

## INTRODUCTION

The National Employment Services Association (NESA) welcomes the opportunity to contribute to the Economic Reform Roundtable and offers this submission on the critical issue of regulatory burden upon organisations contracted by government to deliver services and resulting impact on national productivity. The current weight of administrative burden, and red and green tape is having a profound and measurable impact on national productivity and economic wellbeing. Government decisions across successive governments have hindered growth, stifled innovation, and constrained the capacity of businesses and service providers to deliver value.

In short, levers that created our productivity loss in the first place and the levers to increase productivity, are controlled by the federal Government.

Whether in health, education, employment, training, infrastructure, or human services, there is mounting evidence that time, energy, and resources are being redirected from core activities into managing compliance, navigating duplicative and inefficient reporting systems, and interpreting inconsistent regulations. This has also contributed to increased workforce turnover and higher levels of job dissatisfaction. The cost to productivity and workforce sustainability is substantial and growing. In some cases, this is leading to financial unviability of organisations delivering these services.

Many providers of public employment and related community services are concerned that Government is no longer a fair and reasonable contracting partner.

The employment services sector has experienced a significant increase in administrative burden, which has been assessed at over 50% of front-line staff time (due to contract management activities, state/territory, and federal regulations) rather than direct service delivery. These trends are echoed across multiple sectors, reinforcing the need for nation-wide systemic reform.

This is not value for money for Australian taxpayers who fund these essential services.

## THE CUMULATIVE BURDEN OF RED AND GREEN TAPE

The lack of a robust national strategic plan to boost, measure, monitor and evaluate productivity and harness effort to improve national performance is long overdue.

The regulatory landscape has become increasingly complex, fragmented, and resource intensive. The bureaucracy has increasingly focused resource effort to administration, reporting, regulation and compliance. The implementation of high-level government policy by the bureaucracy has not been sufficiently oversighted by the Government of the day. In its worst form policy intent is directly undermined by policy implementation. For example, Workforce Australia Employment Services replaced jobactive with the intent of reducing administrative burden. With nominal oversight of its implementation, it had the counter

effect of increasing administrative burden by 20%. Better stewardship is required at all stages of the policy processes, particularly at the implementation and review stages.

Siloed decision making, the absence of shared performance objectives across portfolios and lack of accountability have enabled the decline of national productivity. Lack of interest and curiosity in the consequences of decision making, highlight a failure in stewardship, which in its most basic forms requires the public service to consider the consequences of its actions on individuals, communities, business and industries.

Many sectors are also contending with new layers of 'green tape', ie., environmental, social, and sustainability-related compliance obligations that, while well-intentioned, are often introduced without adequate support, clear guidance, or funding. These requirements are particularly burdensome for smaller organisations, rural and regional operators, and those navigating multi-jurisdictional service footprints. Further they are not proportionate to business size and purpose.

The cumulative effect is a reduction in service and operational capacity, increased costs, and workforce fatigue. Attrition rates in some areas are reaching unsustainable levels, driven not by a lack of commitment to purpose, but by structural inefficiencies that undermine business and organisational purpose, performance and morale.

Government-created administrative burden harms society when it is enabled to grow to such excessive levels that it becomes the purpose. A major cultural shift is needed in the administration of Government that demands greater Government accountability for societal and community level outcomes.

## PRODUCTIVITY IMPACTS

The economic cost of over-regulation and fragmented administrative systems is significant. Across sectors, the following trends are emerging:

- Reduced time and resources for front-line work and innovation
- Increased operational risk and overhead due to inconsistent or unclear regulatory requirements and
- Slower implementation of new initiatives due to administrative complexity.

These challenges diminish effectiveness and value for money of government investment to achieve policy goals.

## THE HUMAN IMPACT

The effects of excessive regulatory and administrative burden directly impact Australia's workforce. Rising compliance demands are contributing to burnout, attrition, and declining morale, undermining efforts to retain skilled professionals in critical services.

At the same time, job seekers attempting to enter the workforce encounter systems that are increasingly fragmented and reactive, rather than responsive and enabling. Over-regulation risks making pathways to employment more opaque and less accessible, particularly for people facing disadvantage or navigating multiple government systems.

Streamlining regulatory processes and improving service interoperability is therefore essential, not only to support those working within the system, but also to create a more inclusive and navigable labour market for all Australians.

Productivity could be significantly uplifted by taking a more customer-centric approach, where outcomes for individuals, communities, organisations, business and industry, play a greater role driving policy and regulatory setting.

## **OPPORTUNITIES FOR REFORM**

To restore productivity and improve service outcomes across the economy, a coordinated national approach to regulatory reform is essential. The following actions are recommended:

### **1. UNDERTAKE A WHOLE-OF-GOVERNMENT RED AND GREEN TAPE AUDIT**

This audit should seek to quantify regulatory and administrative burdens across sectors, identifying key areas within government control relating to duplication, and excessive regulatory burden and identify opportunities for reduction, consolidation, harmonisation. The audit should also identify impacts on individuals, organisations, business and industry productivity. It should include an assessment of environmental and social procurement requirements, particularly where these intersect with service delivery obligations.

### **2. DEVELOP A MEASURABLE AND ACCOUNTABLE STRATEGIC PLAN TO INCREASE PRODUCTIVITY**

A whole-of-government strategic plan should be developed to drive national productivity growth across all sectors. Measurable targets should be developed for key areas impacting productivity. The plan should be externally focused on reducing harm and burden to Australian businesses and industry, individuals and communities. The Government should be prepared and open to robust discussions with industry peaks to develop action plans to address harm and burden it has created through its national policy and service systems. Targets and goals should be embedded in Secretary and other senior executive performance agreements. Progress against the plan should be verifiable and independently measured.

### **MODERNISE PUBLIC SECTOR IT SYSTEMS AND ENSURE INTEROPERABILITY**

Digital infrastructure must be updated to support efficient data exchange, reduce duplicative reporting, and enable real-time analytics and use of responsible AI. Investments should prioritise systems used by external stakeholders, not just internal government operations.

### **3. ESTABLISH A NATIONAL PRODUCTIVITY REDUCTION TARGET FOR ADMINISTRATIVE BURDEN**

Governments should adopt measurable objectives, such as a 20% reduction in administrative load by 2030, supported by benchmarking and time-motion studies.

#### **4. SUPPORT LONG-TERM CONTRACTING AND DELIVERY STABILITY**

In sectors reliant on government funding, longer contract terms and streamlined re-engagement processes for high-performing providers would reduce procurement churn, improve continuity, and encourage investment in workforce development and innovation.

#### **5. PROVIDE CLEAR AND PROPORTIONATE GUIDANCE FOR GREEN COMPLIANCE**

Social and environmental reporting requirements should be fit for purpose, appropriately resourced, and tailored to the scale and capacity of different providers and businesses.

#### **6. HARNESS ARTIFICIAL INTELLIGENCE TO STREAMLINE ADMINISTRATIVE PROCESSES**

AI tools are already being used to automate data entry, track outcomes, and improve service delivery in many sectors. Government should actively support responsible adoption through co-investment in pilot projects, training, and development of regulatory guardrails.

#### **7. STANDARDISE RULES AND EVIDENCE REQUIREMENTS ACROSS PROGRAMS**

Aligning definitions, compliance requirements, and performance indicators across departments and programs would enable greater clarity, reduce duplication, and promote cross-sector innovation.

### **CONCLUSION – A HUMAN CENTERED APPROACH TO PRODUCTIVITY**

Australia's prosperity and global competitiveness depends on our ability to adapt and improve the efficiency of our regulatory and service delivery systems. The cost of inaction, measured in lost productivity, reduced innovation, and disengagement from public programs is too high.

By reducing unnecessary regulatory burdens, modernising digital infrastructure, supporting responsible AI adoption, and fostering greater alignment across government systems, Australia can create a more productive, efficient, and resilient economy.

However, while productivity is often measured in economic terms, such as output, efficiency, and financial return, it is equally important to ensure that productivity measures are driven by social, rather than solely economic mandates. Productivity gains or losses affect real people: the quality of their work, their sense of purpose, their wellbeing, and their ability to contribute meaningfully to their communities. A human-centred approach to productivity recognises that systems designed to serve people must prioritise dignity, trust, and accessibility. When regulation and reform are anchored in the lived experience of workers, service users, and communities and supported by economic logic, rather than driven solely by it, outcomes are more sustainable and inclusive. This approach not only builds stronger institutions and healthier workplaces, but also yields long-term economic dividends by fostering participation, resilience, and social cohesion.

We commend the Government for its leadership in hosting this Roundtable and look forward to contributing to a shared reform agenda in the national interest.



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