and program design for the proposed regional hubs and associated services.

Recommendation 69

15.140 The Committee recommends that the Australian Government implement trial arrangements to rebuild public sector understanding of and capacity to deliver high-quality services while broader reforms to the employment services system are progressed. These should include:

- **consideration of the Commonwealth taking over the direct delivery of employment services in a small number of places, suggested to include the Australian Capital Territory; and**

- **implementing arrangements whereby the Commonwealth partners with a service provider in target regions and for target cohorts, including to provide coordination and mapping supports and some direct delivery of services.**

15.141 Implementing efficient funding arrangements that balance meaningful employment, building the capacity of jobseekers, and financial viability for providers is one of the most complex challenges in the design and implementation of a truly effective public employment service. This is not merely a challenge for Australia. The Committee's engagement with other OECD countries indicated that most if not all countries with employment service systems are grappling with this challenge.

15.142 All elements of funding need to be reconsidered in a rebuilt system, including the quantum of overall funding, the proportion of funding spent on the operating core of the system, the proportion spent on active and complementary labour market programs, and the methods of allocation including the extent of reliance on outcome payments for individual job placements. As outlined in paragraph 2.94 of Chapter 2 of this report, there are significant inherent costs in operating a quasi-market which need to be explicitly examined, quantified, and monitored and reported on an ongoing basis.

15.143 With regard and the overall quantum of funding provided for outsourced providers the Committee has not been able to identify any rational basis for the funding levels in recent contracting rounds. Like its predecessor, Workforce Australia appears to have been driven by random funding envelopes based on history and disconnected from a coherent view as to what a quality service model is, the workforce which is needed and the costs required to achieve optimal outcomes. That funding for employment services is not driven by evidence of what constitutes a quality service and how much that service costs is frankly bizarre and perplexing to the Committee. Such an approach would not be tolerated in other human service sectors such as health, education, childcare and aged care and should not be allowed to continue in employment services. Accordingly, the Committee has made recommendations in Chapter 4 to establish an Employment Services Quality Commission and to significantly enhance the role of government in active stewardship.

15.144 The Committee endorses the analysis above and in Chapter 2 that shows a strong correlation between well-targeted expenditure on employment services and labour market participation for participants and encourages the government to favourably consider well targeted and designed funding boosts to address long-term unemployment as an investment.

15.145 With regard to the commissioning of service providers, the narrow focus on employment outcomes and the heavy reliance on outcome payments appeared reasonably effective at helping the easier to place jobseekers in previous contracts. However, these job ready clients are now expected to be supported in digital or hybrid services. Moreover, the current and historic funding model has clearly not been effective to help the most disadvantaged (who are the bulk of the caseload with outsourced providers now) or to drive down long-term unemployment (which has remained stubbornly high despite a very strong labour market).

15.146 Fixing prices in advance for multiple years with a heavy reliance on outcome payments also means that at every point in a contracting cycle the government is almost certainly either overpaying or underpaying for an outcome and hoping that this will simply 'balance out'. The advice and experience of other jurisdictions indicates that a fixed pricing model leads to providers exploiting the system for profit when economic conditions are good (as a provider is able to spend less to achieve an outcome). By contrast, when economic conditions are soft, a fixed pricing model means that providers may not be able to secure the necessary funding to deliver a high-quality service to achieve outcomes for clients. The OECD advised the Committee that the extent of reliance on outcome payments for contracted service partners is a policy choice and that other jurisdictions utilise different mixes of funding instruments.

15.147 The Committee considers that in a rebuilt employment services system based on the principles in this report (including embedding a more relational contracting model) alternative approaches to funding and setting prices will be required. Over reliance on individual outcome payments is a blunt instrument that fuels work first and inappropriate behaviours and locks out smaller, local, and not-for-profit partners who cannot meet the significant upfront costs associated with services delivery. It is impossible to expect major changes in the system without tackling the funding model, as it is funding that is the most significant driver of provider behaviour—regardless of other policy objectives or administrative settings.

15.148 The Committee is attracted to a more blended funding model which would give contracted service partners greater upfront funding through service fees (recognising essential *inputs* of time and effort) as well as recognise milestones (recognising *outputs* such as completion of relevant training or activities). This is consistent with a more tailored service that focuses on building human capital and capacity for employment with disadvantaged people rather than moving every person into any job as rapidly as possible (noting that a 'work first' approach will be appropriate for and the preference of some jobseekers). Broadly the funding elements proposed by the BSL, CPD and the University of Melbourne should be considered as part of a shift to relational contracting and a higher quality system. These include:

- Funding for an overall package of KPIs—including job outcomes—co-designed between providers and government;
- A funding model that incentivises delivery of bridging and demand-side activities and stronger connections with employers and community;
- Funding largely de-coupled from work outcomes, enabling providers to focus on a range of outcome measures that facilitate long-term economic security and wellbeing;
- Ensuring capacity for workforce capability building, coordination and collaboration between local services and supports and shared learning; and
- Lower compliance burden, meaning providers can focus on supporting people rather than chasing payments and engage in conversations about service quality.

15.149 Ultimately the policy department with primary responsibility for employment services (currently DEWR) and executive government would retain decision-making regarding system funding. However, the new Employment Services Quality Commission (recommended in Chapter 7) would have a role in transparently advising government on the recommended pricing of 'bundles' of services, regularly reviewed and updated to ensure prices remain efficient.

15.150 Outcome payments for successful job placements should continue to play a part in the funding model to help focus efforts. However, the proportion of funding claimable for narrow jobseeker outcomes should be substantially reduced. At present, it is difficult to see why outcome-based funding should exceed 50 per cent of provider payments under a blended funding model. However, the Committee acknowledges that the exact quantum of funding will need to be determined through a process of co-design and experimentation. Consideration could also be given to linking some payments to the overall performance of a service partner, rather than linking payments to individual job outcomes. Over time, it may also be possible to move towards a more transparent Activity-Based Funding Model with some parallels to the health system. However, the Committee is not convinced at this time that this proposal would be feasible given the paucity of data, the enormous heterogeneity of the caseload and the dynamic nature of labour markets.

15.151 In principle, it seems sensible that outcome-based payments continue to vary to some degree with a person's level of disadvantage and distance from the labour market. Minor adjustments to outcome-based payments could also be made depending on the quality of the job obtained—although the Committee acknowledges that this may be too complex in practice. Similarly, while the Committee is attracted to the idea of making some allowance for a longer-term outcomes payment–say 52 weeks–as some other programs and jurisdictions do, there is a legitimate concern that this may lead to unwanted engagement with a jobseeker once they start in a new role and should only be considered if it can be automated via access to Single Touch Payroll (STP).

15.152 Better funding models should also allow more room for experimentation and could, for example, trial rewarding progress toward employment and increased social and economic participation with modest payments against key milestones achieved by the client in line with their Participation and Jobs Plan. Noting that jobseekers may achieve multiple milestones within a short period of time, there would also be value in increasing the frequency at which progress payments can be claimed (currently every 24 months), and setting different payment amounts for different milestones. This would need to be subject to careful co-design to avoid perverse incentives or unnecessary complexity.

15.153 For the other services that the Committee has recommended form part of the system, such as wrap-around and place-based services, the Committee is attracted to a mix of funding approaches, including funding pools and grants. For example, there may be merit in sharing outcome funding with other services such as social enterprise, especially if the service has an active role in building a jobseeker's skills and capacity and connecting them with employment. Funding for social enterprise must also be

designed with the sector. Fee-for-service arrangements are also proposed in relation to the new careers service outlined in Chapter 11.

15.154 Ultimately, for people supported by case managers in contracted service partner, the Committee is attracted to a mixed funding approach. The model would include funding tailored to the needs and circumstances of the jobseeker, as follows:

- Upfront service fees, with the amount varying depending on the needs of the jobseeker and the cost of delivering the assistance.
- Progress payments for the achievement of both vocational and non-vocational milestones along a pathway to employment.
- Some outcome-based payments, with the ratio of outcome-based to upfront payments reduced relative to the current model.
- Bespoke grant and other flexible funding arrangements for specialised services such as paid work experience and engagement with social enterprises and complementary community-based programs.
- Subsequent prohibition on service partners accessing the EF for their own purposes as core services should be provided by the core system.

15.155 Additional loading should be considered for target cohorts, for example migrant and refugee jobseekers where an interpreter is needed and jobseekers with disability.

15.156 Noting that it will take time to co-design a fit-for-purpose funding model for reformed employment services, the Committee encourages government to trial and evaluate alternative funding approaches to determine their impact on the quality of services and on jobseeker outcomes. This is consistent with an approach of experimentation and learning that should permeate the culture of a rebuilt system. Evaluations should inform a final model for a reformed system.

15.157 The Committee has not had the analytical resources or data to form definitive views on the blended funding models that should the subject of experimentation while the final funding model for a rebuilt Commonwealth Employment Services System is developed. Accordingly, the Committee leaves this matter to co-design.

15.158 The Committee acknowledges that rebuilding a different funding model with less reliance on outcome payments is a significant shift in philosophy. To succeed, it needs to be accompanied by other changes including a more relational, ‘open book’ contracting model to address risks of profiteering, investment in complementary programs to give case managers better tools, clear advice on service pricing, and robust monitoring.

15.159 While new funding arrangements are co-designed and implemented, there would also be merit in an interim measure to put in place of a second service fee of around $1,200, payable once a jobseeker has been on the caseload for 12 months. This would be balanced by a corresponding reduction in the outcome fees payable for placements so as not to increase overall cost to the budget.

15.160 The Committee acknowledges the support for the existing funding structure for TtW and does not propose any changes to funding arrangements for that program—at least beyond those which may be required (and identified through co-design) to implement a new youth specialist service as recommended in Chapter 5. Most likely a redesigned specialist youth employment service would utilise a blended funding model with a mix of performance-based outcome payments but with resourcing to allow a service to support a mixed group of young people.

15.161 The Committee also encourages government to review and engage with the sector in relation to possible changes to funding arrangements for S-EA, informed by other enhancements to that program discussed below.

Recommendation 70

15.162 The Committee recommends that funding arrangements for a rebuilt Commonwealth Employment Services System be the subject of co-design based on a more relational contracting model and include the following key elements:

- **Additional upfront funding based on a block- or activity-based funding model.**
- **Payments for employment outcomes, with the proportion of payments claimable against outcomes substantially reduced relative to the current system.**
- **Payments for other appropriate outcomes that help a person progress towards employment.**
- **Bespoke grant and other flexible funding arrangements for specialised services such as work experience and engagement with social enterprises.**
- **Additional loading to enable higher intensity supports for jobseekers in target cohorts, including migrant and refugee jobseekers and jobseekers with disability.**
- **The Employment Services Quality Commission be responsible for:**
  - **advising government on funding models and recommended pricing for quality services;**
  - **preferred approaches to funding service partners; and**
  - **monitoring and reporting periodically on the system's overall operating costs (including transactional and other costs relating to a quasi-market) so there is greater transparency for government and the public.**
- **The system should allow for experimentation with different potential funding models to evaluate and learn what works most effectively and efficiently.**

Recommendation 71

15.163 The Committee recommends that while alternative funding arrangements are developed a second service fee be considered if a person has not secured employment for 12 months balanced by a corresponding reduction in the outcome fees so as not to increase the overall cost to the Budget.

15.164 Current performance management arrangements are another key contributor to the 'work first' focus of providers. Providers are not assessed on whether they have helped disadvantaged jobseekers find meaningful work or build their capacity for social participation, as measures of jobseeker progress are very narrowly confined to employment-related indicators. This compounds the problem that current funding arrangements are also overly focused on achieving short- to medium- term employment outcomes which simply does not work with LTU people. The rhetoric of 'matching people to the right job' which is often used by government in relation to the employment service system rings hollow when considered against a performance framework which forces providers to move jobseekers into any job as quickly as possible. Indeed, many providers told the Committee that long-term investment in capacity-building is penalised rather than rewarded.

15.165 Current performance management arrangements are overly complex and diffuse and may distract providers from the core mission of supporting jobseekers and employers. It seems unclear why contract compliance is a measure of performance, rather than this being assessed on an ongoing basis as part of the day-to-day administration of the system.

15.166 Pending broader changes to the regulatory culture and a more relational contracting model, it would be beneficial to review performance management arrangements with a view to simplifying the metrics used to assess performance and ensuring the framework does not focus too heavily on blunt, time-based employment outcomes. Some focus on employment outcomes should certainly be retained but alongside more appropriate measures that reflect the broader goals of the system and the reality of what real progress often is with highly disadvantaged people.

15.167 Other matters that could be assessed may include:

- capacity-building outside of progress to employment, for example improvements to confidence or self-esteem and levels of social participation; and
- the quality of the job a participant has obtained (supported by guidance on job quality as outlined in Chapter 11), and the extent to which a jobseeker's financial security has improved.

15.168 Also, as previously detailed in Chapter 8, there is benefit in instilling within the sector support and recognition for innovation. Testing possible approaches to reward and incentivise innovation within the performance framework also warrants consideration.

15.169 For service partners expected to maintain strong relationships with employers, a revised performance management should have a stronger focus on this aspect of

their work. KPIs should consider a broader range of indicators including direct feedback (for example, employer satisfaction surveys), data on matters such as new or repeat engagement, and whether a partner has implemented measures to support better engagement with employers such as an employment engagement strategy.

15.170 The Committee is not convinced it is necessary to lessen the frequency of license reviews at present (for example, by conducting reviews each 24 to 36 months instead of every 12 months). Issues appear to relate to the culture of the system, the matters assessed and the consequences (for example, early termination of licenses or loss of market share) rather than how frequently reviews occur. The frequency of license reviews can be examined as part of the system reform.

15.171 Reviews should be conducted as efficiently as possible, with a new performance management framework in place within one year from the tabling of this report. While a new framework is being developed there may be merit in pausing and deferring automatic reviews unless serious issues are identified through other monitoring. There is some risk that some instances of poor performance may not be assessed, however, a relatively short pause is probably better than continuing to assess providers under a flawed model. Poor performance can still be identified via standard contract management processes.

15.172 A different regulatory culture and relational contracting model would drive a different approach to performance management. Licenses would be far less likely to be simply terminated for poor performance in the short-term, with a greater focus on improving performance and building sustainable relationships with communities.

Recommendation 72

15.173 The Committee recommends that the Australian Government review existing performance management arrangements for providers, and co-design and implement a new framework as a high priority. This should include:

- **simplifying performance management and assessment arrangements;**
- **reducing the focus on blunt, time-based employment outcomes;**
- **consideration of additional measures such as job quality, human capacity-building, and employer support;**
- **an approach to performance management that focuses on working with providers to improve performance rather than imposing sanctions; and**
- **removing measures relating to contract compliance.**

While the review is conducted and the new framework designed, the Australian Government may elect to pause formally assessing providers against the existing performance framework.

16. Implementation and transition arrangements

Chapters 4 to 15 of this report include 72 recommendations to underpin an ambitious blueprint for a rebuilt Commonwealth Employment Services System. This chapter sets out indicative timeframes for implementing those reforms. Implementing the measures necessary to rebuild the employment services system will be a multi-year project and require sustained political leadership, a major change in culture led by the bureaucracy and ongoing engagement by all levels of government. Bureaucratic intelligence and buy-in from central agencies and the broader public service will be critical to ensure that the reform process does not lose momentum over multiple terms of Parliament and terms of government.

Successful reform also requires genuine partnerships between stakeholders, including unemployed people, service users, multiple levels of government, employers, service partners and communities, informed by the lived experience of unemployed people and service users. That does not necessarily mean consensus and not everything can or should be co-designed. Government needs to lead and take bold decisions in response to this report and set the parameters and culture for reform within which co-design, experiments and trials can occur.

The inquiry received compelling evidence that many of the reforms proposed in this report can be funded by better targeting expenditure within the existing funding envelope for employment services. However, even as better value for money is achieved, it is critical that government not shy away from additional targeted investment, to reduce long-term unemployment and address disadvantage, noting that Australia spends only around half the average of Organisation for Economic Co-operation and Development (OECD) member countries on employment services and Active Labour Market Programs (ALMPs). The benefits to society and to governments of reducing long-term unemployment are significant.

Many of the reforms recommended in this report will take time to implement, and the Committee appreciates that a staged approach to change will be required given the complexity of some of the reforms and the costs and trade-offs involved. Nevertheless, there several reforms that must be implemented within the first 12 months of the tabling of this report to address critical issues and obvious pain points. These include:

- urgent interim changes to mutual obligations and upgrades to inefficient IT systems, pending more significant reforms to occur over the longer term;
- measures to reframe how government and system actors engage with clients;
- the development of a new regulatory culture and a more relational contracting model, focused on partnerships and quality services;

- implementing service improvement trials, the creation of communities of practice, and the implementation of measures to require the sharing of information among service partners and with government, with a view to starting building a culture of learning, innovation, and experimentation as soon as possible. is also critical if employment services are to realise their full potential; and
- implementing arrangements to enable public release of data, with the first tranche of data to be released to the public within 12 months of this report being tabled.

In the short term, Government should also partner with States and Territories that deliver employment services—particularly Victoria and Tasmania—to align effort, support good practice, and inform the design of the rebuilt national system.

Many recommendations will take longer to implement and should form part of the medium-term outlook. These include:

- the establishment of Employment Services Australia (ESA) and the Employment Services Quality Commission. Subject to government accepting the relevant recommendations, the Quality Commission should be established as soon as possible, while decisions regarding ESA and its regional hubs may be made on an iterative basis and informed by trials in some jurisdictions and service regions;
- changes to commissioning arrangements, with a view to avoiding re-tendering in the short to medium term while ensuring that reforms are bedded down by the time existing contracts expire, which may include reforming the system in partnership with existing providers using license and contract management processes, such as:
    - a collaborative process with State, Territory and local Governments informed by Jobs and Skills Australia (JSA) to identify and map prospective employment regions over the next 12 months;
    - government using existing license or contract extension processes to transition the system to the proposed less competitive model;
    - government identifying a small number of regions in which the public sector may lead direct service delivery; and
- engaging additional specialist providers, particularly for areas with a high proportion of First Nations and culturally and linguistically diverse clients, which may require re-tendering to bring more Aboriginal Community Controlled Organisations (ACCOs) into the system sooner rather than later, and re-tendering or re-negotiation with CALD service partners.

It is proposed that within 12 months of this report being tabled, government create and publish a Roadmap to a rebuilt the Commonwealth Employment Services System. This should be a comprehensive response to the recommendations in this report and a clear outline of changes to be made in the short, medium and longer term. Recommendations that cannot be committed to or cannot be made until a new system is in place should also be clearly defined. The Roadmap should be periodically reviewed and updated.

Leadership, engagement, and co-design

16.1 In Chapters 4 to 15 of this report, the Committee has set out an ambitious blueprint for a rebuilt Commonwealth Employment Services System. The Committee is not naïve and understands the complexity and ambition of what is proposed. This is not a science experiment and government does not have the luxury of building something from scratch in a lab. The government is being asked to 'rebuild the plane while flying the plane' which is a fiendishly difficult thing to do in any human services system.

16.2 Implementing the measures will be a multi-year project requiring sustained political leadership, major changes in culture led by the bureaucracy, and ongoing engagement by all levels of government. Bureaucratic intelligence and buy-in from central agencies will also be necessary to ensure the reform process does not lose momentum over multiple terms of Parliament and terms of government.

16.3 Numerous experts, academics, former senior public servants, and practitioners have cautioned the Committee that the biggest obstacle to system reform is likely to be entrenched resistance–even hostility–in parts of the Australian Public Service (APS) given a decades long belief in full marketisation, a lack of experience in service delivery and the sheer convenience of being able to blame contractors for systemic failures. As outlined in this report, successive governments and senior bureaucrats have remained detached from the messy reality of communities, regional labour markets, and service delivery. As with other privatisations, bureaucrats and politicians avoided direct accountability for systemic failures and public discontent by blaming contracted providers. The shift proposed in this report is significant, and challenging orthodoxy brings risk. However, change is essential as the current system simply does not and cannot work.

16.4 Successful reform will also require genuine partnerships between government, employers, service partners and communities, informed by the lived experience of unemployed people and service users. That does not necessarily mean consensus and not everything can or should be co-designed. Government needs to lead and take bold decisions in response to this report and set the parameters and culture for reform within which co-design, experiments and trials can occur.

16.5 Despite genuine best efforts underpinning numerous and detailed findings and recommendations, the Committee directly acknowledges that some of its conclusions and recommendations will be contested and may be overtaken by changes in labour markets and society or adjusted with new evidence. That is to be expected in a dynamic system. Some of the Committee's most important findings and recommendations speak directly to the need to redevelop an ongoing culture of learning, innovation, experimentation, and evaluation. That new things will be learnt and refined beyond our proposals is appropriate and indeed may be inevitable. The core contentions though should be accepted. For example, it must be a question of how, not if, a public sector core to the system is rebuilt, with more active government involvement in communities and service delivery.

16.6 Central to any serious effort to reform the system and improve outcomes for long term unemployed and disadvantaged Australians will be a fundamental change in both political and community attitudes to unemployed people and recipients of income support. Most Australians want to work. Most Australians do not cheat the system. Those who do cheat the system or are otherwise persistently or deliberately noncompliant should be dealt with via social security compliance mechanisms. However, it is absolutely critical that not everyone is lumped into that paradigm. The words of the Royal Commissioner Catherine Holmes AC SC are apt in this regard:

> …politicians need to lead a change in social attitudes to people receiving welfare payments. The evidence before the Commission was that fraud in the welfare system was miniscule, but that is not the impression one would get from what ministers responsible for social security payments have said over the years. Anti-welfare rhetoric is easy populism, useful for campaign purposes. It is not recent, nor is it confined to one side of politics, as some of the quoted material in this report demonstrates. It may be that the evidence in this Royal Commission has gone some way to changing public perceptions. But largely, those attitudes are set by politicians, who need to abandon for good (in every sense) the narrative of taxpayer versus welfare recipient.[1]

16.7 The Committee is convinced that there are significant resources that can be freed up within the current funding envelopes and system for more productive uses and that better value for money can be achieved. This will take time and it is likely that transitional resources will be required to rebuild the system. Extra and freed up investment should be targeted to priority areas as reform progresses and an evidence base is re-established regarding the true cost of quality services. However, governments should also not shy away from targeted additional investments given Australia now spends half the average of Organisation for Economic Co-operation and Development (OECD) member countries on all aspects of the employment services system combined (see Chapter 2). The benefits to society and governments of reducing long term unemployment are significant.

Implementation of reforms

16.8 The Committee has made many detailed recommendations to underpin a rebuilt Commonwealth Employment Services System. The Committee appreciates it will take time to implement these reforms, and that a staged approach to change will be required given the complexity of some of the changes and the various costs and trade-offs involved.

16.9 **Table 16.1** outlines the Committee's broad sense as to the phasing and priority for implementation of its recommendations on the assumption that the government agrees to all proposals in the report (which of course it may not).

[1] Robodebt Royal Commission (2023), *Report of the Royal Commission into the Robodebt Scheme*, p. iii.

16.10 Several reforms are proposed as urgent or to be undertaken in the short term during the current financial year. For all other recommendations, it is proposed that within 12 months of this report being tabled the Australian Government create and publish a Roadmap to a rebuilt the Commonwealth Employment Services System. This should be a comprehensive response to the Committee's recommendations and outline the changes to be made in the short, medium, and longer term. Recommendations that cannot be committed to or cannot be implemented until a new system is in place should be clearly defined. A Roadmap should be periodically reviewed and updated.

Short-term reforms

16.11 The Committee has recommended several urgent changes that should implemented within 12 months of the tabling of this report. These are largely to address critical issues and obvious pain points.

16.12 Urgent changes include the recommendations in relation to mutual obligations and compliance arrangements and to upgrade inefficient IT systems which are choking the system in red tape and killing the productivity of providers. Further changes to mutual obligation requirements and compliance arrangements would occur over the longer term, informed by trials and evaluations and necessary changes to IT and legislation.

16.13 Measures to reframe how the government and other system actors engage with clients should also be progressed quickly. These include ensuring communications with clients are clear and unambiguous, ensuring that clients can obtain advice and support, and avoiding conduct or language which reinforces shame associated with accessing income or employment support.

16.14 Another urgent short-term task will be to progress recommendations to develop and implement a new regulatory culture and a more relational contracting model, focused on partnerships and quality services. This is a critical and separate piece of reform work that need to be done before a system can be recommissioned.

16.15 A key feature of a rebuilt Commonwealth Employment Services System should be to more easily allow State and Territory Governments and philanthropists to partner with the Commonwealth in areas and places of mutual interest. This should include being able to co-invest, adopt place-based or cohort-based partnerships focused on breaking cycles of disadvantage or trialling innovative service models.

16.16 As a tangible step the Committee proposes the Commonwealth consider partnering with states and territories which already deliver employment services to align effort, support good practice, to learn about partnering, and to inform the design of a rebuilt national system.

16.17 Jobs Victoria has had the most comprehensive state labour market program for many years, delivering tailored, person-centred support to clients. The program has also been successful in engaging community-based organisations to deliver place-based

solutions, working with the social enterprise sector and efficiently establishing prices for outcomes via a reverse tender mechanism.

16.18 The recent announcement of post-COVID funding changes for Jobs Victoria and an associated refocus on a smaller number of heavily disadvantaged places provides a short window of opportunity for the Commonwealth to decide to partner with the Victorian Government in the delivery of that program: a decision will be required by the next Commonwealth Budget. Failing this, Jobs Victoria may cease. This would result in the loss of an enormous amount of rich data and local service capacity. The Commonwealth should co-invest and integrate elements of Jobs Victoria into the national system and experiment with alternatives to current provider-led services in those regions in fulfilment of mutual obligations.

16.19 The Jobs Hubs program administered by the Tasmanian Government is a good example of a place-based, employer-focused service which is trusted by local communities. The Committee considered the Hubs program in developing its views and recommendations for the employer-focused service delivered by regional hubs set out in Chapter 12. The Committee supports an intergovernmental partnership in relation to the Jobs Hubs program. Integrating or aligning the program with the national system provides an opportunity to trial the kinds of place-based supports that the Committee envisages would be delivered by regional hubs in a rebuilt Commonwealth Employment Services System.

16.20 Both the Victorian and Tasmanian Governments have expressed an interest in partnering with the Commonwealth in relation to their respective programs and have outlined key elements of such partnerships. The Commonwealth should work closely with those jurisdictions to develop agreements to underpin partnerships. For Victoria, this should be done in advance of the next Victorian and Commonwealth Budgets, while for Tasmania this should be done as soon as possible.

16.21 A culture of learning, innovation, and experimentation is also critical if employment services are to realise their full potential. Creating such a culture should commence in the immediate term with service improvement trials, the creation of communities of practice, and measures to require sharing of information among service partners and by service partners with government. Arrangements to enable public release of data should also be progressed as a matter of priority, with the first tranche of data released to the public within 12 months of this report being tabled.

Medium-term reforms

16.22 Several recommendations cannot feasibly be implemented in the short term but should be committed to as soon as possible and implemented in the medium term. These include the establishment of Employment Services Australia (ESA) and the Employment Services Quality Commission.

16.23 Establishment of ESA will require the Department of Employment and Workplace Relations (DEWR), Department of Social Services (DSS) and Services Australia to redesign and rearrange their service models. Establishment of the Quality

Commission will require a model to be finalised via consultation, legislative change, and transfer of some functions from DEWR.

16.24 A decision about the Quality Commission is a threshold decision—either Government commits to establishing a Quality Commission of it does not. Assuming government commits to establishing a Quality Commission, the new entity should be established sooner rather than later as it is key to enabling other reforms. In contrast, decisions regarding the ESA and its regional hubs may be more iterative and informed by trials in some jurisdictions or regions. However, the Committee is strongly of the view that whatever the detail and form adopted, the case to re-establish a public sector core to the system, including regional stewardship, enabling services, and some experience in direct service delivery, is overwhelming. The critical question must be how—not if—to implement such measures.

16.25 Changes to commissioning arrangements should also be implemented in the medium term, with planning starting as soon as possible. The Committee strongly suggests that Government minimise the need to retender services in the short to medium term in line with the philosophy expressed in this report. As a general approach to be refined in the Roadmap even while the public sector stewardship and enabling functions are being developed or trialled, government should seek to reform the system in partnership with existing providers using the license and contract extension processes. For generalist case management services, this may involve:

- a collaborative process with State, Territory, and local Governments informed by Jobs and Skills Australia (JSA) to identify and map an increased number of (smaller) employment regions over the next 12 months that better reflect labour markets and communities of interest;
- government using the license or contract extension processes to transition the system to the less competitive model proposed in this report. This would see the highest-performing providers in each region extended with one per place within a region; and
- government identify a small number of regions in which the public sector may lead direct service delivery for the reasons outlined in this report, including priority consideration of the Australian Capital Territory.

16.26 Additional specialist providers should be engaged in the medium term, particularly for areas with a high proportion of First Nations and culturally and linguistically diverse (CALD) clients. This may require re-tendering to bring more Aboriginal Community Controlled Organisations (ACCOs) into the system sooner rather than later, and re-tendering or re-negotiation with CALD service partners. This may provide opportunities to also explore alternative commissioning approaches, including the reverse auction grant approach used in other jurisdictions.

Recommendation 73

16.27 The Committee recommends that the Australian Government urgently explore (in advance of the next Victorian and Commonwealth Budgets) the striking of an agreement with Victoria for a demonstration partnership for the delivery of the Jobs Victoria program and the integration of that program into the Commonwealth system on a fixed-term basis in regions of high disadvantage. This should include governance arrangements, measures to enable sharing of information and labour market insights, a robust monitoring and evaluation framework, and arrangements for co-investment.

Recommendation 74

16.28 The Committee recommends that the Australian Government seek to negotiate an agreement with Tasmania for a demonstration partnership in relation to the Jobs Hubs program. This should include funding arrangements, measures to enable sharing of information and labour market insights, a robust monitoring and evaluation framework, and arrangements for co-investment.

Recommendation 75

16.29 The Committee recommends that the Australian Government develop and publish a transition plan for the rebuilt Commonwealth Employment Services System by the end of 2024. The plan should be reviewed and updated on a regular basis to reflect the progress of implementation of recommendations in this report.

Table 16.1: Implementation of recommendations

No.	Recommendation	Short term	Medium term	Longer term	Comment
	Chapter 4: Foundation principles for a future Australian system				
1	Rebuild a Commonwealth Employment Services System underpinned by intergovernmental agreement(s)	✓	✓	✓	Design and negotiations to commence relatively quickly in relation to a rebuilt Commonwealth Employment Services System, with a view to having agreement(s) signed in the medium-term to inform design and implementation.
2	Guiding vision and principles for a rebuilt Commonwealth Employment Services System and adjustments to service eligibility		✓		The vision and principles to be finalised well before the rebuilt system is in place. Trials of changes to service eligibility to commence as soon as possible (subject to resourcing and legislative constraints), with eligibility for services finalised before the rebuilt system is in place.
3	Establish Client Council(s) and Employment Services Coordinating Council to help advise on issues impacting clients' experiences and ensure expert and stakeholder input		✓		Consultation on a policy framework for Client Councils to occur early on, with a view of having the councils established in the medium term. Councils should have input into the rebuild of the Commonwealth Employment Services System. Employment Services Coordinating Council to be established to provide ongoing expert and stakeholder guidance.
4	Establish Employment Services Australia and network of regional hubs and service gateways	✓	✓		Preliminary work to establish Employment Services Australia within the Department of Employment and Workplace Relations (DEWR) should commence right away, with the new entity established before the rebuilt Commonwealth Employment Services System is in place. Establishment of delivery roles and transfer of existing functions to Employment Services Australia to occur on a progressive basis, with the transfer of functions from the Digital Services Contact Centre (DSCC) prioritised.
5	Commonwealth Social Procurement Framework		✓		The Social Procurement Framework could be developed concurrently with the Social Enterprise Strategy outlined in Recommendation 50.

No.	Recommendation	Short term	Medium term	Longer term	Comment
6	Government strategies to provide long-term unemployed people with work and training opportunities		✓		Target to be implemented in the medium term. Development of these targets is linked to but not dependent on the rebuild of the Commonwealth Employment Services System.
7	Administrative traineeships for disadvantaged jobseekers in the electorate office of each Commonwealth Member of Parliament	✓			Creation of administrative traineeship could be achieved in the short term (potentially next Budget) to create more opportunities for jobseekers and enhance parliamentarians' understanding of the challenges facing disadvantaged people.
	Chapter 5: Supporting jobseekers and employers				
8	Core service model for the Commonwealth Employment Services System			✓	Consultation on the service model to occur as soon as possible following signing of relevant agreement(s), with the model forming part of a rebuilt Commonwealth Employment Services System.
9	Develop, trial, and implement measures to embed pre-employment and vocational support within a person's primary human service		✓		The identification of the primary human services that clients' access that would be appropriate to trial embedding pre-employment and vocational support could commence relatively early with the aim for arrangement to support, and implement, trials to occur in the medium term.
10	Government consider the lessons of former Australian services and international services in designing higher intensity supports for those furthest from the labour market		✓		DEWR to review prior services and international evidence of services delivered to those furthest from the labour market, to inform the design of the higher intensity case management service for those furthest from the labour market. This naturally would feed into the achievement of the relevant part of Recommendation 8.

No.	Recommendation	Short term	Medium term	Longer term	Comment
11	Youth-specific employment services assistance		✓	✓	Consultation on the service model to occur as soon as possible following signing of the relevant agreement(s). Ideally trial an integrated youth service in some regions to build the evidence base. Final model forming part of a rebuilt Commonwealth Employment Services System.
12	Improving attitudes to the employment of mature age persons		✓		Engagement and development of training and education material to address attitudes towards the employment of mature age persons to be achieved over the short to medium-term, with its full rollout achieved in the medium term.
13	Establish specialist service for people with experience of the criminal justice system	✓	✓		Paper to go to State and Territory Employment and Corrections Ministers to seek agreement for a reform piece of work. Consultation on the service model to occur as soon as possible following signing of the relevant agreement(s), with the service model implemented in the medium term and retained under a rebuilt Commonwealth Employment Services System.
	Chapter 6: Workforce and service capability				
14	Actions to help stabilise the employment services sector workforce		✓		As part of the rebuilt Commonwealth Employment Services System and the implementation of the Committee's recommendations, appropriate regard should be had medium-and longer-term arrangements for pay and conditions to help stabilise the workforce.
15	Professional competencies and qualifications framework for frontline staff		✓		Consultation on a professional competencies and qualification framework to occur early on, with implementation of the framework completed in the medium term.
16	Supporting ongoing capability development for frontline staff, including an Employment Services Capability Fund			✓	Consultation on a framework to commence in a timely manner, with the framework—including the establishment of a Capability Fund—implemented in the longer term.

No.	Recommendation	Short term	Medium term	Longer term	Comment
	Chapter 7: Regulation, accreditation, and oversight				
17	Urgently resolve issues impacting the functionality of IT systems and implement a program and fund for the continuous improvement of IT systems	✓	✓	✓	Key IT issues to be resolved as a matter of priority. Further enhancements to the IT system, including the implementation of the continuous improvement program and fund, to be progressed as the Commonwealth Employment Services System is rebuilt.
18	Adoption of 'tell government once' principle		✓		The key pain points being experienced by clients in needing to retell government information to be identified, with a view to identifying and implementing necessary arrangements to support the sharing of that information across government in the medium term, with the appropriate privacy and data security safeguards in place.
19	Enhancing the use of Single Touch Payroll	✓	✓		DEWR and the Australian Taxation Office (ATO) to reach agreement regarding the use of Single Touch Payroll (STP) data in the administration of employment services as soon as possible. If legislative changes are needed, government to consider a narrow legislative amendment allow STP data to be used in the administration of employment services program. Legislative and policy changes should be finalised in the medium term, and before a rebuilt Commonwealth Employment Services System is in place.
20	Improved communication channels and collaboration between service partners and government agencies	✓			The implementation of the dedicated service line in Services Australia should be able to be actioned in the short term, as it was recommended in the Committee's interim report (Recommendation 24). Similarly, arrangements improve collaboration between Services Australia, DEWR and service partners should be implemented in the short term, as there are previous arrangements that could form the basis of such arrangements.

No.	Recommendation	Short term	Medium term	Longer term	Comment
21	Streamline and simplify assurance and accreditation arrangements		✓		The current assurance and accreditation approach should be reviewed, and consultation should occur with key stakeholders in a streamlined system. Measures to streamline and simplify assurance and accreditation should be implemented in the medium term.
22	Establish an Employment Services Quality Commission		✓		Preliminary work to establish the Quality Commission should commence in a timely manner on signing relevant agreement(s), with the new entity established as the Commonwealth Employment Services System is rebuilt. Transfer of functions to the Commission should occur on a progressive basis.
	Chapter 8: Innovation, continuous learning, experimentation, research, and evaluation				
23	Adoption of data transparency principles and implementation of a program of data release	✓			DEWR should develop and publish its data release strategy and release the first tranche of data in the short term. The release of additional data items and implementation of other components of the data release strategy should occur on a progressive basis.
24	New employment services evaluation framework	✓			The *Evaluation Strategy for Workforce Australia Employment Services 2022–2028* should be revised in the short term to ensure it incorporates broader measures of performance.
25	Establish a co-operative evaluation and research unit with the Employment Services Quality Commission		✓		Government should begin work to establish the unit, including identifying academics, practitioners, and other experts who may be engaged and in place in the medium term. A unit should be established before a rebuilt system is in place.
26	Access to data for service partners	✓			Providing access to data should be progressed concurrently with other measures to resolve key IT system issues.
27	Operational capacity to support trialling and innovative service delivery	✓			Identification and implementation of rule changes to support testing and experimentation should occur in the short term, to ensure that service trials can be conducted as the new system is developed.

No.	Recommendation	Short term	Medium term	Longer term	Comment
	Chapter 9: Gateway to services				
28	Reframe government's initial contact with clients	✓			Reframing of government's initial contact with clients should be completed in the short term. Ongoing efforts should also be made to ensure that no government information uses language that creates shame or stigma for people accessing income support or employment assistance. This should occur concurrently with the implementation of recommendations of the Robodebt Royal Commission.
29	New client assessment framework		✓		Trialling of amendments to the Job Seeker Snapshot to ensure the Snapshot effectively identifies those who would be suitable for online services to commence early on. Broader reforms to the assessment framework should be implemented in the medium term.
30	Streamlined reassessment and transfer processes		✓		Consultation on reforms to the reassessment and transfer processes to occur to inform the implementation of the agreed measures in the medium term.
31	Review interaction between Community Development Program (CDP) and mainstream employment services for those who move in and out of remote locations		✓		Implementation of simplified arrangements for clients who move between remote and non-remote services should occur over the medium term and be timed to align with reforms to the CDP.
32	Consider reinstatement of the Sickness Allowance		✓		Changes to employment services exemption policy to be implemented early to give effect to the intent of the recommendation, with legislative, IT and policy changes to support the reintroduction of the Sickness Allowance implemented in the medium term.

No.	Recommendation	Short term	Medium term	Longer term	Comment
33	Consider possible adjustments to identify extremely long-term unemployed people eligible for a Disability Support Pension (DSP)		✓		The circumstances of extremely long-term unemployed persons can be assessed to identify those who could more appropriately be on the DSP and identify what arrangements might need to be implemented to grant access to that benefit. These potential changes to be considered and possibly implemented by Government in the medium term.
34	Measures to reduce cost of obtaining medical evidence		✓		Consultation to identify potential approaches to reduce the cost of accessing medical evidence to inform measures to be implemented in the medium term
	Chapter 10: Service provision and program design: Digital or hybrid services				
35	Access to training and support to improve digital literacy	✓			Measures to improve digital literary should be implemented in the short term and subject to ongoing enhancements in line with government's skills reform agenda.
36	Ensure tools and assistance are available in multiple languages and accessible to key cohorts and develop a Digital Protections Framework		✓	✓	Measures to be implemented in the medium term to ensure that the Workforce Australia app and key government websites are available in at least those languages in which the Centrelink Express Plus app are available. Digital Protections Framework to be implemented in the medium term. Further enhancements to accessibility to be implemented on an ongoing basis, supported by an implementation strategy.
37	Properly resource the Department of Employment and Workplace Relations (DEWR) to support its transition to a hybrid provider. Conduct service improvement trials, including proactive outreach	✓			Additional resources to be provided in the short term. Service improvement trials should commence in the short term and be subject to monitoring and evaluation.

No.	Recommendation	Short term	Medium term	Longer term	Comment
38	Trial different default timeframes for online-hybrid services, and provide the Department of Employment and Workplace Relations (DEWR) with the ability to mandate referral to face-to-face services	✓	✓		DEWR to be given the ability to mandate referrals to face-to-face services as soon as possible. Trials of different 'default' times to commence in the short term.
39	Government seriously consider implementing an integrated online jobs marketplace		✓	✓	Consultation with commercial jobs marketplaces and other relevant stakeholders may commence in the medium term, with agreed changes implemented in the longer term.
	Chapter 11: Service provision and program design: For jobseekers				
40	Design and implement a new policy framework to underpin enhanced employment pathway planning, including the development of a new Participation and Jobs Plan		✓		Consultation on the new framework to start early with a new employment pathway planning approach implemented in the medium term—including any necessary IT, policy, and legislative changes.
41	Develop and articulate guiding principles for job quality and metrics to evaluate the success of the system in supporting clients to obtain quality employment			✓	Jobs and Skills Australia to consult with other experts on possible approaches to develop a job quality measure and associated metrics, with the measure and metrics to be implemented in the longer term. The measure and metrics would be updated as needed to reflect new indicators of job quality.

No.	Recommendation	Short term	Medium term	Longer term	Comment
42	Develop, trial, and implement a career progression service for those in lower-paid, entry-level, and insecure jobs		✓		Consultation to occur on a career progression service, with the service to be trialled before being rolled out nationally (subject to outcomes of the trial) in the medium term. Implementation of the career progression service will be impacted by implementation of a new measure of job quality (Recommendation 41).
43	Review governance arrangements for the Employment Fund, with a view to enhancing clarity and flexibility. Give consideration to annual credits to the Fund for very long-term unemployed clients	✓	✓		Key measures to increase the flexibility of the Employment Fund implemented in the short term. Review of governance arrangements to be ongoing, consistent with a focus on continuous improvement in the system.
44	Default principles prohibiting referral to in-house and third-party services, and use of the Employment Fund for those services, without pre-approval	✓			Measures to be implemented in the short term, noting that the Committee recommended a very similar measure in its interim report.
	Chapter 12: Service provision and program design: For employers				
45	Establishment of an employer-focused service delivered through regional hubs		✓	✓	Consultation to occur on services for employers to be delivered by Employment Services Australia and service model to be finalised and implemented as the regional hubs are established (see Recommendation 4). Development of the employer-focused service to be informed by learnings of a partnership with the Tasmanian Government in relation to the Tasmanian Jobs Hubs Network (see Recommendation 74) and trials of the regional hub service in target regions.

No.	Recommendation	Short term	Medium term	Longer term	Comment
46	Greater and more targeted use of intermediaries and bridging services		✓		Arrangements to support easier and more seamless use of intermediaries and bridging services such as not-for-profit labour hire firms, social enterprises, or sector / industry bodies, to be implemented in the medium term, and actioned in concert with other relevant recommendations, such as Recommendation 5 for the Social Procurement Framework.
	Chapter 13: Active labour market and complementary programs				
47	Streamline and simplify complementary programs		✓	✓	Consultation on complementary and facilitation programs to occur with measures to consolidate programs implemented progressively over the medium term.
48	Refocus Work for the Dole and ensure that participants receive a supplement that realistically covers their costs		✓		Work for the Dole to be refocused over the medium term in line with the recommendations and findings.
49	Codesign and trialling of a 'Work in the Community' community employment program in a limited number of regional areas and places with entrenched disadvantage		✓		Consultation with key stakeholders to occur, with the program to be implemented in the medium term.
50	Develop and implement a Commonwealth Social Enterprise Strategy		✓		Consultation with stakeholders on the development of a strategy to occur as soon as possible, with a strategy finalised in the medium term. Social Enterprise Strategy to be developed concurrently with the Social Procurement Framework outlined in Recommendation 5.

No.	Recommendation	Short term	Medium term	Longer term	Comment
51	Direct funding to social enterprises, including trialling of complementary funding measures	✓	✓		Consultation on approaches to directly fund social enterprises, including review of various funding measures, to occur in the short term. Trialling of complementary funding measures to occur as soon as possible. Full implementation of proposed funding mechanisms expected in the medium term, informed by the trials.
52	Centralise administration of wage subsidies (and other ALMPs), with funding de-linked from the Employment Fund		✓		To be implemented in the medium term, noting that wage subsidies previously were funded separately from the Employment Fund.
53	Review wage subsidies to ensure they are efficiently and effectively priced and targeted	✓	✓		Review to commence early on, with measures to address identified issues to be implemented in the medium term. Wage subsidies should also be subject to ongoing review, consistent with a focus on continuous improvement in the system.
54	Simplify access to and administration of wage subsidies across jurisdictions			✓	Engagement between the Commonwealth, States, and Territories to identify the various wage subsidy programs in place and negotiate an agreement for the development of a single national portal should start early. Portal to be implemented in the longer term.
55	Consider properly designed paid work experience		✓		Consultation to occur on a paid work experience program, with the service to be trialled before being rolled out nationally (subject to outcomes of the trial) in the medium term.
	Chapter 14: Mutual obligation, activation, compliance, and enforcement				
56	Broaden mutual obligation requirements and tailor requirements to the individual		✓		Consultation on new a framework to cut red tape, stop driving employers away from the system and be more effective in supporting jobseekers into work. Framework to broaden and tailor the range of mutual obligations to the individual and determine ‘meaningful participation’.

No.	Recommendation	Short term	Medium term	Longer term	Comment
57	Urgently implement changes to the current compliance framework and Points Based Activation System while a new framework is developed	✓			Measures to update the Points Based Activation System and to reduce the impact of sanctions to be implemented in the short term, noting that they aim to reduce pressures on jobseekers while other reforms are progressed. IT and other system changes to implement this recommendation should be prioritised. Interim framework to be replaced with a new Shared Accountability Framework (Recommendation 62) over the longer term.
58	Monitor impacts of the proposed extension to the income support nil rate period, and review eligibility for the nil rate to ensure criteria take account of people impacted by seasonal work		✓		The Employment White Paper extended the income support nil rate period. The impact of this policy change should be monitored. Subject to the experience with the changes contemplated by the White Paper. Government may need to consider a further extension in the medium term. Review of eligibility criteria and any potential changes to be undertaken in the medium term.
59	Remove automatic exemption from mutual obligation for people exiting the criminal justice system and update participation options for people in medical treatments	✓			Review and implementation of changes to occur in the short term.
60	Replace default mandatory activation requirement with a new availability test framework	✓	✓		Consultation on a new framework to occur, with the framework implemented in the medium term. Implementation of the framework should occur concurrently with the new framework for mutual obligations set out in Recommendation 57.
61	Implement a partial income support holdback as alternative to payment suspension		✓		Implementation should occur in the short to medium term and should inform the development of the new Shared Accountability Framework (Recommendation 62).

No.	Recommendation	Short term	Medium term	Longer term	Comment
62	Replace the Targeted Compliance Framework with a Shared Accountability Framework		✓		Consultation on a new Shared Accountability Framework to occur as soon as possible, with the new more efficient and effective framework implemented in the medium term.
63	Trial incentives for engagement with employment services		✓	✓	Trials to commence in the medium term, subject to any legal constraints. Trials to continue over the longer term, with improvements to the national system implemented as appropriate, subject to evaluations of the trials.
64	Consider options to simplify income reporting requirements for those not intending to work and those who are participating in self-employment programs		✓		Implementation could be informed by implementation of a similar measure in the Committee's interim report. This may allow a shorter implementation timeframe.
	Chapter 15: Commissioning, funding, and regulatory culture				
65	New model for regulatory culture and relational contracting	✓			Engagement with key stakeholders and experts, and development and implementation to be achieved over the 9-12 months following the tabling of this report. New model for regulatory culture and relational contracting in place before new approaches to commissioning are trialled or determined.
66	Revised commissioning approach to reduce barriers to entry and support greater stability		✓	✓	Consultation on and trialling of commissioning arrangements to occur, with some changes implemented in the medium term (such as longer license terms) and others implemented as the new system reaches maturity. Commissioning arrangements will be dependent on the service model for the rebuilt Commonwealth Employment Services System.

No.	Recommendation	Short term	Medium term	Longer term	Comment
67	Streamline business transmission arrangements		✓		Consultation on key business transition requirements to occur, with changes to contracts made in the medium term.
68	Commission more specialist providers including Aboriginal Community Controlled Organisations (ACCOs) and CALD service partners	✓	✓		Identification of locations and necessary contract or license changes to occur in the short term, with providers engaged and operational in target areas in the medium term. First Nations ACCOs should be the priority.
69	Implement trial arrangements to rebuilt public sector understanding of and capacity to deliver high-quality employment services		✓		Arrangements to be implemented in the medium term, with options for ongoing delivery assessed as the rebuilt Commonwealth Employment Services System matures.
70	Co-design and implement funding arrangements based on a more relational contracting model		✓	✓	Consultation on changes to the funding model to occur early on. A new funding model to be in place before the rebuilt Commonwealth Employment Services System matures. Funding models to be reviewed on an ongoing basis, consistent with a focus on continuous improvements to the employment services system.
71	Consider a second service fee for those who reach 12 months in employment services	✓			Arrangements for providing a second service fee for clients who have reached 12 or more months in employment services to be considered in the short term. The arrangements would be balanced by a corresponding reduction in outcome fees so as not to increase the overall cost to the Budget.

No.	Recommendation	Short term	Medium term	Longer term	Comment
72	Review the Provider Performance Framework	✓			Assessment of providers under the current performance framework may be paused or deferred while a review of the framework is completed. A new performance framework should be in place within 12 months of the tabling of this report. Poor performance can still be identified via standard contract management processes.
	Chapter 16: Implementation and transition arrangements				
73	Demonstration partnership with Victoria	✓			Partnership agreement to be finalised in the short term. Services delivered under the partnership between the Commonwealth and Victoria to be monitored to inform reforms to a rebuilt Commonwealth Employment Services System.
74	Demonstration partnership with Tasmania	✓			Partnership agreement to be finalised in the short term. Services delivered under the partnership between the Commonwealth and Tasmania to be monitored to inform reforms to rebuild the Commonwealth Employment Services System.
75	Develop and publish Roadmap	✓			Roadmap for reform to be published within 12 months of the tabling of this report. Roadmap to be updated periodically to reflect the progress of reforms.

Mr Julian Hill MP
Committee Chair

27 November 2023

Dissenting Report

Mr Aaron Violi MP

Summary

The Coalition believes in a strong safety net for those most vulnerable in our society and the dignity and power of employment. This is why the Coalition has always taken measures while in Government to assist those most in need.

We take seriously our responsibility to ensure that every Australian who seeks employment is supported to find it.

Whilst some of the recommendations in this report are not opposed, in our view, it is counter-intuitive that instead of focussing on cost of living issues—an established priority for all Australians—the Albanese Labor Government instead chose to set up a Committee to review a system that was set up in 2022 and was still in its infancy stages.

It would have been far more productive to allow the program to settle in and be put to the test, and then decide whether or not to conduct a review.

The Albanese Government chose not to do this.

The Coalition has concerns about some of the key recommendations that have come out of this premature process that evidently seek to water down mutual obligation requirements, pass on key employment service functions from the private to the public sector, which end up increasing the size of the bureaucracy, inflating the cost to the taxpayer and simply risk creating more red tape.

This report highlights our key areas of concern in relation to the Government majority report.

Every measure proposed by the Government, must prioritise a careful balance between the benefits they provide and the value for taxpayer money.

Social welfare has consistently made up over a third of Australia's annual budget over the past three decades.

The total social security and welfare expenditure was around $42.0 billion in 1993–94[1] and is estimated at $250.3 billion in 2023–24[2] (nominal dollars, not adjusted for inflation). This as a proportion of total government expenditure, made up around 34.4 per cent in 1993–94 and is estimated at 36.6 per cent in 2023–24.

Considering the enormous cost to the taxpayer, the efficiency and effectiveness of the recommendations must be measured against their ability to reduce unemployment, increase productivity, and boost economic growth.

The Coalition understands that the vast majority of those receiving unemployment benefits, no doubt, do the right thing. What the Coalition has always sought to ensure is that our welfare system is neither taken advantage of, nor ends up becoming a disincentive for those who genuinely wish to get back into the workforce.

The Coalition has long believed that the best form of welfare is a job. The underlying rationale is that those who are otherwise fit to work but receiving unemployment benefits should be doing something in return to continue receiving payments. If a recipient had to engage in an approved activity in exchange for unemployment benefits, that should leave the recipient with sufficient incentive to either search for more permanent career roles or be studying or training to gain the skills for such permanent roles.

The Organisation for Economic Co-operation and Development (OECD) too has encouraged its member states to implement activation strategies to assist the unemployed.[3]

For the most part, both sides of politics in Australia generally agree that mutual obligation requirements must continue to remain stipulated in social security law as well as included in Employment Pathway Plans, commonly known as a Job Plan.

Over the past three decades, successive Labor and Liberal governments have had some form of welfare programs in place that honoured mutual obligation requirements in their own ways. Income support recipients have had to participate in activities to improve employment prospects and to contribute to the community.

The debate is essentially about what those requirements should look like, what sorts of measures and mechanisms should have administrative and regulatory oversight over the welfare system and how to make the entire process more productive and cost-effective to implement and manage.

In January 2018, an independent Expert Advisory Panel was appointed to help shape the design of employment services in Australia. The panel's report—*I Want to Work*[4]—was provided to the then Government on 15 October 2018.

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1 Commonwealth of Australia (1993), *Budget Statement 1993–94: Budget Paper No.1*, p. 3.87.

2 Commonwealth of Australia (2023), *Budget Overview: Stronger foundations for a better future*, p. 67.

3 See Institute of Labour Economics (2014), *Activation and Active Labour Market Policies in OECD Countries: Stylized Facts and Evidence on their Effectiveness*, pages 3, 26, www.iza.org/publications/pp/84/activation-and-active-labour-market-policies-in-oecd-countries-stylized-facts-and-evidence-on-their-effectiveness, viewed 26 November 2023.

4 Employment Services Expert Advisory Panel (2018), *I Want to Work Employment Services 2020 Report*, www.dewr.gov.au/new-employment-services-model/resources/i-want-work, viewed 26 November 2023.

The panel's report highlighted numerous opportunities to enhance employment service delivery by simplification, harnessing the use of digital technology, and cutting red tape based on stakeholder feedback. The end result was refined based on extensive consultation, user-focussed design research and many trials.

This report then formed the basis for the development of Workforce Australia which was only recently implemented in July 2022.

The transition from jobactive to Workforce Australia was consistent with the Coalition's proven track record for getting people off welfare and into the workforce.

The Coalition spent considerable time, effort and resources into developing the Workforce Australia model. The replacement of jobactive with Workforce Australia was aimed at assisting the most disadvantaged jobseekers and enabling greater use of digital technology.

The new system involved a Points Based Activation System and a greater emphasis on training and skills.[5]

The fact that previous systems were effective can be gauged from the historical data on jobseeker compliance available on DEWR's website.[6]

Mutual obligations

The Coalition believes that the best form of welfare is a job.

The Coalition firmly believes in maintaining a safety net while preventing a system that is vulnerable to exploitation and lacks adequate incentives for the long-term unemployed to seek permanent employment.

The ParentsNext program, which we support, is crucial in this context. It plays a significant role in connecting young parents, particularly single mothers, to the workforce, helping them develop skills, undergo training, and receive job preparation support.

Its abolition would not only serve to disconnect vulnerable parents from future participation in the workforce but also represent a departure from the principle of mutual obligation. The program's contribution to preventing welfare dependency and supporting young single mothers in their workforce integration is invaluable.

The Coalition believes that a well-designed welfare system must motivate individuals to pursue employment while assisting those genuinely in need. It is precisely due to this vision that during our time in government, the Coalition was proud to see many jobseekers move from welfare into work.

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5 See Department of Employment and Workplace Relations (DEWR), *What are mutual obligation requirements?*, www.workforceaustralia.gov.au/individuals/obligations/learn/requirements, viewed 28 November 2023; *DEWR, Explainer – Workforce Australia and Points Based Activation System (PBAS)*, www.dewr.gov.au/newsroom/articles/explainer-workforce-australia, viewed 28 November 2023.

6 DEWR, *Job seeker compliance data*, www.dewr.gov.au/employment-research/job-seeker-compliance-data, viewed 28 November 2023.

We designed mutual obligation requirements to ensure jobseekers participate in activities and develop skills that help them into employment.

It remains of grave concern that this fundamental commitment is now eroding with the current Labor Government.

This is because time and time again, when given the chance, Labor undermines the concept of mutual obligations.

It is self-evident that many in Labor ranks do not support the concept of mutual obligation. This is the line of reasoning that has resulted in the announcement to abolish the ParentsNext program and to replace it with a voluntary program. This only helps undermine a potential connection to the workforce for some of Australia's most vulnerable people.

The Coalition remains deeply concerned that some of the proposed changes will consign vulnerable Australians to long-term unemployment and a lifetime of welfare.

The longer a person spends out of the workforce, the harder it becomes to return to it. We all understand that individuals who contribute to society through work have an increased sense of purpose. It is therefore critical that governments recognise the long-term benefits that having a job provides.

Years of work have been dedicated to the development of Workforce Australia which replaced jobactive in July 2022. The system was designed to be universal and flexible to allow for local solutions. Having only been in place for a little over 12 months, Workforce Australia is still in its infancy, and providers and participants are still feeling the impact of the transition period. As outlined, it would have been prudent to allow sufficient time for the new model to settle before making significant changes.

Work for the Dole

In relation to the recommendation regarding Work for the Dole as a last resort activity for welfare recipients who fail to comply with their jobs plan, the Coalition is opposed to this.

We believe Work for the Dole is a far more useful tool for getting people off welfare and back into the workforce than it seems to be given credit for in this recommendation. This is why it has been retained as a key feature of previous mutual obligation-based programs under jobactive and was built into Workforce Australia.

The Coalition believes that Work for the Dole helps a job seeker develop skills and gain valuable work experience to be job ready at the next available opportunity.

It increases employability by helping jobseekers get into the discipline of a daily routine, the commute to and from their work environment, and the sense of responsibility that comes with it. These are vital parts of an individual's personal development. It helps them gain vital social skills and maintain a connection to the community and the workforce.

Establishment of Employment Services Australia and the Employment Services Quality Commission

The Government report recommends the establishment of Employment Services Australia (ESA) and the Employment Services Quality Commission. This proposal raises concerns about increased bureaucracy, cost and red tape and the presupposition that government institutions are better placed to deliver these services than the private sector.

This appears to be ideologically driven.

It appears that this Labor Government only wants to increase the role of government in employment services delivery with the view to boost the capacity of the public sector. Once implemented, the proposed new Commonwealth Employment Services System would take agency away from the private sector which has proven to achieve results and innovation in the delivery of employment services.

Involving the Australian Capital Territory as the trial site for launching this transition from private to public sectors attests to where the Government wants to go in the future. Observers couldn't be faulted for construing this to be a part of a wider effort to set the foundation in stone for the old Commonwealth Employment Service (CES) model.

The fact is that the existing private provider-based programs have performed well overall, and at a lower cost compared to their alternatives. jobactive had delivered around 50 per cent of jobseekers in the workforce within three months of participation, in comparison to 42.5 per cent for the last three years of the earlier Job Services Australia model.[7]

The transition from jobactive to Workforce Australia had less to do with the inefficiency of jobactive, and more to do with the fact that there is always room for improvement. Over the jobactive contract period (July 2015 to June 2022) there were nearly 3.7 million commencements in jobactive services. Between 1 July 2015 and 30 June 2022, jobactive achieved more than 2,386,223 job placements and 779,701 employment outcomes lasting 26-weeks or more.

Some submissions acknowledge that it is the current contract settings and program mix and structure that are the issues, rather than the entities that deliver the services.

This feedback is more reason to be apprehensive about any radical changes proposed to the system including a move towards services delivered by the public sector. To quote directly from the Government's report—'rebuild a public core to the employment services sector'.

Take into consideration that the two main unemployment benefits (JobSeeker Payment and its predecessors, as well as Youth Allowance or equivalent payments) have consistently declined as a share of the working age population from roughly 7.6 per cent in 1993 to 5.2 per cent in 2022.[8]

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7 Senate Standing Committee on Education and Employment (2018), *jobactive: failing those it is intended to serve*, p. 185.

8 Parliamentary Library estimates using DSS and ABS data.

There is no guarantee to the Australian taxpayer that a shift back to putting control into the hands of a costly bureaucracy would provide better employment outcomes and continue to build on the legacy of successive Coalition governments.

This helps us appreciate why there exists a division within the welfare community about increasing bureaucracy. This diversity of viewpoints should not be disregarded.

It must be taken into account that some welcome it, while others are sceptical, fearing a return to a CES-like system which may transfer responsibilities back to the public sector and potentially undermine the good work of private providers.

The proposed Employment Services Quality Commission, envisioned as an ombudsman-like body, only increases public sector involvement, suggesting a duplication of efforts, more bureaucracy, and potentially creating confusion for clients.

It seems, that what is being suggested in the report with the establishment of two concurrent bodies is too all-encompassing and a massive power grab for the public sector over an industry that has served well when outsourced to the free market.

Online delivery

In 2021, the Coalition Government significantly transformed employment services by shifting to online delivery, with services administered and managed by DEWR. This change was based on evidence that most online jobseekers would find work within six months, though some remained in the system longer.

The Coalition's implementation of the Online Delivery model in employment services was designed to connect job ready participants with opportunities, minimising taxpayer burden.

The Coalition supports trials reducing the amount of time participants spend in the online delivery system before they receive intensive face-to-face support, from 12 months to three or to six months service period to evaluate its effectiveness.

Expansion of employment services to other participants

The proposal to extend employment services to those in unsatisfactory jobs, including permanent residents, the underemployed, those in insecure work, and gig economy workers, is an ambitious expansion proposal.

The practical implementation and funding of this initiative raise serious questions which the Albanese Labor Government need to answer.

Concerns about the net positive outcomes for both participants and taxpayers funding the service expansion need very careful consideration, including the importance of its effective implementation and its impact on long-term unemployed jobseekers as well as its impact on the federal Budget.

Social enterprises

The Government report recommends social enterprise plays a greater role in the employment services system.

The Coalition understands the significance of social enterprise in addressing disadvantage and providing meaningful pathways to employment.

While the Government report is unclear on a chosen funding model, it floats the idea of using the reverse auction grant model as used by Jobs Victoria, whereby funding would be provided at the national, state and territory or employment region level using a bidding-based grants system.

The Coalition is of the view that all social enterprises, large and small, should be part of the employment services sector. It is, therefore, vital that any future grant process is focused on reducing red tape, not increasing it. A burdensome grants process will only deter smaller-scale social enterprise from engaging with the sector. It is also imperative that any funding decisions reflect value for taxpayer money through quality social enterprises focused on equipping jobseekers with skills and leading to employment.

Mr Aaron Violi MP

Abbreviations

ABS	Australian Bureau of Statistics
ACCE	Australian Centre for Career Education
ACCI	Australian Chamber of Commerce and Industry
ACCO	Aboriginal Community Controlled Organisation
ACNA	Access Care Network Australia
ACOSS	Australian Council of Social Service
ACTU	Australian Council of Trade Unions
AEA	Australian Entrepreneurs Alliance
AHRC	Australian Human Rights Commission
AI	Artificial intelligence
AIHW	Australian Institute of Health and Welfare
AKG	The Angus Knight Group
ALGA	Australian Local Government Association
ALMP	Active Labour Market Program
AMEP	Adult Migrant English Program
AMES	AMES Australia
ANAO	Australian National Audit Office
ANROWS	Australia's National Research Organisation for Women's Safety
APM	APM Employment Services
APS	Australian Public Service
ARA	Australia Retailers Association
ASE	The ASE Group
ASU	Australian Services Union
Asuria	Asuria People Services
ATO	Australian Tax Office
atWork	atWork Australia
AUWU	Australian Unemployed Workers' Union
AYAC	Australian Youth Affairs Commission
BCA	Business Council of Australia
BSL	Brotherhood of St Laurence

BUSY	The BUSY Group Ltd
CALD	Culturally and linguistically diverse
CDAA	Career Development Association Australia
CDP	Community Development Program
CECFW	Centre for Excellence in Child and Family Welfare
CES	Commonwealth Employment Service [1946 to 1994]
CLG	Community Leaders Gathering
Coalition of Peaks	Coalition of Aboriginal and Torres Strait Islander Organisations
CPD	Centre for Policy Development
CPF–UQ	Centre for Policy Futures—University of Queensland
CPSU	Community and Public Sector Union
CSMC	Council of Single Mothers and their Children
CTA	Career Transition Assistance
CVGT	CVGT Employment
DES	Disability Employment Services
DESBT	Department of Employment, Small Business and Training [Queensland Government]
DES-DMS	Disability Employment Services – Disability Management Services
DES-ESS	Disability Employment Services – Employment Support Services
DEWR	Department of Employment and Workplace Relations
DJSB	Department of Jobs and Small Business
DJSIR	Department of Jobs, Skills, Industry and Regions [Government of Victoria]
DSCC	Digital Services Contact Centre
DSP	Disability Support Payment
DSS	Department of Social Services
DTWD	Department of Training and Workforce Development [Western Australian Government]
ECCQ	Ethnic Communities Council of Queensland
EF	Employment Fund
EJA	Economic Justice Australia
ESA	Employment Services Australia
ESAt	Employment Services Assessment
ESRA	Employment Services Regulatory Authority
EST	Employability Skills Training
ETC	Enterprise and Training Company

FLAG	Future Leaders Advocacy Group
FSFYF	Foundation Skills for Your Future Program
GSEM	Greater South-East Melbourne
GTO	Group Training Organisations
HILDA	Household, Income and Labour Dynamics in Australia
HOST	HOST International
HR	Human resources
IEP	Institute of Employability Professionals
IIS	Integrated Information Service
ILM	Intermediate Labour Markets
ILO	International Labor Organization
IntoWork	IntoWork Australia
IPS	Individual Placement and Support
IT	Information technology
JRI	Justice Reform Initiative
JSA	Jobs and Skills Australia
JSCF	Job Seeker Compliance Framework
JSCI	Job Seeker Classification Instrument
JSS	Job Seeker Snapshot
KPI	Key Performance Indictor
LGA	Local government area
LTU	Long-term unemployed
MAX	MAX Solutions
MGA	Management Governance Australia
MPN	The Multicultural Professional Network Inc.
MTC	MTC Australia
NAC	Nirrumbuk Aboriginal Corporation
NAVA	National Association for the Visual Arts Ltd
NBCS	North Burnett Community Services
NCSL	National Customer Services Line
NCSMC	National Council of Single Mothers and their Children
NESA	National Employment Services Association
NEST	New Employment Services Trial
NFAW	National Foundation for Australian Women
NIAA	National Indigenous Australians Agency

NS-EA	National Self-Employment Association
NYCA	National Youth Commission Australia
OECD	Organisation for Economic Co-operation and Development
OES	Online Employment Services
PBAS	Points Based Activation System
PPF	Provider Performance Framework
PRF	Paul Ramsay Foundation
Prospert	Prospert Training and Consulting
PSP	Personal Support Program
QAF	Quality Assurance Framework
RBA	Reserve Bank of Australia
RCOA	Refugee Council of Australia
RCSA	Recruitment, Consulting and Staffing Association
RCT	Randomised Control Trial
RDA	Regional Development Australia
RFFR	Right Fit For Risk
RTO	Registered Training Organisation
SAEP	Salvation Army Employment Plus
SCoA	Settlement Council of Australia
SEA	Social Enterprise Australia
S-EA	Self-Employment Assistance
SECL	South East Community Links
SEE	Skills for Education and Employment
SEED	Sustaining Economic Empowerment and Dignity
SMEs	Small and Medium Enterprises
SRJA	Sarina Russo Job Access
STP	Single Touch Payroll
SVA	Social Ventures Australia
SYC	SYC Ltd
TAFE	Technical and Further Education
TAG	Training Alliance Group
TCF	Targeted Compliance Framework
TRECCA	TRECCA Employment - Ventia Australia
TtW	[Workforce Australia] Transition to Work
TWT	Tribal Warrior Talent

UK	United Kingdom
UniMelb	University of Melbourne
USA	United States of America
VCCI	Victorian Chamber of Commerce and Industry
VET	Vocational Education and Training
WAAMH	Western Australian Association for Mental Health
WfD	Work for the Dole
WHFS	Women’s Health and Family Services
WHS	Work health and safety
WISE	Work Integrated Social Enterprise
Workskil	Workskil Australia
Workways	Workways Australia Ltd

A. Conduct of the inquiry

The Select Committee on Workforce Australia Employment Services (the Committee) was established by a resolution of appointment that passed the House of Representatives on 2 August 2022.[1] The Committee was tasked with a first principles review of the Workforce Australia employment services system.

The Committee was initially to report on or before 29 September 2023. On 10 May 2023, the House of Representatives extended the Committee's reporting date to 30 November 2023.[2]

Consideration of ParentsNext

On 14 September 2022, the Minister for Employment and Workplace Relations, the Hon Tony Burke MP, requested that the Committee include pre-employment and complementary programs within the scope of its inquiry. In particular, the Minister requested that the Committee consider the role of ParentsNext in providing early intervention to parents and carers as part of the employment services system.

Accordingly, the first major component of the Committee's inquiry was examination of the ParentsNext program.

The Committee tabled its interim report on ParentsNext on 1 March 2023. The report made 30 recommendations. The majority focused on abolishing ParentsNext at the end of its current contract and replacing it with a supportive pre-vocational service. In addition, Committee made several recommendations to be implemented in the short to medium term. These were designed to address urgent concerns with ParentsNext, as well as concerns that could be addressed under existing policy settings.[3]

Following release of the interim report, as a 2023–24 Budget measure the Australian Government announced that it would abolish ParentsNext from 1 July 2024 and replace the program with a new voluntary service.[4]

1 House of Representatives, *Votes and Proceedings*, No. 5, 2 August 2022, pages 92–93.
2 House of Representatives, *Votes and Proceedings*, No. 53, 10 May 2023, p. 678.
3 See House Select Committee on Workforce Australia Employment Services, *Your Future Planning: Interim Report on ParentsNext*, February 2023, pages xvii–xxiv.
4 Commonwealth of Australia (2023), *Budget Measures 2023–24: Budget Paper No. 2*, p. 106.

Consideration of Workforce Australia employment services

The Committee called for submissions on Workforce Australia employment services on 6 December 2022, and specifically invited submissions from advocates and peak bodies, service providers, state and local governments, service participants, policy and academic experts, and other key stakeholders.

The Committee sought evidence on key issues with Workforce Australia, but more importantly requested advice and proposals for policy settings and service models that could optimise employment services in the future.

Submissions were initially requested by 28 February 2023. However, the Committee later extended the deadline for submissions to 17 March 2023 to enable it to gather additional evidence, but still accepted submissions beyond this date.

Noting the complexity of employment services and the breadth of the inquiry, the Committee also published guidance material on its website to aid individuals and organisations with their submissions:

- On 6 December 2022, the Committee published a Submission Guide with material targeted towards advocates, academics, and policy experts. This identified key issues and themes of particular interest or concern to the Committee and set out potential questions to which submitters could respond.
- On 19 December 2022, the Committee published a guide to sharing lived experience. This provided advice to individuals on sharing views and experiences of the system and recommendations for change.

The Committee identified the following topics as of particular interest in the guidance it provided:

- The underlying policy objectives for employment services.
- The architecture and organisational structure of employment services.
- Responding to local and place-based needs.
- Targeted service delivery for individuals.
- Supporting jobseekers into suitable, sustainable jobs.
- Meeting the needs of employers and demand-led approaches.
- The nature of mutual obligations, activation, compliance, and enforcement.
- Oversight, regulation, and assurance.
- Research and evaluation.

Evidence

The Committee received 321 submissions and 59 supplementary submissions, including answers to questions on notice.[5] The majority related to Workforce Australia. Submissions are listed in Appendix B and are available on the Committee's website.[6]

The Committee held 14 public hearings, noted below. There was some overlap between early hearings which considered the ParentsNext program and hearings which considered the broader employment services system.

- Canberra on 3 and 11 November 2022
- Melbourne on 6 December 2022
- Sydney on 7 December 2022
- Melbourne on 18 January 2023
- Perth on 1 February 2023
- Melbourne on 14 March 2023
- Canberra on 17 and 26 May 2023
- Brisbane on 6 June 2023
- Canberra on 16 June 2023
- Canberra on 11 August 2023
- Canberra on 19 and 20 September 2023.

Witnesses who appeared at the public hearings are listed in Appendix C, with tabled documents and presentation materials used during hearings listed in Appendix B. Transcripts and additional information are also available on the Committee's website.

Hearings were complemented by private briefings with key stakeholders, to enhance the Committee's understanding of employment services.

The Committee also held 51 meetings and site visits with employment services providers, social and community services organisations, employers and government agencies around Australia. These were conducted across metropolitan and regional areas, with the aim of ensuring that the inquiry captured a range of views and was able to respond to issues in different labour markets.

- Sydney and regional New South Wales
- Melbourne and regional Victoria

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5 This includes four answers to questions on notice which were not published as supplementary submissions (as the relevant witness did not make a submission). These are published under 'additional documents' on the Committee's website.

6 Submissions relating to the broader inquiry are denoted by the words 'Workforce Australia' in the name of the submitter as it appears on the website. A small number of submissions included evidence in relation to both ParentsNext and the broader Workforce Australia employment services system.

- Brisbane and regional Queensland
- Adelaide, South Australia
- Perth and regional Western Australia
- Hobart and regional Tasmania
- Darwin, Northern Territory.

An overview of these meetings and site visits is included within Appendix C.

Members of the Committee undertook a delegation visit to France, Ireland, the Netherlands, and Denmark. The delegation included a series of meetings and site visits with government officials, academic and policy experts, and service delivery agencies. These enabled the Committee to explore those countries' approach to the design and delivery of employment services, and to gain insights to inform proposed reformed to the Australian employment services. People and organisations with whom the Committee engaged as part of the delegation are outlined in Appendix D.

B. Submissions

1 Name Withheld - Workforce Australia

2 Name Withheld - Workforce Australia

3 Australian Women Against Violence Alliance (AWAVA) - ParentsNext

4 Professor Beth Goldblatt - ParentsNext

5 National Council of Single Mothers and their Children - ParentsNext

- 5.1 Supplementary

6 Associate Professor Elise Klein OAM - ParentsNext

- 6.1 Supplementary

7 Mr Matthew Ford - Workforce Australia

8 Name Withheld - ParentsNext

9 Name Withheld - ParentsNext

10 Dr Eve Vincent - ParentsNext

11 Economic Justice Australia - ParentsNext

12 Full Stop Australia - ParentsNext

13 Ms Ella Buckland - ParentsNext

- 13.1 Supplementary

14 Dr Ann Nevile - ParentsNext

15 Name Withheld - ParentsNext

16 Settlement Services International - ParentsNext

- 16.1 Supplementary

17 Dr Janet Ramsay PSM - ParentsNext

18 Name Withheld - ParentsNext

19 Equality Rights Alliance - ParentsNext

20 Training Alliance Group - ParentsNext

21 Workskil Australia - ParentsNext

22 CVGT Employment - ParentsNext

23 Sarina Russo Job Access - ParentsNext

24 Australian Human Rights Commission - ParentsNext

- 24.1 Supplementary
- Attachment 1

25 Council of Single Mothers and their Children - ParentsNext

26 Dr Katherine Curchin - ParentsNext

27 National Women's Safety Alliance - ParentsNext

28 Djerriwarrh Community and Education Services - ParentsNext

29 Name Withheld - ParentsNext

30 Joblink Plus Ltd - ParentsNext

31 YFS Ltd - ParentsNext

32 UnitingSA - ParentsNext

33 CORE Community Services - ParentsNext

34 atWork Australia - ParentsNext

35 My Pathway - ParentsNext

36 yourtown - ParentsNext

37 ARACY - Australian Research Alliance for Children and Youth - ParentsNext

38 South East Community Links - Workforce Australia

- 38.1 Supplementary

39 Morella Community Centre - ParentsNext

40 MAX Solutions - ParentsNext

41 Asuria People Services - ParentsNext

42 APM - ParentsNext

43 Name Withheld - ParentsNext

44 SYC Ltd - ParentsNext

45 Womens Health and Family Services - ParentsNext

46 Domestic Violence NSW - ParentsNext

- 46.1 Supplementary

47 *Confidential*

48 The Salvation Army Employment Plus - ParentsNext

49 UnitingCare Australia - ParentsNext

50 Jobfind Centres Australia Pty Ltd - ParentsNext

51 South Metropolitan Youth Link Inc - ParentsNext

52 Accoras - ParentsNext

53 OCTEC Limited - ParentsNext

- 53.1 Supplementary

54 Workways Australia Ltd - ParentsNext

55 Wesley Mission - ParentsNext

56 BRAVE Foundation - ParentsNext

57 Campbell Page - ParentsNext

- 57.1 Supplementary

58 Ability Options - ParentsNext

59 Brotherhood of St. Laurence - ParentsNext

60 Family and Relationship Services Australia - ParentsNext

61 The Parenthood - ParentsNext

62 Australian Council of Social Service - ParentsNext

63 *Confidential*

64 Mr Colin Williams - Workforce Australia

65 CatholicCare Wollongong - ParentsNext

66 Name Withheld - ParentsNext

67 Bamara Pty Ltd - ParentsNext

68 Australian Bureau of Statistics – Workforce Australia

69 *Confidential*

70 Australian Unemployed Workers Union - ParentsNext

71 Roseberry Qld - ParentsNext

72 Global Sisters - ParentsNext

73 Metro Assist - ParentsNext

- 73.1 Supplementary

74 Centre for Excellence in Child and Family Welfare - ParentsNext

75 Goodstart Early Learning - ParentsNext

76 Mission Australia - ParentsNext

- Attachment 1

77 Department of Employment and Workplace Relations - ParentsNext

- 77.1 Supplementary
- Attachment 1
- Attachment 2

78 Per Capita - ParentsNext

79 Playgroup Australia - ParentsNext

80 Jobs Australia - ParentsNext

- 80.1 Supplementary

81 *Confidential*

82 Volunteering Australia - ParentsNext

83 National Employment Services Association - ParentsNext

- 83.1 Supplementary

84 Associate Professor Joanne Evans and Ms Jade Purtell - ParentsNext

85 Settlement Council of Australia - ParentsNext

86 Mr Paul Upcroft - Workforce Australia

87 Professor Daryl Higgins and Dr Erica Russ - ParentsNext

- Attachment 1

88 Australia's National Research Organisation for Women's Safety - ParentsNext

89 People Power Services Ltd - ParentsNext

90 Mr Dan Ehlers - Workforce Australia

91 Ms Juliet Vrakas - Workforce Australia

92 Name Withheld - Workforce Australia

93 Name Withheld - Workforce Australia

- 93.1 Supplementary
- 93.2 Supplementary

94 Ms Karen Black - Workforce Australia

95 Kullarri Regional Communities Indigenous Corporation - ParentsNext

96 Regional Development Australia (RDA) Gold Coast - Workforce Australia

97 Mr Brendan Ambrose - Workforce Australia

- 97.1 Supplementary

98 Anglicare Australia - ParentsNext

99 The Multicultural Professional Network Inc. - Workforce Australia

100 *Confidential*

101 Career Development Association Australia

102 The Business Centre - Workforce Australia

103 Change the Record - ParentsNext

104 Name Withheld - Workforce Australia

105 Regional Development Australia (RDA) Kimberley - Workforce Australia

106 CVGT Employment - Workforce Australia

107 Name Withheld - Workforce Australia

108 Dr David O'Halloran - Workforce Australia

109 Name Withheld - Workforce Australia

110 *Confidential*

111 Mr Adam Vogan - Workforce Australia

112 Name Withheld - Workforce Australia

113 Mr Trenton Plummer - Workforce Australia

114 Ms Aeryn Brown - Workforce Australia

115 Name Withheld - Workforce Australia

116 Name Withheld - Workforce Australia

117 Name Withheld - Workforce Australia

118 Name Withheld - Workforce Australia

119 Name Withheld - Workforce Australia

120 Professor Lelia Green, Dr Kylie Stevenson, Dr Kelly Jaunzems, Ms Claire Hanlon and Mr Arthur Hanlon - Workforce Australia

121 Mr Murray Pitts - Workforce Australia

122 Tune Family Trust

123 Name Withheld - Workforce Australia

124 Ms Phoebe Autumn - Workforce Australia

125 Name Withheld - Workforce Australia

126 Name Withheld - Workforce Australia

127 Anglicare WA - Workforce Australia

128 *Confidential*

129 *Confidential*

130 Name Withheld - Workforce Australia

131 Ms Karen Zaskolny - Workforce Australia

132 Eros Association - Workforce Australia

- Attachment 1

133 Enterprise and Training Company - Workforce Australia

134 Office of the Commonwealth Ombudsman - Workforce Australia

135 National Foundation for Australian Women - Workforce Australia

136 Dr Ann Nevile - Workforce Australia

- 136.1 Supplementary

137 Name Withheld - Workforce Australia

138 Mrs Kerry Hynes - Workforce Australia

139 Success Works - Workforce Australia

140 Name Withheld - Workforce Australia

141 Youth Projects - Workforce Australia

142 Name Withheld - Workforce Australia

143 Ms Jennifer Goodrick - Workforce Australia

144 Mr Mark Goodrick - Workforce Australia

145 Sarina Russo Job Access - Workforce Australia

- 145.1 Supplementary

146 MAX Solutions - Workforce Australia

147 Ability Works Australia - Workforce Australia

148 AMES Australia - Workforce Australia

149 Australian Centre for Career Education - Workforce Australia

150 Campbell Page - Workforce Australia

151 CoAct - Workforce Australia

152 Dr Colin Harrison - Workforce Australia

153 Economic Justice Australia - Workforce Australia

- 153.1 Supplementary

154 Generation Australia - Workforce Australia

155 Greater South East Melbourne (GSEM) - Workforce Australia

156 IntoWork Australia - Workforce Australia

157 Joblink Plus - Workforce Australia

158 Name Witheld - Workforce Australia

159 Mr Anders Ross - Workforce Australia

160 Name Withheld - Workforce Australia

161 Name Withheld - Workforce Australia

162 Name Withheld - Workforce Australia

163 *Confidential*

164 MTC Australia - Workforce Australia

165 National Association for the Visual Arts Ltd - Workforce Australia

166 National Youth Commission Australia - Workforce Australia

167 The Holland Foundation - Workforce Australia

168 WDEA Works - Workforce Australia

169 WISE Employment - Workforce Australia

170 St Vincent de Paul Society - Workforce Australia

171 Professor Jeff Borland - Workforce Australia

172 Australian Local Government Association - Workforce Australia

173 Community Leaders' Gathering and the Future Leaders Advocacy Group – Workforce Australia

174 Tasmanian Government - Workforce Australia

- 174.1 Supplementary
- 174.2 Supplementary

175 Australian Retailers Association - Workforce Australia

176 National Indigenous Australian Agency - Workforce Australia

- 176.1 Supplementary

177 Organisation for Economic Co-operation and Development (OECD) - Workforce Australia

178 Justice Reform Initiative - Workforce Australia

- 178.1 Supplementary

179 Access Care Network Australia - Workforce Australia

- 179.1 Supplementary

180 Nirrumbuk Aboriginal Corporation - Workforce Australia

181 Miss Mary Hill - Workforce Australia

182 Multicultural Australia - Workforce Australia

183 Management Governance Australia - Workforce Australia

184 Name Withheld - Workforce Australia

185 Jobs Australia - Workforce Australia

186 Ms Natalie McInerney - ParentsNext

187 Name Withheld - Workforce Australia

188 HOST International - Workforce Australia

189 SYC Ltd - Workforce Australia

- 189.1 Supplementary

190 Mission Australia - Workforce Australia

191 Getting Welfare to Work Research Team - Workforce Australia

192 Department of Social Services - Workforce Australia

- 192.1 Supplementary
- 192.2 Supplementary

193 SSI - Workforce Australia

194 *Confidential*

195 Training Alliance Group - Workforce Australia

196 Workskil Australia - Workforce Australia

197 Dr Katherine Curchin - Workforce Australia

198 yourtown - Workforce Australia

- 198.1 Supplementary

199 The Salvation Army Employment Plus - Workforce Australia

200 Centre for Excellence in Child and Family Welfare - Workforce Australia

201 The Recruitment, Consulting and Staffing Association (RCSA) - Workforce Australia

202 VERTO - Workforce Australia

203 Australian Council of Social Service - Workforce Australia

- 203.1 Supplementary
- 203.2 Supplementary
- 203.3 Supplementary
- Attachment 1

204 Dr Shelley Bielefeld - Workforce Australia

205 Australian Services Union - Workforce Australia

- 205.1 Supplementary

206 Ethnic Communities Council of Queensland - Workforce Australia

207 Name Withheld - Workforce Australia

208 The Angus Knight Group - Workforce Australia

209 Dr Victor Quirk - Workforce Australia

210 atWork Australia - Workforce Australia

211 Settlement Council of Australia - Workforce Australia

212 Australia's National Research Organisation for Women's Safety - Workforce Australia

213 APM - Workforce Australia

214 Bamara - Workforce Australia

215 Anglicare Australia - Workforce Australia

216 Associate Professor Jo Ingold and Tony Carr - Workforce Australia

- 216.1 Supplementary

217 Centre for Policy Futures, UQ - Workforce Australia

218 Dr Tom Barratt, Dr Caleb Goods and Dr Alex Veen - Workforce Australia

219 Integrated Information Service - Workforce Australia

220 Mx Eve Geyer - Workforce Australia

221 Name Withheld - Workforce Australia

222 Minderoo Foundation Trust - Generation One - Workforce Australia

223 Name Withheld - Workforce Australia

224 Name Withheld - Workforce Australia

225 National Self-Employment Association - Workforce Australia

226 Refugee Council of Australia - Workforce Australia

227 The BUSY Group Ltd - Workforce Australia

228 TRECCA Employment (Ventia Australia) - Workforce Australia

229 Name Withheld - Workforce Australia

230 Name Withheld - Workforce Australia

231 Yilabara Solutions - Workforce Australia

232 Social Ventures Australia - Workforce Australia

- Attachment 1
- Attachment 2

233 Tribal Warrior Talent - Workforce Australia

- Attachment 1
- Attachment 2
- Attachment 3

234 Name Withheld - Workforce Australia

235 Melissa Fisher - Workforce Australia

236 Australian Chamber of Commerce and Industry - Workforce Australia

237 Good Cycles - Workforce Australia

238 Australian Youth Affairs Coalition - Workforce Australia

- 238.1 Supplementary

239 Workways Australia Ltd - Workforce Australia

- 239.1 Supplementary
- 239.2 Supplementary

240 Volunteering Australia - Workforce Australia

241 Queensland Family and Child Commission - Workforce Australia

242 SEEK - Workforce Australia

- 242.1 Supplementary

243 Queensland Department of Employment, Small Business and Training – Workforce Australia

244 *Confidential*

245 Name Withheld - Workforce Australia

246 Asuria People Services - Workforce Australia

247 Name Withheld - Workforce Australia

248 Western Australian Association for Mental Health - Workforce Australia

249 Brotherhood of St Laurence - Workforce Australia

250 Mr Nick Costello - Workforce Australia

251 GetUp! - Workforce Australia

252 Per Capita - Workforce Australia

- 252.1 Supplementary

253 Australian Unemployed Workers' Union (AUWU) - Workforce Australia

- 253.1 Supplementary
- 253.2 Supplementary
- 253.3 Supplementary
- Attachment 1

254 Department of Employment and Workplace Relations - Workforce Australia

- 254.1 Supplementary
- 254.2 Supplementary
- 254.3 Supplementary
- 254.4 Supplementary

- 254.5 Supplementary
- 254.6 Supplementary
- 254.7 Supplementary
- 254.8 Supplementary

255 Community and Public Sector Union - Workforce Australia

256 Brotherhood of St Laurence, Centre for Policy Development and University of Melbourne - Workforce Australia

- 256.1 Supplementary

257 Sudd Foundation - Workforce Australia

- Attachment 1
- Attachment 2
- Attachment 3

258 The ASE Group - Workforce Australia

259 Victorian Chamber of Commerce and Industry - Workforce Australia

260 National Employment Services Association (NESA) - Workforce Australia

- 260.1 Supplementary
- Attachment 1

261 Life be in it Australia - Workforce Australia

262 Navitas - Workforce Australia

263 MatchWorks - Workforce Australia

264 Name Withheld - Workforce Australia

265 Name Withheld - Workforce Australia

266 Assembled Threads - Workforce Australia

- Attachment 1

267 Ms Kaye Demetriou - Workforce Australia

268 North Burnett Community Service - Workforce Australia

269 Name Withheld - Workforce Australia

270 Orygen - Workforce Australia

271 *Confidential*

272 Jobs Statewide - Workforce Australia

273 Dr Bob Davidson and Dr Dianna Perche - Workforce Australia

- Attachment 1
- Attachment 2
- Attachment 3

274 White Box Enterprises - Workforce Australia

- 274.1 Supplementary

275 Mr Adam Johnston - Workforce Australia

276 Antipoverty Centre - Workforce Australia

277 Name Withheld - Workforce Australia

278 Government of Victoria - Workforce Australia

- 278.1 Supplementary

279 Steven de Vroom - Workforce Australia

280 Relationships Australia - Workforce Australia

281 Name Withheld - Workforce Australia

282 Mr Fraser Faithfull

283 Mr Tony Simms - Workforce Australia

284 Mr Andrew Philippou

- Attachment 1

285 *Confidential*

286 Switch Start Scale - Workforce Australia

- 286.1 Supplementary
- Attachment 1

287 Mr Tom Dumbrell - Workforce Australia

288 Name Withheld - Workforce Australia

289 Australian Entrepreneurs Alliance - Workforce Australia

- Attachment 1
- Attachment 2

- Attachment 3
- Attachment 4
- Attachment 5
- Attachment 6

290 Your Financial Wellness - Workforce Australia

291 Institute of Employability Professionals - Workforce Australia

292 Mr Henry Rich - Workforce Australia

293 Name Withheld - Workforce Australia

294 Mr Stephen Zivkovic - Workforce Australia

295 Name Withheld - Workforce Australia

296 SydWest Multicultural Services - Workforce Australia

297 Name Withheld - Workforce Australia

298 Social Traders - Workforce Australia

- 298.1 Supplementary
- Attachment 1
- Attachment 2

299 Alffie - Workforce Australia

300 *Confidential*

301 Prospert Training and Consulting - Workforce Australia

302 Department of Home Affairs - Workforce Australia

303 Name Withheld - Workforce Australia

304 Paul Ramsey Foundation - Workforce Australia

305 Social Enterprise Australia - Workforce Australia

306 Department of Veteran's Affairs - Workforce Australia

307 The Treasury – Workforce Australia

308 *Confidential*

309 Name Withheld - Workforce Australia

310 Name Withheld - Workforce Australia

311 CareerOne - Workforce Australia

312 Own Words - Workforce Australia

313 *Confidential*

314 Name Withheld - Workforce Australia

315 Single Mother Families Australia

- Attachment 1

316 Mr Paul Hunt - Workforce Australia

317 *Confidential*

318 *Confidential*

319 WomenCAN Australia – Workforce Australia

- Attachment 1
- Attachment 2
- Attachment 3

320 Mr Anthony Phillips and Mr Peter Murray – Workforce Australia

321 *Confidential*

Additional Documents

Additional Information

1 Public hearing 3 November 2022 – Department of Employment and Workplace Relations – presentation slides: Overview of Workforce Australia

2 Public hearing 3 November 2022 – Department of Employment and Workplace Relations – presentation slides Caseload

3 Public hearing 3 November 2022 – Department of Employment and Workplace Relations – presentation slides Mutual obligations and the Targeted Compliance Framework

4 Department of Employment and Workplace Relations- Workforce Australia Cohort by Employment Regions updated Caseload data tables

5 Department of Employment and Workforce Relations- Workforce Australia Cohort by Employment Regions - Cohort terms

6 Expenditure on Employment Services, Advice provided by the Parliamentary Budget Office to the Select Committee on Workforce Australia Employment Services, 2 November 2022

7 Employment Services Information, Advice provided by the Parliamentary Budget Office to the Select Committee on Workforce Australia Employment Services, 13 January 2023

8 Employment Services Information, Advice provided by the Parliamentary Budget Office to the Select Committee on Workforce Australia Employment Services, 31 January 2023

Answer to Question on Notice

1 Western Australian Department of Communities – answers to questions on notice – public hearing 1 February 2023

2 Western Australian Department of Training and Workforce Development – answers to questions on notice – public hearing 1 February 2023

3 Business Council of Australia – answers to questions on notice – public hearing 11 August 2023

4 Australian Taxation Office – answers to questions on notice – public hearing 20 September 2023

Correspondence

1 Letter from the Hon Tony Burke MP, Minister for Employment and Workplace Relations, to Committee Chair. Requesting that Committee consider complementary programs - specifically ParentsNext - within the scope of its inquiry.

2 Letter from Committee Chair to the Hon Tony Burke MP, Minister for Employment and Workplace Relations. Notifying agreement for Committee to consider complementary programs - specifically ParentsNext - within the scope of its inquiry.

C. Public hearings

Thursday 3 November 2022

Canberra, and by videoconference

Department of Employment and Workplace Relations

- Ms Natalie James, Secretary
- Mr Nathan Smyth, Deputy Secretary—Employment and Workforce
- Ms Kylie Crane, First Assistant Secretary—Evidence and Assurance
- Ms Benedikte Jensen, First Assistant Secretary—Employment Policy and Analytics
- Ms Kerryn Kovacevic, First Assistant Secretary—Digital Solutions
- Ms Miranda Lauman, First Assistant Secretary—Workforce Australia for Business
- Ms Melissa Ryan, First Assistant Secretary—Workforce Australia for Individuals
- Ms Robyn Shannon, First Assistant Secretary—Workforce Australia Provider Support
- Ms Nicolle Johnston, Assistant Secretary—Digital Experience and Services
- Dr Louise O'Rance, Assistant Secretary—Data Management and Reporting

Friday 11 November 2022

Canberra, and by videoconference

Associate Professor Elise Klein OAM, *Private capacity*

Australian National University

- Dr Ann Nevile, Honorary Associate Professor—Centre for Social Research and Methods
- Dr Katherine Curchin, Senior Lecturer—Centre for Social Research and Methods

Dr Eve Vincent, *Private capacity*

Volunteering Australia

- Mr Mark Pearce, CEO

Goodstart Early Learning

- Ms Kelly Millar, National Social Policy Manager

Economic Justice Australia

- Ms Linda Forbes, Law Reform Officer
- Mr Simon (Sam) Tracy, Practice Director, Basic Rights Queensland

Brotherhood of St Laurence

- Dr Travers McLeod, Executive Director
- Dr Dina Bowman, Principal Research Fellow—Work and Economic Security
- Mrs Penny Bohm, Project Manager
- Ms Rebecca Pinney Meddings, Senior Manager—Financial Inclusion

Department of Employment and Workplace Relations

- Ms Benedikte Jensen, First Assistant Secretary—Employment Policy and Analytics
- Ms Robyn Shannon, First Assistant Secretary—Workforce Australia Provider Support
- Ms Carmel O'Regan, Assistant Secretary—Targeted Employment Policy
- Ms Samantha Robertson, Assistant Secretary—Employment Services Programs
- Ms Deborah Brown, Acting Assistant Secretary—Workforce Australia Inquiry Taskforce
- Dr Andrew Wright, Director—Targeted Employment Policy

Department of Social Services

- Mr Matt Flavel, Deputy Secretary—Social Security
- Ms Jo Evans, Group Manager—Participation and Family Payments
- Mr Ben Peoples, Branch Manager—Participation and Supplementary Payments

Services Australia

- Ms Cathy Toze, General Manager—Income Management and Targeted Services
- Mr Eric Harper, Acting General Manager—Working Age Programmes
- Ms Juleigh Cook, National Manager—Disability Pension and Parenting Payment
- Mr Robert Hall, Acting National Manager—Participation Programmes and Compliance

Tuesday 6 December 2022

Melbourne

National Council of Single Mothers and their Children

- Ms Terese Edwards, CEO

Council of Single Mothers and their Children

- Ms Jenny Davidson, CEO

Centre for Excellence in Child and Family Welfare

- Ms Deb Tsorbaris, CEO
- Ms India Grevis-James, Senior Policy and Research Officer

Australian Council of Social Service

- Dr Cassandra Goldie, CEO
- Dr Simone Casey, Senior Advisor—Employment

Wednesday 7 December 2022

Sydney

Ms Angela Finch, *Private capacity*

Ms Melissa Rogers, *Private capacity*

Ms Ella Buckland, *Private capacity*

Ms Charlie McKenna, *Private capacity*

Australian Human Rights Commission

- Emeritus Professor Rosalind Croucher, President

Domestic Violence NSW

- Ms Renata Field, Team Manager-Policy, Advocacy and Research

Campbell Page

- Mr Peter Bacon, Head of Strategic Growth
- Ms Julia North, Program Manager-ParentsNext

OCTEC

- Ms Charissa Mossop, Program Manager—ParentsNext
- Mr Christopher Clark, Manager-Employment and Training

Metro Assist

- Ms April Pan, Manager-Settlement and Employment Programs
- Ms Quynh Pham, Employment Services Team Leader

Wednesday 18 January 2023

Melbourne

Brave Foundation

- Ms Jill Roche, CEO

National Employment Services Association

- Ms Sally Sinclair, CEO
- Ms Annette Gill, Principal Policy Advisor

Jobs Australia

- Ms Debra Cerasa, CEO
- Mr Bryan McCormick, Senior Advisor

Department of Employment and Workplace Relations

- Ms Melissa Ryan, Acting Deputy Secretary—Employment and Workforce
- Ms Benedikte Jense, First Assistant Secretary—Employment Policy and Analytics
- Ms Robyn Shannon, First Assistant Secretary—Workforce Australia Provider Support
- Ms Carmel O'Regan, Assistant Secretary—Employment Policy and Analytics
- Ms Samantha Robertson, Assistant Secretary—Employment Services Programs Branch
- Ms Deborah Brown, Acting Assistant Secretary—Workforce Australia Inquiry Taskforce
- Mr Casey Mills, Director—Targeted Employment Policy
- Ms Melinda Tynan, Director—Workforce Australia Provider Support
- Mr Niran Gunawardena, Director—Workforce Australia Inquiry Taskforce

Department of Social Services

- Mr Matt Flavel, Deputy Secretary—Social Security Services Australia
- Ms Jo Evans, Group Manager—Participation and Family Payments
- Mr Ben Peoples, Branch Manager—Participation and Supplementary Payments

Services Australia

- Mr Jonathon Thorpe, Acting Deputy CEO—Customer Service Design
- Mr Eric Harper, Acting General Manager—Age Programmes

Wednesday 1 February 2023

Perth

Western Australia Council of Social Services

- Ms Rachel Siewert, Deputy CEO

Anglicare WA

- Mr Mark Glasson, CEO
- Ms Claire Lucas, Director—Innovation and Strategy
- Dr Shae Garwood, Manager—Research, Advocacy and Prevention

Women's Health and Family Services

- Ms Felicite Black, CEO
- Ms Emma Morris, Executive Manager—Client Support Services

atWork Australia

- Mr Hugh Reilly, Executive General Manger
- Ms Natalie Fitzgerald, General Manager—Business Excellence

Training Alliance Group

- Mr Bala Suppiah, Director
- Ms Ellen Brady, ParentsNext Coordinator
- Ms Madeline Sturgeon-Eustace, Engagement Officer—ParentsNext

Government of Western Australia

- Mr Shayne Maines, Deputy Director General—Integrity and Reform, Department of Communities
- Ms Vicki Kelly, Director—Education and Care Legislation and Intergovernmental Relations, Department of Communities
- Mrs Klair Bayley, Principal Midwifery Advisor—Office of Chief Nursing and Midwifery Officer, Department of Health
- Ms Karen Ho, Director General, Department of Training and Workforce Development

- Mr Brad Jolly, Executive Director—Service Delivery, Department of Training and Workforce Development

Tuesday 14 March 2023

Melbourne

Professor Jeff Borland, *Private capacity*

Professor Mark Considine, *Private capacity*

Dr Michael McGann, *Private capacity*

Associate Professor Siobhan O'Sullivan, *Private capacity*

Professor Gaby Ramia, *Private capacity*

Brotherhood of St Laurence

- Dr Travers McLeod, Executive Director
- Professor Shelley Mallett, Director—Social Policy and Research Centre

Centre for Policy Development

- Ms Annabel Brown, Deputy CEO
- Mr Clifford Eberly, Director—Resilient People and Places

University of Melbourne

- Dr Michael McGann, Lecturer in Political Science, School of Social and Political Sciences

Per Capita

- Ms Emma Dawson, Executive Director
- Dr May Lam, Senior Fellow

National Employment Services Association

- Ms Sally Sinclair, CEO
- Ms Annette Gill, Principal Policy Advisor

Jobs Australia

- Ms Debra Cerasa, CEO
- Mr Bryan McCormick, Senior Advisor—Government and Policy

Government of Victoria

- Dr Sharn Enzinger, Executive Director—Delivery, Department of Jobs, Skills, Industry and Regions
- Ms Laura Trengove, Executive Director—Employment Policy and Strategy, Department of Jobs, Skills, Industry and Regions

APM Employment Services

- Mrs Karen Rainbow, CEO—Employment Services
- Mr James Muller, General Manager

IntoWork

- Mrs Nicole Mattsson, National Services Design and Integration Leader
- Mr Steve Wyborn, CEO—IntoJobs

Jobfind Centres Australia

- Mrs Karena Newland, CEO

Wednesday 17 May 2023

Canberra, and by videoconference

Australian Council of Social Service

- Dr Cassandra Goldie, CEO
- Dr Simone Casey, Senior Advisor—Employment

Economic Justice Australia

- Ms Catherine Eagle, Principal Solicitor—Welfare Rights and Advocacy Service
- Ms Sarah Sacher, Law Reform Officer

National Indigenous Australians Agency

- Ms Julie-Ann Guivarra, Deputy CEO—Policy and Programs
- Mr Carl Binning, Group Manager—Economic Empowerment
- Ms Kate Phipps, Branch Manager—Remote Employment Program
- Mr Michael Blanchard, Branch Manager—Employment
- Mr Ben O'Sullivan, Acting Branch Manager—Community Development Program

Department of Employment and Workplace Relations

- Ms Benedikte Jensen, First Assistant Secretary— Employment Policy and Analytics

- Ms Edwina Spanos, Acting First Assistant Secretary—Workforce Australia Provider Support

Coalition of Aboriginal and Torres Strait Islander Organisations (Coalition of Peaks)

- Mrs Muriel Bamblett, Committee Member

Settlement Council of Australia

- Ms Sandra Elhelw Wright, CEO

Social Ventures Australia

- Dr Lisa Fowkes, Director—Programs (Employment)
- Mr Patrick Flynn, Director—Public Affairs

Social Enterprise Australia

- Ms Jess Moore, CEO

Justice Reform Initiative

- Mr Robert Tickner, Chair
- Dr Melinda (Mindy) Sotiri, Executive Director

Mr Mark Hancock, *Private capacity*

Western Australian Association for Mental Health

- Ms Taryn Harvey, CEO
- Mrs Cassandra MacDonald, Sector Development Manager
- Mr Colin Penter, Policy and Projects Officer

Friday 26 May 2023

Canberra, and by videoconference

Department of Social Services

- Ms Robyn Shannon, Acting Deputy Secretary—Disability and Carers
- Ms Jo Evans, Group Manager—Participation and Family Payments
- Ms Katrina Chatham, Acting Group Manager—Disability Employment and Carers
- Mr Ben Peoples, Branch Manager—Participation and Supplementary Payments

Department of Employment and Workplace Relations

- Ms Melissa Ryan, First Assistant Secretary—Workforce Australia for Individuals

National Self-Employment Association

- Ms Diane Minnis, CEO
- Mr Saviero (Sam) Donato, Board Member
- Ms Sophia Amos, Board Member
- Mr Adam Collison, Deputy Chair

Asuria People Services

- Mr Con Kittos, Executive Chairman
- Ms Nicole Grainger-Marsh, CEO
- Ms Alicea Shaw, Executive Director—Employment Services
- Mr Matthew Smith, CEO—Australian Employment and Training Solutions

ABS Institute of Management

- Mr Mark Van Lith, Managing Director
- Mr Luke Van Lith, Operations Manager

Access Care Network Australia

- Dr Ricki Smith, CEO

Australian Centre for Career Education

- Ms Penne Dawe, CEO

Yilabara Solutions

- Mr Matthew Clarke, CEO

Nirrumbuk Aboriginal Corporation

- Mr Joseph Grande, CEO
- Mr Martin Sibosado, Board Member

Tuesday 6 June 2023

Brisbane

Ethnic Communities Council of Queensland

- Mr Elijah Buol OAM, Chairperson
- Ms Naome Rusera, Executive Officer

Multicultural Australia

- Mrs Christine Castley, CEO

- Mr Jason Olsson-Seeto, Chief Development Officer
- Ms Poppy Browne, Senior Manager—Employment, Youth and Community Development

Sarina Russo Job Access

- Mrs Kathleen Newcombe, Group CEO
- Mr Mark Berlese, Chief Operating Officer

yourtown

- Mr Brendan Bourke, Head of Client Services
- Dr Marion Byrne, Head of Strategic Partnerships and Advocacy

Workways Australia

- Mr Kieren Kearney, CEO

Friday 16 June 2023

Canberra, and by videoconference

Associate Professor Jo Ingold (Dr Ingold), *Private capacity*

Australian Services Union

- Mr Angus McFarland, Branch Secretary—NSW and ACT

Community and Public Sector Union

- Mr Michael Tull, Assistant National Secretary

White Box Enterprises

- Mr Luke Terry, CEO and Co-founder

Friday 11 August 2023

Canberra, and by videoconference

SEEK

- Ms Kendra Banks, Managing Director—Australia and New Zealand
- Ms Kadi Taylor, Head of Government Relations

Australian National University

- Dr Ann Nevile, Honorary Associate Professor—Centre for Social Research and Methods

Business Council of Australia

- Ms Wendy Black, Head of Policy

Australian Entrepreneurs Alliance

- Mrs Wendy Perry, Chair and former Entrepreneurship Facilitator (Adeliade)
- Ms Tara Diversi, Member and former Entrepreneurship Facilitator (Cairns)—Launch Y(E)P

Paul Ramsey Foundation

- Ms Josie Khalil, Head of Employment
- Mr Ben Gales, Chief Delivery Officer

Australian Youth Affairs Coalition

- Ms Diana Amato, CEO
- David, Volunteer
- Fatima, Volunteer
- Pia, Volunteer

Tuesday 19 September 2023

Canberra, and by videoconference

Australian Unemployed Workers' Union

- Mr Jeremy Heywood, President
- Dr David O'Halloran, Advocacy and Research Officer
- Mr Jeremy Poxon, Officer
- Geeta Jatania, ACT Member
- Mr Ray Sutherland, ACT Member
- Dr Sean Botha, NSW Member
- Ren McSweeney, NSW Member

Antipoverty Centre

- Ms Kristin O'Connell, Co-coordinator—Research and Policy
- Mr Jay Coonan, Co-coordinator—Research and Policy

Per Capita

- Dr May Lam, Senior Fellow

Australian Council of Social Services

- Dr Peter Davidson, Principal Advisor

WISE Employment

- Mr Matthew Lambelle, CEO

Social Traders Ltd

- Mr Alex Hooke, Executive Director—Advocacy and Engagement

The Hon Dr Kay Patterson, *Private capacity*

COTA Australia

- Mr Corey Irlam, Deputy CEO

Wednesday 20 September 2023

Canberra, and by videoconference

Brotherhood of St Laurence

- Dr Travers McLeod, Executive Director
- Ms Cara Nolan, Senior Advisor

Centre for Policy Development

- Ms Annabel Brown, Deputy CEO

University of Melbourne

- Dr Michael McGann, Lecturer in Political Science, School of Social and Political Sciences

Government of Victoria

- Ms Lill Healy, Deputy Secretary—Skills and Employment, Department of Jobs, Skills, Industry and Regions
- Ms Laura Trengove, Executive Director—Strategy and Engagement, Department of Jobs, Skills, Industry and Regions

National Employment Services Association

- Ms Sally Sinclair, CEO
- Ms Annette Gill, Principal Policy Advisor

Jobs Australia

- Mr Bryan McCormick, Senior Advisor—Government and Policy
- Mrs Amanda Petts, Relationship Engagement Coordinator

Julian, *Private capacity*

Lysander, *Private capacity*

Lewis, *Private capacity*

Michael, *Private capacity*

Julie, *Private capacity*

Badryiah, *Private capacity*

Australian Taxation Office (ATO)

- Ms Usha Narain, Acting Deputy Commissioner—Superannuation and Employer Obligations
- Ms Larissa Evans, Assistant Commissioner—Data and Services

Department of Employment and Workplace Relations

- Ms Melissa Ryan, First Assistant Secretary—Workforce Australia for Individuals
- Ms Miranda Lauman, First Assistant Secretary—Workforce Australia for Business
- Mr Alistair Beasley, Acting First Assistant Secretary—Evidence and Assurance
- Ms Belinda Catelli, Assistant Secretary—Activities and Experience
- Mr Alex Harvey, Acting Assistant Secretary - National Workforce Solutions
- Dr Louise O'Rance, Assistant Secretary—Data Management and Reporting
- Ms Deborah Brown, Acting Assistant Secretary—Workforce Australia Inquiry Taskforce
- Ms Melissa Carney, Director—Digital Services
- Mr Niran Gunawardena, Director—Workforce Australia Inquiry Taskforce

Jobs and Skills Australia

- Mr David Turvey, First Assistant Secretary—Jobs and Skills Australia
- Mr Cliff Bingham, Assistant Secretary—Labour Market Research and Analysis

Other meetings and site visits

Tuesday 6 December 2022 - Melbourne

Wednesday 7 December 2022 - Sydney

Monday 16 January 2023 - Regional New South Wales

Tuesday 17 January 2023 - Regional Victoria

Monday 30 January 2023 - Regional Western Australia

Tuesday 31 January 2023 - Perth

Friday 24 March 2023 - Adeliade

Monday 3 April 2023 - Melbourne, and by videoconference

Monday 17 April 2023 - Hobart and Regional Tasmania

Thursday 20 April 2023 - Melbourne

Monday 5 June 2023 - Regional Queensland

Tuesday 6 June 2023 - Brisbane

Tuesday 22 August 2023 - Sydney

Thursday 31 August 2023 - Darwin

D. International delegation

Descriptions included within the summary of the European delegation below are aligned with the Australian employment services system where appropriate. Descriptions are based on the primary reason for scheduling of meetings and site visits.

During the delegation, Committee members may have meet with, or visited, other diplomatic representatives. These have been registered but are not captured below.

Monday 25 September 2023

Paris, France

Panel discussions and bilateral meetings with:

- OECD policy experts
- Representatives from OECD countries:
  - Sweden
  - Belgium
  - Estonia
  - Germany
  - Austria

Tuesday 26 September 2023

Paris, France

Site visit and meeting:

- Pôle emploi
- Caisse d'Allocations Familiales (National Office for Family Allocations)
- OECD representatives

Site visit:

- Le LAB

Wednesday 27 September 2023

Paris, France

Site visit:

- Social entreprise

Meeting:

- Territoires Zéro Chômeur de Longue Durée (Territories with Zero Long-Term Unemployment)

Thursday 28 September 2023

Dublin, Ireland

Meetings:

- Citizens Information Board
- Government of Ireland Minister of State—Business, Employment and Retail
- Irish Local Development Network

Friday 29 September 2023

Dublin, Ireland

Meetings:

- Academic and policy experts
- Government of Ireland National Disability Authority

Site visit:

- Local Area Employment Services provider

Meeting:

- Irish National Association of the Unemployed

Monday 2 October 2023

Amsterdam, Netherlands

Site Visit:

- Amsterdam House of Skills
- Amsterdamwerkt! (Amsterdam Work!)

Meeting:

- Uitvoeringsinstituut Werknemersverzekeringen (Employee Insurance Agency)

Tuesday 3 October 2023

The Hague, Netherlands

Meeting:

- Ministerie van Sociale Zaken en Werkgelegenheid (Ministry of Social Affairs and Employment)
- Nederlandse Arbeidsinspectie (Netherlands Labour Authority)

Site Visit:

- Den Haag Werkt (The Hague Works)

Meeting:

- Passport for Work
- Academic and policy experts

Wednesday 4 October 2023

Copenhagen, Denmark

Meeting:

- Reformkommissionen (Reform Commission)

Thursday 5 October 2023

Copenhagen, Denmark

Site visit and meeting:

- Job Center København (Copenhagen Job Centre)
- Københavns Kommune (City of Copenhagen Municipal Authority)

Meetings:

- Beskæftigelsesministeriet (Ministry of Employment)
- Dansk Erhverv (Danish Chamber of Commerce)
- Academic and policy experts

Friday 6 October 2023

Copenhagen, Denmark

Meetings:

- KL (National Organisation for Municipalities)
- Dansk Arbejdsgiverforening (Confederation of Danish Employers)
- Dansk Industri (Confederation of Danish Industries)
- City of Copenhagen Major for Employment and Integration

E. Previous inquiries and reviews

Parliamentary inquiries

The Committee drew on several parliamentary inquiries in its examination of the employment services system. Key inquiries are summarised below. The list is not intended as exhaustive, but rather to illustrate that many issues canvassed in the current inquiry have persisted for a significant amount of time.

The list of inquiries does not include the inquiries into the ParentsNext program. These were captured in the Committee's interim report.

Senate Education and Employment References Committee: Inquiry into jobactive

The Senate Education and Employment References Committee conducted an inquiry into jobactive (the employment services system which preceded Workforce Australia) in 2018. The final report was tabled in February 2019.

Several of the findings of the jobactive inquiry mirrored key themes in evidence provided to this inquiry. The inquiry found that jobactive was not fit-for-purpose. Participants found employment despite of the program—not because of it—and suffered due to the program's punitive compliance arrangements. Providers were overburdened with red tape, which prevented them from delivering effective support.[1]

Specific areas of concern included:

- many jobseekers were inappropriately assessed as being 'job ready' despite facing multiple barriers. Even if placed in the appropriate service, jobseekers did not receive sufficient support;
- mutual obligation requirements—in particular mandatory job search and annual activity requirements—were inappropriate for jobseekers and resulted in employers becoming overburdened by masses of poor-quality job applications;
- the compliance framework was punitive, and disproportionally impacted participants experiencing homelessness and mental health issues; and

[1] Senate Education and Employment References Committee (2019), *jobactive: failing those it is intended to serve*, pages xix–xxi.

- funding arrangements incentivised providers to churn people through short-term work, rather than enabling meaningful employment outcomes.[2]

Key recommendations included:

- improving mutual obligations to promote work readiness and effective job searches;
- enhancing the negotiation process for, and the content of, Job Plans;
- transferring responsibility for compliance to a public body, including discretionary powers over the application of penalties;
- improving access to appeals and complaints processes;
- establishing independent assurance and evaluation mechanisms; and
- ensuring funding arrangements do not inappropriately incentivise attainment of short-term or insecure jobs at the expense of secure, sustainable employment.[3]

Senate Community Affairs References Committee: Inquiry into the adequacy of Newstart

The Senate Community Affairs References Committee conducted an inquiry into the adequacy of Newstart and related payments, and alternative mechanisms to determine the level of income support payments in Australia. The final report for the inquiry was tabled in April 2020.

Key themes in evidence included that income support payments for working age jobseekers were inadequate, and that this can have devastating impacts on individuals and on the wider community. The report also asserted that the income support system could act as a barrier to employment due to inadequate payment rates that force people into poverty, flaws in the design of mutual obligations, and the inefficiency of employment programs.[4]

Of particular relevance to the current inquiry, evidence indicated that:

- mutual obligations were not leading to positive employment or education outcomes;
- employment programs must focus on the skills required for the future of work;
- additional, targeted supports were needed for some cohorts, and particularly for those who experience mental health challenges and for youth in housing insecurity;
- jobactive providers did not adequately support jobseekers; and

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2 Senate Education and Employment References Committee (2019), *jobactive: failing those it is intended to serve*, pages xix–xxi.

3 Senate Education and Employment References Committee (2019), *jobactive: failing those it is intended to serve*, pages ix–xiv.

4 Senate Community Affairs Reference Committee (2020), *Adequacy of Newstart and related payments and alternative mechanisms to determine the level of income support payments in Australia,* pages xvii–xix.

- compliance arrangements were punitive and did not increase chances of finding work.[5]

Key recommendations included:

- the Australian Government set a national definition of poverty, in collaboration with academic experts and the community sector;
- the Australian Government immediately undertake a review of the income support system to ensure that all eligible income support recipients do not live in poverty.[6]

Senate Select Committee on the Future of Work and Workers

The Senate Select Committee on the Future of Work and Workers considered matters relating to the ways in which work and workplaces were changing in Australia, and the impact of associated trends on workplace laws, skills and knowledge need, and the social security system. The report was tabled in September 2018.

Key findings included:

- the availability and stability of decent work and decent pay is important on an individual, family and community level;
- inequality is rising in Australia and stagnant wages are impacting on Australia's quality of life and sense of prosperity and have the potential to impede economic growth;
- workplace laws have failed to keep pace with emerging trends; and
- the world of work is being transformed by technology; however, it would be a mistake to see the future of work as only being about technological change.[7]

Key recommendations with relevance to this inquiry included:

- the Australian Government prepare and commit to a long-term plan to prepare Australian workers, business, and the economy for coming technological change;
- the Australian Government establish a central body within government to coordinate planning for the future of work;
- the Australian Government make legislative amendments that broaden the definition of employee to capture gig workers and ensure that they have full access to protections under Australia's industrial relations system;
- consideration of portable leave schemes across a range of industries, recognising increasingly flexible working patterns of modern Australians; and

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5 Senate Community Affairs Reference Committee (2020), *Adequacy of Newstart and related payments and alternative mechanisms to determine the level of income support payments in Australia,* pages 100, 105, 107, 109.

6 Senate Community Affairs Reference Committee (2020), *Adequacy of Newstart and related payments and alternative mechanisms to determine the level of income support payments in Australia,* pages xi–xiii.

7 Senate Select Committee on the Future of Work (2018), *Hope is not a strategy – our shared responsibility for the future of work and workers*, pages xi–xii.

- review of the income support system to ensure it is fit-for-purpose in an environment where a decreasing number of Australians are in traditional, full-time employment.[8]

Other relevant inquiries and reports

Employment Services Expert Advisory Panel

An independent Expert Advisory Panel was engaged to review the jobactive program and to provide recommendations to shape the next generation of employment services, including consideration of the digital technology could be used to deliver services and how enhanced services can be delivered for more vulnerable jobseekers. The panel's report—*I Want to Work*–was provided to the Australian Government in October 2018 and released in December 2018.

Key insights and recommendations in the report included:

- more accurate, comprehensive assessments are required to design and implement targeted interventions;
- the system should seek to invest in supporting and empowering people looking for work;
- penalties should only be imposed on the few income support recipients who are wilfully and persistently non-compliant;
- jobseekers who are job-ready should be enabled to self-manage online;
- jobseekers should be supported according to need, with more resources and provider time directed to those that need more help;
- government departments must collaborate to support jobseekers and employers;
- jobseekers should not be obliged to repeat the same information to multiple entities;
- outcome payments should prioritise pathways to sustainable employment;
- the system must better support employers;
- employer engagement could be improved through brand consistency, a single point of contact, and proactive, strategic outreach;
- the system requires flexibility to ensure that local communities—including First Nations communities—can contribute to local solutions;
- new organisations face difficulties entering the market;
- the digital ecosystem must link with systems jobseekers and employers already use;

[8] Senate Select Committee on the Future of Work (2018), *Hope is not a strategy – our shared responsibility for the future of work and workers*, pages vii–x.

- providers should be set performance benchmarks, instead of performance monitoring focusing on relative comparisons of provider performance; and
- the system should be transparent and accountable.[9]

Employment White Paper

The Australian Government's Employment White Paper review was established to develop a comprehensive roadmap for Australia's future labour market, including building a bigger, better-trained and more productive workforce to boost incomes and living standards and create opportunities for more Australians. The review builds on the outcomes of the 2022 Jobs and Skills Summit and has an overarching focus on full employment and productivity growth and on women's economic participation and equality.[10] The final report—*White Paper: Working Future*—was released in September 2023.

The final report explains that building a competitive economy relies on investments in the skills and capabilities of the current and future labour force. This is increasingly the case as the economy shifts from hydrocarbons to renewables; with the development of artificial intelligence; with an increasingly older workforce; with growth in the care and support economy; and as global fragmentation puts pressure on supply chains.[11]

The final report included specific analysis of employment services. Key findings in relation to the employment services system included:

- the current system is highly fragmented and difficult to navigate, is not always sufficient help to those with multiple or entrenched disadvantage and is hamstrung by a highly transactional and poorly tailored operating environment;
- a quality employment services system has the potential to deliver significant social and economic benefits, including by lifting levels of participation, building skills, and providing supported pathways to employment; and
- employment services must effectively support employers, including by enabling access to a broader talent pool and a broader range of training and support services.[12]

Eight principles put forward for the reform to employment services are detailed in the text box that follows.

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9 Employment Services Expert Advisory Panel (2018), *I Want to Work Employment Services 2020 Report*, pages 6, 50–53, 64–73.

10 The Treasury, *Employment White Paper—Terms of Reference*, https://treasury.gov.au/review/employment-whitepaper/tor, viewed 20 November 2023.

11 Commonwealth of Australia (2023), *Working Future: The Australian Government's White Paper on Jobs and Opportunities*, p. v, https://treasury.gov.au/sites/default/files/2023-09/p2023-447996-working-future.pdf, viewed 20 November 2023.

12 Commonwealth of Australia (2023), *Working Future: The Australian Government's White Paper on Jobs and Opportunities*, pages 150, 222.

Eight principles for employment services reform

1 Services are viewed as an investment that unlock individual potential, address employer needs and work with industry to bolster growth.

   a. The system builds human capital and ensures job placements are appropriate.

   b. Services help businesses and communities to grow by connecting people to jobs.

2 There is strong Australian Public Service stewardship in the system and the outcomes it delivers to ensure that individuals are not left behind.

3 Services protect the dignity and respect rights of individuals.

   a. Services help individuals meet their employment and personal development goals.

      b. Services are designed and delivered in a culturally responsive and inclusive way that meets communities' needs.

4 Services provide a pathway towards decent jobs that provide the flexibility and security that individuals need.

   a. The Government may need to promote the creation of jobs to alleviate entrenched community disadvantage where labour markets are very thin and where individuals face very high barriers to work.

5 Employers use employment services to help meet their workforce needs, and can access guidance on innovative job design, recruitment practices and inclusive approaches to workforce development.

6 Employment services are designed through collaboration with individuals, employers and the community.

   a. The participation of Aboriginal and Torres Strait Islander Community Controlled Organisations, and community-based organisations, is boosted in the delivery of employment services.

7 Services help people at the earliest opportunity, informed by fit-for-purpose assessment processes.

8 Reforms are grounded in evidence, high quality evaluation and continuous learning and improvement.

Source: Commonwealth of Australia (2023), *Working Future: The Australian Government's White Paper on Jobs and Opportunities*, p. 224.

Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability

The Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability (Disability Royal Commission) was established to inquire into how society should protect people with disability from violence, abuse, neglect, and exploitation. It also considered measures to promote inclusion, facilitate the independence of people with disability and their right to live free from violence, abuse, neglect, and exploitation.[13]

The Disability Royal Commission's analysis of employment services focused on Disability Employment Services (DES) rather than Workforce Australia. However, many of its findings were directly relevant to this inquiry. For example, the Commission observed a lack of appropriate support, a failure to provide person-centred services, and a failure to place jobseekers in roles that matched their skills, interests, or abilities. The Commission further detailed concerns relating to a lack of knowledge and professionalism in DES; inaccessible information; inadequate responses to complaints of violence, abuse, and neglect; and a lack of incentives to provide quality services.[14]

The Disability Royal Commission made 222 recommendations for improving laws, policies, structures, and practices to ensure a more inclusive and just society that supports people with disability and their right to live free from violence, abuse, neglect, and exploitation. These included measures which are relevant to this inquiry, including:

- addressing fragmentation in the social services system;
- ensuring access to information in an appropriate form and enhancing digital literacy;
- building competencies for frontline staff and improving pay and conditions;
- supporting greater social procurement and government job creation;
- improving complaints processes; and
- enabling the release of public data.[15]

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13 Disability Royal Commission (2023), *Final Report: Executive Summary, Our vision for an inclusive Australia and Recommendations*, p.39, https://disability.royalcommission.gov.au/publications/final-report, viewed 20 November 2023.

14 Disability Royal Commission (2023), *Final Report: Volume 7: Inclusive education, employment and housing*, pages 397-404.

15 Disability Royal Commission (2023), *Final Report: Executive Summary, Our vision for an inclusive Australia and Recommendations*, pages 193-312.

Royal Commission into the Robodebt Scheme

The Royal Commission into the Robodebt Scheme (Robotdebt Royal Commission) was tasked with inquiring into a range of matters connected with the Robodebt Scheme, including how, by whom and why the scheme was established, designed, implemented; how risks and concerns in relation to the scheme were addressed and how complaints and challenges were managed by the Government; the use of third-party debt collectors; and the effects of the scheme—both human and economic.[16]

Ultimately, the Robodebt Royal Commission found that:

> Robodebt was a crude and cruel mechanism, neither fair nor legal, and it made many people feel like criminals. In essence, people were traumatised on the off-chance they might owe money. It was a costly failure of public administration, in both human and economic terms.[17]

The Robodebt Royal Commission made 57 recommendations. Several of these are directly relevant to the present inquiry, including:

- design policies and processes with emphasis on the people they are meant to serve;
- support easier, better engagement with Centrelink and enable greater input by income support recipients and other key stakeholders into policy design and implementation;
- increased face-to-face support for vulnerable people;
- enhanced safeguards around automated decision-making, including the establishment of a monitoring and auditing body;
- improvements to compliance processes, including measures focused on protecting more vulnerable cohorts; and
- capability development within the public service.[18]

Productivity Commission inquiries and research

The Committee drew on several inquiries of the Productivity Commission in its inquiry into employment services. Key inquiries by the commission are outlined below. Others are noted throughout the report as they relate to evidence from submitters and witnesses.

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16 Robodebt Royal Commission (2023), *Report of the Royal Commission into the Robodebt Scheme*, p. v, https://robodebt.royalcommission.gov.au/publications/report, viewed 20 November 2023.

17 Robodebt Royal Commission (2023), *Report of the Royal Commission into the Robodebt Scheme*, p. xxix.

18 *Robodebt Royal Commission* (2023), *Report of the Royal Commission into the Robodebt Scheme*, pages xiii-xxi.

Productivity inquiry

Each five years the Productivity Commission undertakes an inquiry on Australia's productivity and makes recommendations for reform. As part of its latest inquiry, the commission published six interim reports between August and October 2022. The final report was handed to the Australian Government in February 2023 and tabled in March 2023.

Key findings of the Productivity Commission's most recent inquiry which are relevant to this inquiry include:

- a productive labour market requires effective matching of skills and jobs is key. Moreover, productivity can be enhanced by increasing the supply of workers with valued skills and upgrading the pool of available skills within the workforce;
- building human capital—and in particular foundation skills and digital literacy—has a key role in improving productivity. More educated workers are more likely to be in the labour force and those with lower skill levels have fewer job opportunities;
- more flexible methods for upskilling or reskilling are required, supported by policies which are informed by consultation with and reflect the needs of employed people in lower-paid positions and people who are unemployed;
- programs designed to support lifelong learning—with Employability Skills Training (EST) explicitly mentioned—need to be evaluated for their effectiveness at facilitating additional training;
- the 'non-market' sector, including employment services, is facing a range of challenges, including processes that limit client choice in selecting services and provider, and fewer incentives for clients to hold providers to account. Moreover, while competition can help to improve efficiency, there are limits on the extent that competition will be successful in enabling employment outcomes;
- to lift productivity, barriers to innovation must be addressed. National bodies that disseminate best practice in their respective sectors is one possible solution; and
- data collected by providers of government-funded services is often not shared. More data sharing and interoperable IT systems within government agencies and across private organisations would improve services for users and system-level policy decisions.[19]

Independent review of the Job Network

The Productivity Commission conducted an independent review of the Job Network to critically examine its framework for delivering labour market assistance. The report was released in 2002.

[19] Productivity Commission (2023), *5-year Productivity Inquiry: Advancing Prosperity, ,* Inquiry Report No. 100, vol 1: pages 5–7, 13–14, 16–17, 34–37, 71, 75, 98, 99; vol 3: p. 35, vol 4: pages 46–47, 50–56, 62–63; vol 5: pages 1, 17–18, 57–63, 66, 71–75, 78–80; vol 7:pages 1, 4; vol 8: pages 4, 9, 85–9, www.pc.gov.au/inquiries/completed/productivity/report, viewed 20 November 2023.

The review found that the Job Network's purchaser-provider model is appropriate for the delivery of active labour market programs, with the Productivity Commission expressing strong support for purchaser-provider arrangements instead of direct provision by government:

> The fact that the Government funds (or purchases) employment services does not mean that it is best that it also provide them. Direct delivery of such services has been hampered in the past by inflexibility, lack of choice and diversity, the absence of competition and vague definition of objectives and outcomes.[20]

However, the review also found that not all aspects of the program were working effectively and asserted that incremental reform was needed. Key issues included:

- many disadvantaged jobseekers received little assistance while in intensive assistance. Better targeting of the needs of jobseekers, changes to fee systems, and more options for rereferring jobseekers to other programs were needed;
- many jobseekers did not choose their provider and had few choices over services given to them. Moreover, in proposed changes for the subsequent contract, jobseekers would be locked into a single provider;
- competitive tendering was complex and expensive for providers and could be disruptive to services;
- fixed caseloads frustrated growth of better providers and removed incentives to develop and promote their superior performance;
- the (then) Department of Employment and Workplace Relations was imposing too many compliance burdens on and providing excessive direction to providers; and
- certain minor programs were either poorly targeted or ineffective.[21]

The Productivity Commission made 52 recommendations to enhance the employment services system (under the Job Network and subsequent contracts). Key recommendations included:

- retaining a purchaser-provider model for employment services, with a continued strong focus on outcomes, competition, and choice;
- conducting additional research and collecting more data on the effectiveness of the Job Network, with de-identified data made available for independent scrutiny;
- continuing generalised job matching functions, with incentives used to encourage the placement of more disadvantaged jobseekers;
- greater scope for activity testing requirements (mutual obligations) to be adjusted to take account of the circumstances of a diverse caseload;
- enhancing information provided to jobseekers about key elements of the Job Network, including the assessment and referral system and complaints process;

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20 Productivity Commission (2002), *Independent review of the Job Network*, Inquiry Report No. 21, p. 3.1. www.pc.gov.au/inquiries/completed/job-network, viewed 20 November 2023.

21 Productivity Commission (2002), *Independent review of the Job Network*, p. xx.

- enabling jobseekers to change providers at certain stages during their engagement with the program, including assistance with transfers. looking to change providers;
- enhancing the assessment process;
- enabling jobseekers to be re-directed to other programs if participation in mainstream employment services is unlikely to generate an outcome;
- introducing a greater range of outcome payment categories for intensive phases of assistance, taking account of the increased barriers faced by certain cohorts;
- an automatic system for verifying employment outcomes be implemented, with the cooperation of Centrelink and the Australian Tax Office (ATO);
- reducing barriers to entry;
- competitive tendering be replaced with a licensing system in subsequent contracts;
- the Australian Government develop a risk management approach to contract monitoring and compliance which encourages innovation and minimises costs; and
- the Australian Government give consideration to establishing an independent Job Network agency.[22]

Auditor-General audits

The Australian National Audit Office (ANAO) has conducted several audits related to administration of employment services, including Workforce Australia and its predecessors, Disability Employment Services (DES) and remote employment services. Key audits are summarised below.

jobactive: Design and monitoring

The ANAO conducted an audit on the design and monitoring of jobactive. Audit criteria were whether the program was designed to support achievement of government policy objectives, and whether the department had effectively monitored the program against the objectives. The ANAO tabled the report in July 2017.

Key audit conclusions included:

- the (then) Department of Employment effectively managed the design of jobactive and its monitoring approach resulted in a reasonable level of assurance that the program was being delivered as required;
- there was a sound reason for redesigning employment services, and the governance arrangements established by the department were comprehensive;

[22] Productivity Commission (2002), *Independent review of the Job Network*, pages xliii–l.

- a suitable committee structure had been established to oversee the jobactive program and identified and managed risks at the program and provider levels;
- a reasonable level of assurance that the program was administered as designed and expected had been obtained; and
- the evaluation strategy for jobactive did not address some aspects of the program, including contract management and the Star Ratings.[23]

The ANAO recommended a risk-based approach to prioritising the assurance activities required to effectively manage and monitor the delivery of jobactive be adopted and an assessment be undertaken on whether current compliance arrangements were structured to detect and manage provider non-compliance effectively and efficiently. The department agreed with both recommendations.[24]

jobactive: Integrity of payments to employment service providers

The ANAO conducted an audit on the integrity of payments to providers under jobactive. Audit criteria were whether an appropriate framework was established to ensure payment integrity; and whether the department had effectively implemented the framework to manage and monitor payments to service providers. The ANAO tabled the report in June 2022.

Key audit conclusions included:

- the (then) Department of Education, Skills, and Employment was largely effective in managing the integrity of payments to providers;
- a largely appropriate assurance framework had been established to ensure payment integrity, however, the framework could be improved by a detailed analysis of payment non-compliance instances and detailed analysis undertaken as to the causes of payment non-compliance across rolling random sample cycle periods; and
- the assurance framework had been implemented effectively, but had not fully implemented the recommendation from the 2017 jobactive audit (above) as regards assessing the effectiveness of assurance activities.[25]

The ANAO recommended improvements to the assurance framework by ensuring all non-compliant payments or findings from other assurance activities are subject to ongoing detailed analysis to identify recurrent themes and causes to ensure these are considered for future assurance activities, corrective action, or continuous improvement. The department agreed with the recommendation.[26]

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23 Australian National Audit Office (ANAO) (2017), *jobactive: Design and Monitoring*, Auditor-General Report No. 4 of 2017–18, p. 7, www.anao.gov.au/work/performance-audit/jobactive-design-and-monitoring, viewed 20 November 2023.

24 ANAO (2017), *jobactive: Design and Monitoring,* p. 10.

25 ANAO (2022), *jobactive: integrity of Payments to Employment Service Providers*, Auditor-General Report No.31 of 2021–22, p. 8, www.anao.gov.au/work/performance-audit/jobactive-integrity-payments-to-employment-service-providers, viewed 20 November 2023.

26 ANAO (2022), *jobactive: Integrity of Payments to Employment Service Providers*, p. 9.