

Submission to the Employment Services Reform Discussion Paper

Department of Employment and Workplace
Relations

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Summary

When employment services meet people's needs and support their goals, these services can change the trajectory of someone's life.

The current employment services system, Workforce Australia, is far from this model. Too often, services damage people's mental and physical health, taking people further away from securing ongoing paid work rather than towards it. The employment services system is harsh and punitive, with the Commonwealth Ombudsman having described the impact of penalties in the system as having a 'catastrophic' impact on people living in poverty.¹

This harmful system is the result of decades of policy being driven by ideology rather than evidence around people on low incomes. Politicians have looked to advance their own agendas by stereotyping people living in poverty as unwilling to work. This ideology has enabled the harmful scandals we have seen in the social security system in recent times, including Robodebt and the illegality in the Targeted Compliance Framework. The Robodebt Royal Commission called this out explicitly, finding that '*Anti-welfare rhetoric is easy populism*' and calling on politicians to "*lead a change in social attitudes to people receiving welfare payments*".²

Root and branch reform is urgent and is widely supported by people directly affected, the community sector, unions and business.

In this submission, ACOSS outlines our view of how transformational reform of employment services should proceed.

¹ Commonwealth Ombudsman (2025), [Automation in the Targeted Compliance Framework](#)

² Royal Commission into the Robodebt Scheme (2023), *Report of the Royal Commission into the Robodebt Scheme*

People using employment services are a very diverse group, but overwhelmingly people using provider services face high barriers to quality paid employment. The prevalence of people with disability, mental health issues and/or experiencing homelessness is relatively high. Many people face discrimination whether based in racism, classism, ageism, ableism or other forms of discrimination or negative attitudes towards people the longer they are out of paid work.

The Workforce Australia population of 725,000 people has these groups currently substantially represented:

- 467,000 (64.4%) people who have been using employment services for over a year
- 359,000 (49.5%) people who have at most school level qualifications
- 231,000 (31.9%) people who are over the age of 45
- 179,000 (24.7%) people who have a disability
- 128,000 (17.7%) people who have a partial capacity to work of 30 hours a week or less
- 116,000 (16.1%) who are First Nations people³

Most people in employment services would benefit from high-quality intensive supports, access to effective labour market programs and connection to broader social supports.

ACOSS has identified fundamental and longstanding issues with how employment services currently operate, which are a fundamental block on introducing a high-quality service:

- **Australia under-invests in effective labour market supports;**
- **Mutual obligation is ineffective, harmful and inconsistent with an effective and rights-based system; and**
- **Reliance on market principles and performance-based contracting and procurement has put downward pressure on quality and effectiveness, and in many cases, driven out values-based, specialised community service providers. This has encouraged a convergence around the lowest cost service delivery model.**

The current system is clearly failing.

- Over time, the number of people receiving unemployment-related income support payments long term has substantially increased, despite numerous attempts at reform.⁴ The Select Committee Inquiry into Workforce Australia found that employment services staff spend 50 percent or more of their time on administration, rather than working with

³ Department of Employment and Workplace Relations (2026), [Caseload Data, June](#)

⁴ ACOSS (2024), [Faces of Unemployment](#)

people seeking paid work and employers.⁵ The system is failing to meet its own target for transitions into paid employment in provider services, with just 1 in 8 people gaining paid employment of a modest quality in the 12 months to November 2025.⁶

- ACOSS argues that there are structural flaws in design of the current system. Market competition, outcome-based purchasing and compliance-based activation have shaped employment services for more than two decades. Reform will only succeed if Government is prepared to replace these foundations with a service built around rights, relationships, capability-building and public stewardship.
- ACOSS is concerned that the central premise of the Government's proposed reform model does not reflect the realities of the current caseload.⁷ The proposed streaming architecture assumes that only a relatively small cohort require intensive and holistic assistance and that most people in provider services need only targeted vocational support. This does not reflect the reality of the Workforce Australia caseload, where most people face substantial barriers to paid work. The major reform challenge is not how to build a high-quality service for a small minority, but how to ensure most people using employment services receive genuinely effective assistance.

ACOSS recommends that Government pursue a transformational reform agenda grounded in four principles:

- **Centre lived experience in employment services policy making;**
- **Remove mutual obligation including automated payment suspensions and focus on positive engagement;**
- **Fundamentally reform commissioning, including removal of the Howard-era competitive market model with multiple local providers; and**
- **Increase investment in effective labour market programs, including properly paid work experience and training.**

The Government has a unique opportunity to replace the failed employment services market with a stewardship model centred on service quality, collaboration and community accountability. The era of multiple competing providers, market share contests and outcome-payment gaming should end.

⁵ House of Representatives Select Committee on Workforce Australia Employment Services (2023), [Rebuilding Employment Services: Final report on Workforce Australia Employment Services](#)

⁶ Department of Employment and Workplace Relations (2026a), [2026–27 Portfolio Budget Statements](#)

⁷ Department of Employment and Workplace Relations (2026b), [Shaping the future of employment services Discussion Paper](#)

Employment services should be commissioned as an essential public service rather than a quasi-market.

Together, these reforms would shift employment services from a punitive compliance system to a capability-building public service that genuinely supports people to secure sustainable employment.

Recommendations

Centre lived experience in employment services policy making

People with direct experience of unemployment, poverty and employment services have unique expertise about how the system operates in practice. Their experiences provide critical insights into the effects of policy settings, service design, compliance requirements and provider practices that are not always visible through administrative data, evaluations or stakeholder consultation. Employment services reforms have too often been developed with limited participation from the people most affected, contributing to decisions that prioritise administrative efficiency, compliance or market incentives over service quality and participant outcomes. A rebuilt system should recognise lived experience as a form of expertise that complements professional, academic and policy knowledge.

Meaningful participation by service users improves policy design, service quality and accountability. People affected by unemployment are well placed to identify barriers to engagement, unintended consequences and opportunities to improve support, including the practical effects of navigating poverty, labour market disadvantage and government systems. Embedding lived experience in governance strengthens transparency and trust, provides early warning of emerging problems and supports continuous improvement. A standing structure for lived experience participation should be a core feature of the system rather than an occasional consultation exercise.

Recommendation 1

Establish a standing lived experience body in Workforce Australia, to advise Government and the Minister on both structural reform and to provide ongoing advice on the policy and operation of the service.

Recommendation 2

Ensure consultation processes on structural reforms include people with lived experience on equal footing with other forms of expertise.

Recommendation 3

Establish transparent consultation processes to guide system reforms, including through publishing relevant information and limiting the use of non-disclosure agreements.

Remove mutual obligation including automated payment suspensions and focus on positive engagement

Employment services should have a positive obligation to assist people to secure appropriate and quality employment. They should work with each person to tailor a package of services and supports to meet individual needs and achieve personal goals. The focus should be on positive engagement: adequate income support, high-quality assistance, clear rights, and voluntary access to activities that genuinely improve employment prospects.

Any requirement to engage in employment, education or training related activities should only be attached to payments, services or supports which are provided in addition to the guaranteed liveable income. Such conditions must be reasonable, proportionate and subject to natural justice principles and rights of review.

Recommendation 4

Raise the rate of income support to an adequate level of at least \$600 a week, (60% of the minimum wage) to ensure people are able to meet their life-sustaining needs and to support participation, including through seeking paid work.

Recommendation 5

Remove unreasonable obstacles to access the Disability Support Pension among people with disability with very limited or no paid employment prospects, including the requirement to reach at least 20 points under a single impairment table where people have multiple impairments, and the Program of Support.

Recommendation 6

Immediately remove the Targeted Compliance Framework, including automated payment suspensions and financial penalties and permanently remove the use of compulsory activities in employment services.

Recommendation 7

Abolish punitive and ineffective programs like Work for the Dole and Employability Skills Training. Replace these with more effective, voluntary programs, including demand-led programs that connect people to an employer. Ensure all work activities (e.g. work experience) are appropriately paid.

Recommendation 8

Implement the Digital Protections Framework, without further delay, to provide rights-based protections for people using employment services.

Recommendation 9

People should have choice and control over their Employment Goal Plans and only be required to participate in programs that are likely to increase their employment prospects.

To ensure Goal Plans genuinely consider a person's individual circumstances and reflect a likely pathway to paid employment, the first payment should not be contingent on signing a Plan, and people should be given sufficient time and access to support and advice as needed (including external support or advocacy) to consider the options available and make their own proposals.

Fundamentally reform commissioning, including removal of the Howard-era competitive market model with multiple local providers

A rebuilt system should move from market competition as its organising principle towards stewardship, collaboration and quality. Commissioning should support long-term investment, knowledge sharing and partnerships among providers, community organisations, employers, unions and training institutions. Preference should be given to community-based, mission-driven and specialist not-for-profit provision, one generalist provider per region, greater funding for service inputs, independent quality regulation and transparent performance information. This would reduce the ability for providers to give preference to the cheapest service to make a profit ("creaming") or to give the lowest priority to people who face the most barriers to the labour market ("parking") while strengthening accountability and collaboration amongst providers.

Recommendation 10

Establish an independent statutory quality commission in employment services, which would take on a number of key functions from Government, including:

- Establishing new minimum quality standards for employment services, including minimum qualification and experience for employment services workers and establishing minimum case ratios for providers.
- Playing a convening role in establishing a community of practice among providers to promote continuous improvement.
- Working with providers that do not meet the standards to improve their services and ultimately amend or cancel licences of non-complying providers.

Recommendation 11

The balance of providers should be shifted back towards *community-based or specialised not-for-profit services* that are embedded in and accountable to local communities by giving preference to this in the tender criteria.

Recommendation 12

Commission one generalist provider per employment region together with appropriate specialist providers, and significantly expand the number of employment regions, to align with employment service areas in Inclusive Employment Australia.

Recommendation 13

Substantially increase funding for inputs and activities with a focus on quality and standards and move away from outcome payments. Payments for inputs could comprise a range of different funding mechanisms, including upfront service fees and activity-based fees. Outcome payments should vary depending on the distance of a person from the labour market.

Remove progress payments, due to their ineffectiveness and low take-up.

Recommendation 14

Establish meaningful communities of practice for employment service providers.

Recommendation 15

Increase transparency around the quality of the service through improvements to the Provider Performance Framework, using information available in other services like childcare as model.

Recommendation 16

Establish new models for Local Partnerships, which would support people with substantial barriers to paid work beyond labour market disadvantage (e.g. experiencing homelessness, severe mental illness).

These would bring together a number of different organisations via a lead agency or consortium model and seek to offer wraparound support to people who require specialised support.

This is not, however, an alternative to fundamental reform of the main commissioning model. Most people in the system are already unemployed long-term. They may not need this more intensive consortium model of service at this stage, but if denied a high-quality service and genuine employment opportunities now, they are more likely to need it in future given the impact of prolonged unemployment on incomes, health, and social connection and support.

Increase investment in effective labour market programs, including properly paid work experience and training.

For many people who have been unemployed long-term, the central barrier is not motivation but a range of factors which are outside a person's direct control. These factors include:

- the absence of genuine opportunities to gain skills, experience and an employer connection
- racism, ageism, and/or ableism.
- structural challenges in the labour market in the availability of entry-level jobs in place where people can afford to live, and
- overall economic settings that may drive up overall unemployment rates, making employers less prepared to take on new workers.

Training, properly paid work experience, wage subsidies linked to real jobs, high-trust relationship building between the person unemployed and prospective employers should therefore be core entitlements rather than optional extras. An Annual Jobs and Training Offer would provide a practical mechanism for ensuring people receive a meaningful opportunity in each year of long-term unemployment, tailored through skilled, relationship-based casework and connected to local labour market demand.

Recommendation 17

Expand investment in effective labour market programs, including through an Annual Jobs and Training offer to replace the activity requirement. The policy would comprise subsidised paid work experience, vocational and foundational education and training and other assistance to connect them directly to a suitable job, which is offered in each year of long-term unemployment. It would:

- be negotiated between program participants and skilled employment consultants who have the time and resources to properly assess their needs and assemble a suitable package of support;
- be backed by local planning mechanisms under an enhanced Local Jobs Program that connects the right people with the right jobs and training places;
- include access to jobs generated through public procurement (by setting targets for employment of people unemployed long-term in public tenders).

Recommendation 18

Create a separate funding mechanism, outside of the Employment Fund, for effective labour market programs like wage subsidies, demand-led programs, and vocational and foundation skills training. This should offer fixed rates of funding per program place and should be locally coordinated.

Full Submission

About ACOSS

The Australian Council of Social Service (ACOSS) is a national voice in support of people affected by poverty, disadvantage and inequality and the peak body for the community services and civil society sector.

ACOSS consists of a network of approximately 4000 organisations and individuals across Australia in metro, regional and remote areas.

Our vision is an end to poverty in all its forms; economies that are fair, sustainable and resilient; and communities that are just, peaceful and inclusive.

Introduction

When employment services meet people's needs and support their goals, these services can change the trajectory of someone's life.

The current employment services system, Workforce Australia, is far from this model. Too often, services damage people's mental and physical health, taking people further away from securing ongoing paid work rather than towards it. The employment services system is harsh and punitive, with the Commonwealth Ombudsman having described the impact of penalties in the system as having a 'catastrophic' impact on people living in poverty⁸.

This harmful system is the result of decades of policy being driven by ideology rather than evidence around people on low incomes. Politicians have looked to advance their own agendas by stereotyping people living in poverty as unwilling to work. This ideology has enabled the harmful scandals we have seen in the social security system in recent times, including Robodebt and the illegality in the Targeted Compliance Framework. The Robodebt Royal Commission called this out explicitly, finding that *'Anti-welfare rhetoric is easy populism'* and calling on politicians to *"lead a change in social attitudes to people receiving welfare payments"*.⁹

Root and branch reform is urgent and is widely supported by people directly affected, the community sector, unions and business.

In this submission, ACOSS outlines our view of how transformational reform of employment services should proceed.

⁸ Commonwealth Ombudsman (2026), op. cit.

⁹ Royal Commission into the Robodebt Scheme (2023), op. cit.

Purpose of Employment Services

The primary purpose of employment services should be to support people who face the greatest disadvantage in the labour market to move towards secure, fairly paid and meaningful work. This makes employment services fundamentally an equity measure: their value lies not only in filling vacancies, but in reducing the unequal burden of unemployment, poverty and exclusion. People begin at different distances from employment and need different forms and intensity of assistance; for many, progress may involve building confidence, skills, health, stability, work readiness and links to employers before a sustained job outcome is possible. On this basis, employment services should be designed around people's aspirations and needs, with success measured by improvements in wellbeing, income security, social participation and sustainable employment outcomes — especially for people who have experienced long-term unemployment or other barriers to paid work.

This equity purpose is also central to Australia's economic agenda. The Government's Employment White Paper frames full employment as sustained and inclusive, where everyone who wants a job can find one without having to search for too long. It identifies overcoming barriers to employment and broadening opportunity as a core objective. Employment services can contribute to that agenda by improving labour supply, matching people to suitable jobs, building skills and supporting people to participate more fully in the labour market; in turn, this supports higher incomes, stronger communities and a more productive economy. This is consistent with the Government's productivity agenda, which emphasises that productivity growth depends on investing in people and that inclusion enhances productivity when more people are empowered to reach their potential.

People who use employment services face higher barriers to paid employment

People using employment services are a very diverse group, but overwhelmingly people using provider services face high barriers to quality paid employment. The prevalence of people with disability, mental health issues and/or experiencing homelessness is relatively high. Many people face discrimination whether based in racism, classism, ageism, ableism or other forms of discrimination or negative attitudes towards people the longer they are out of paid work.

The Workforce Australia population of 725,000 people has these groups currently substantially represented:

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- 116,000 (16.1%) who are First Nations people¹⁰

Most people in employment services would benefit from high-quality intensive supports, access to effective labour market programs and connection to broader social supports.

Most people in Workforce Australia have been using services for over a year

People using Workforce Australia are not a homogenous group of people who are simply between jobs. A large share have been without secure paid work for extended periods and face barriers that require skilled, sustained support. ACOSS has highlighted that almost two thirds of people on unemployment payments rely on income support for more than a year, and that this number has broadly increased over the period in which employment services have been outsourced. This shows that the core task for employment services is not short-term job matching, but reducing prolonged unemployment through high-quality, personalised assistance.¹¹

The available evidence points to a system that is failing people most disadvantaged in the labour market. ACOSS has noted that in the 12 months to November 2025, only 1 in 8 people in Workforce Australia provider services moved into sustained employment of six months or more.¹² For people who have been out of paid work for a long time — including many people with disability, older people, single parents and people experiencing poverty — effective services need modest caseloads, properly resourced staff, access to training and paid work experience, and strong relationships with employers and community services.

Changes to DSP eligibility have increased the number of people with serious health conditions

Changes to Disability Support Pension (DSP) eligibility in the mid-2010s substantially increased the number of people with serious health conditions receiving unemployment payments. Between 2012 and 2018, the proportion of people on unemployment payments with mental health conditions doubled, while the incidence of musculoskeletal conditions nearly doubled. The number of recipients with intellectual disability and nervous system conditions also

¹⁰ Department of Employment and Workforce Relations (2026), op. cit.

¹¹ ACOSS (2024), op. cit.

¹² Department of Employment and Workforce Relations (2026), op. cit.

increased. These reforms shifted many people with disability and significant health conditions onto activity-tested payments such as JobSeeker.¹³ People with disability now comprise around 30% of people in Workforce Australia Provider Services.

There is also clear evidence that a large number of people engaging with employment services have issues with their mental health, which may be below the level of an official diagnosis. Recent work by Mandala for the Economic Inclusion Advisory Commission (EIAC)¹⁴ found that around 45% of people receiving the Jobseeker payment self-reported a high or very high Kessler 10 score, indicating high to severe depression or anxiety.

For people in provider employment services, it is clear there will be a large number of people who have non-vocational barriers to employment, most prominently including health conditions.

There has been a structural decline in entry-level jobs

People relying on employment services are looking for work in a labour market with fewer entry-level opportunities than in the past. ACOSS's analysis of official data has found that entry-level jobs have declined as a share of total employment over the long term, falling by almost four percentage points since 1998 and more than one percentage point since 2020.¹⁵ These are the jobs most accessible to people with limited recent work experience, lower formal qualifications, disability or caring responsibilities.

This structural change helps explain why many people remain on unemployment payments for long periods even when the overall labour market appears relatively strong. Since interest rates began rising in mid-2022, employment growth at the lowest skill level has lagged well behind overall employment growth, while vacancies for that skill level have fallen more sharply than vacancies overall.¹⁶ ACOSS's view is that employment services reform must therefore be accompanied by investment in labour market programs that create real pathways into decent work, including wage subsidies, vocational education and training, and properly paid work experience.

Employment transitions are typically into part-time and casualised roles

Where people do move from unemployment payments into work, the transition is often into insecure or insufficient employment rather than stable, full-time

¹³ Collie, A. et al (2021), [Changes in Access to Australian Disability Support Benefits During a Period of Social Welfare Reform](#)

¹⁴ Mandala (2025), [The Social Dividend: An Actuarial Case for Higher Income Support](#)

¹⁵ ACOSS (2024), op. cit.

¹⁶ ibid.

work. The broader labour market has a high level of underemployment and a substantial share of available entry-level roles are part-time, casual or low-paid. For people already living on very low incomes, these jobs can be important stepping stones, but they may not provide enough hours, income security or flexibility to lift people out of poverty or sustain participation in the labour market.

ACOSS has consistently argued that employment services should be judged by whether they help people access suitable, sustainable employment — not whether they push people into any job as quickly as possible. Payment and performance settings that reward short-term outcomes can encourage providers to prioritise easier placements and low-cost compliance activity over the deeper work needed to build confidence, skills, health, transport, caring arrangements and employer relationships. Reform should shift incentives toward quality, sustainability and progress towards employment, particularly for people who have experienced long-term unemployment.

Poverty is a barrier to employment

Poverty itself makes it harder to find and keep paid work. People on unemployment payments often cannot meet the basic costs associated with job search, including transport, phone and internet access, clothing, medical care, training, or stable housing. ACOSS has repeatedly identified the inadequacy of JobSeeker and related payments as a central barrier to participation, because people cannot look for work effectively when they are going without essentials.¹⁷

The current compliance-heavy model can deepen this barrier. Automated payment suspensions and punitive mutual obligation settings reduce already inadequate incomes, increase stress and instability, and can push people further from employment rather than closer to it. From ACOSS's perspective, a fair employment services system should start from income security, voluntary and positive engagement, and practical support that addresses the real barriers people face — rather than relying on punishment to compel participation.

¹⁷ ACOSS (2024a), [Raise the Rate Survey 2024 "I wouldn't wish this life on anyone."](#)

Problems with the present design of employment services

The current employment services system is clearly failing, including against its own target for transitions into paid employment. Just 1 in 8 people in provider services gained paid employment of a modest quality in the 12 months to November 2025.¹⁸ The number of people long term on unemployment-related income support payments has substantially increased over time.¹⁹ The Select Committee Inquiry into Workforce Australia found that employment services staff spend 50 percent or more of their time on administration, rather than working with people seeking paid work and employers.²⁰

ACOSS argues that there are structural flaws in design of the current system. Market competition, outcome-based purchasing and compliance-based activation have shaped employment services for more than two decades. Reform will only succeed if Government is prepared to replace these foundations with a service built around rights, relationships, capability-building and public stewardship.

Reliance on performance-based contracting has reduced quality

Problems

The present model combines market-style incentives with extensive administrative control. Its core design problems are:

- Multiple generalist providers compete within each local market, including for-profit providers. This competitive quasi-market acts as a fundamental barrier to system improvement, with competitive tensions reducing collaboration and fragmenting and confusing the local service eco-system. Provider diversity has declined, with funding increasingly concentrated among large organisations offering standardised services.²¹
- Government takes a largely hands-off approach to the quality of frontline service delivery, including critical matters such as caseload size, staff qualifications and professional development. When market incentives fail or risks emerge, this approach is undercut by an impulse to implement detailed contractual controls, IT rules and compliance requirements. Providers are therefore tightly controlled in process but insufficiently

¹⁸ Department of Employment and Workplace Relations (2026), op. cit.

¹⁹ ACOSS (2024), op. cit.

²⁰ House of Representatives Select Committee on Workforce Australia Employment Services (2023), op. cit.

²¹ For more detail see ACOSS (2023), [Submission to the House of Representatives Select Committee Inquiry on Workforce Australia](#)

accountable for the quality of relationships and assistance delivered on the ground.²²

- A substantial share of provider remuneration and future market share depends on measured performance and employment outcomes. This transfers financial risk to providers and rewards results that can be recorded quickly and cheaply, rather than sustained investment in people facing the greatest barriers to employment.

Consequences

These design features produce adverse consequences which substantially lower the quality of the service:

- Providers converge on assisting people closest to the labour market, for whom quick outcomes can be achieved at low cost. Service models become standardised and transactional, while people requiring sustained, skilled assistance receive less attention.²³
- Competing providers have little incentive to share effective practice, tools or employer relationships because these are treated as commercially valuable parts of their business models. Competition therefore impedes the collaboration and continuous improvement it was intended to stimulate.
- The purchaser is reluctant to work intensively with individual providers to improve services or apply differentiated expectations, because doing so may be seen to compromise competitive neutrality. This weakens stewardship and encourages uniform contract management rather than tailored quality improvement.
- Multiple local generalist providers dilute employer engagement and weaken local partnerships. Employers, training providers and community organisations must navigate overlapping approaches from competing services, while no single provider has clear responsibility for building a coherent local employment response.
- Performance incentives create opportunities for gaming, including parking and creaming. Detailed controls are then added to contain these behaviours, increasing administrative burden without correcting the underlying incentives.
- Frontline work becomes more procedural. High caseloads, narrow discretion and the benefit-compliance role crowd out skilled casework, trust-building and coordination with employers and community services.

²² Considine, M et al (2019), [Locked-in or Locked-out: Can a Public Services Market Really Change?](#)

²³ Ibid

Not-for profits can play a critical role in lifting service quality

Across human services, the expansion of market-based provision and concentration among large for-profit providers has been associated with concerns about declining quality, weaker workforce investment and reduced responsiveness to community needs. In childcare, not-for-profit providers are substantially more likely to receive the highest quality ratings. In residential aged care, government-operated facilities achieved the strongest overall results, while not-for-profit facilities generally performed better than for-profit facilities across a broad range of quality and safety indicators. In employment services, related concerns are reflected in parliamentary inquiries, provider research and evidence of declining professional discretion, high caseloads and pressure to prioritise short-term outcomes.

Not for profits should be on the frontline in driving improved quality in a new service, as experts like Mark Considine have previously argued.²⁴

There is also strong evidence in other areas of human services that not for profits are more likely to deliver higher quality services. Mandala analysis of quality in childcare demonstrated that not for profits were much more likely to receive the highest quality ratings than for-profit entities and also were much more likely to pay their staff above award wages and reduce out of pocket costs for the public.²⁵ This finding has been replicated by a number of different organisations, including in the recent Productivity Commission inquiry into childcare.²⁶

Similar evidence is available in aged care. Research commissioned by the Royal Commission into Aged Care Quality and Safety compared 50 quality and safety indicators across government-operated, not-for-profit and for-profit residential aged care facilities. Government-operated facilities achieved the strongest average performance, recording the best results on 31 of the 50 indicators. Not-for-profit facilities generally performed better than for-profit facilities, achieving stronger results on 25 indicators, while for-profit facilities performed better on two. The indicators covered areas including clinical outcomes, compliance and workforce measures²⁷.

Since the introduction of the Job Network, performance-based contracting has weakened the capacity of not-for-profit organisations to draw on their community connections and purpose-driven missions.²⁸ It has pushed not-for-profit providers towards the same cost-minimising practices as for-profit

²⁴ Melbourne Catholic (2024), [From 'choice to 'voice; Prof Mark Considine's vision for social services: I think the mission-driven sector has a much better chance of developing that kind of cadre of professional, committed people who support one another to do the job well and build capability](#)

²⁵ Mandala (2024), [Paving the Path: Addressing Market Imbalances to Achieve Quality and Affordable Childcare](#)

²⁶ Productivity Commission (2024), [A path to universal early childhood education and care Inquiry report](#)

²⁷ Royal Commission into Aged Care Quality and Safety (2020), [Residential Care Quality Indicator Profile](#)

²⁸ Considine, M. et al (2019), op. cit.

providers, reducing meaningful differentiation between them. Market consolidation has also favoured organisations with scale and access to capital, displacing smaller community-based services. These outcomes flow from a commissioning model that rewards short-term, low-cost outcomes rather than service quality and long-term capability building.

Australia under-invests in effective labour market supports

There is a substantial mismatch between what the evidence says works for people who are long-term unemployed and what Australia's employment services system is funded to provide. The widely cited meta-analysis by Card et al finds that active labour market programs tend to have limited average effects in the short run, but stronger positive impacts two to three years after completion, particularly for programs that build human capital. The authors find larger average gains for programs that emphasise training and work experience, and stronger impacts for people entering programs from long-term unemployment.²⁹

This matters because the people most reliant on employment services are precisely those who need sustained investment in capability, confidence, qualifications, work history and employer connection. A system that mainly funds referral, compliance, job search monitoring and short-term placement activity is poorly aligned with the evidence. Employment services should therefore be redesigned around access to effective supports: vocational and foundation skills training, paid work experience, wage subsidies linked to genuine jobs, post-placement support and the practical assistance needed to make participation possible.

OECD labour market program data reinforces this conclusion. The OECD defines public spending on labour market programs to include public employment services, training, employment incentives and income maintenance, with training covering classroom-based and on-the-job learning. Australia has historically spent a relatively small share of GDP on training within active labour market programs compared with many peer countries. Parliamentary Budget Office analysis likewise shows that Australia's model is weighted towards contracted employment services rather than the stronger investment in training and employment incentives found in more effective active labour market systems.³⁰

The result is a system in which the main employment services contract is expected to solve complex labour market disadvantage without adequate access to the activities most likely to improve sustainable employment. The reform task is therefore not only to improve case management or commissioning, but to shift the funding mix: employment services must be able to purchase, broker and

²⁹ Card, D. et al (2018), What Works? [A meta analysis of recent active labour market program evaluations](#)

³⁰ Parliamentary Budget Office (2022), [Expenditure on employment services](#)

sequence training, paid work experience and employer-linked programs at a scale consistent with need and deliver positive outcomes.

Access to wage subsidies under existing policy illustrates the issue. Wage subsidies have been shown to be effective in reducing the initial cost and risk to employers and helping overcome reluctance to recruit people facing labour market disadvantage. Under Workforce Australia, subsidies of up to \$10,000 are available, but access depends on provider arrangements and the broader Employment Fund.

Placing wage subsidies within or alongside a discretionary Employment Fund has weakened their use as a core labour market instrument. The Department describes the Employment Fund as a pool that can be used for a wide range of supports, including wage subsidies, training, work-related items, professional services and interpreters. This breadth can be useful for flexibility, but it also means wage subsidies compete with other claims on a capped and discretionary fund. Published Employment Fund and wage subsidy data show that expenditure depends heavily on provider decisions and varies substantially across regions and providers, indicating that access to wage subsidies and other practical supports is not consistently driven by participant need.³¹

There is also evidence that the overall funding base for employment services has become increasingly thin relative to the task. The Parliamentary Budget Office analysis shows that Australian Government expenditure on employment services has been examined as a share of GDP and by program, including the transition from jobactive to Workforce Australia and the claimed efficiencies from expanding online servicing.³² Those efficiencies were intended to free resources for people with higher needs, but in practice the system continues to rely on high caseloads, standardised contact and limited access to substantive labour market programs. Earlier critiques of Job Services Australia similarly argued that the model was not made to measure for highly disadvantaged people seeking paid work, because funding and service design encouraged low-cost servicing rather than intensive support.³³

The direction of reform should therefore be clear. Employment services should no longer treat training, work experience and wage subsidies as optional extras accessed through residual discretionary funding. They should be core entitlements within a redesigned service offer, available according to a person's goals, barriers and local labour market opportunities. This requires a dedicated investment stream for evidence-based labour market programs, stronger local employer and training partnerships, and transparent reporting on whether people who are long-term unemployed can actually access the supports most likely to help them move into secure, sustained work.

³¹ Department of Employment and Workforce Relations (2026c), [Workforce Australia Employment Fund Data](#)

³² PBO (2022), op. cit.

³³ Davidson, P (2019), [Is the Job Services Australia model 'made for measure' for disadvantaged jobseekers?](#)

Mutual obligation is ineffective, harmful and inconsistent with a rights-based system

Employment services should have a positive obligation to assist people to secure appropriate and quality employment. They should work with each person to tailor a package of services and supports to meet individual needs and achieve personal goals. The focus should be on positive engagement: adequate income support, high-quality assistance, clear rights, and voluntary access to activities that genuinely improve employment prospects.

Any requirement to engage in employment, education or training related activities should only be attached to payments, services or supports which are provided in addition to the guaranteed liveable income. Such conditions must be reasonable, proportionate and subject to natural justice principles and rights of review.

The current compliance framework is a second core failure of the present system. ACOSS's recent review of mutual obligation policy concluded that compulsory activities, automated payment suspensions and financial penalties have not improved employment prospects for people locked out of paid work. Instead, they cause distress, anxiety, shame and hardship for people already trying to survive on inadequate income support.³⁴

ACOSS' assessment is that mutual obligation is ineffective as labour market policy. Compulsory job-search targets and activities do not create suitable vacancies, address structural barriers to employment or build the skills and experience needed for secure work; nor is there persuasive evidence that increasingly punitive requirements improve sustained employment outcomes. Instead, compliance diverts participants and providers from tailored, evidence-based support and can push people further from paid work.

The policy is also harmful. Payment suspensions and penalties withdraw essential income from people already living below the poverty line, causing financial hardship and worsening stress, anxiety, shame and health. These impacts are concentrated among people with disability or illness, First Nations people, single parents, people experiencing homelessness or family violence, and others facing significant labour market disadvantage.

ACOSS further argues that conditioning access to an adequate income on onerous and sometimes automated compliance is inconsistent with human rights principles. It undermines the rights to social security and an adequate standard of living, and conflicts with dignity, equality, non-discrimination, proportionality and procedural fairness. A rights-based approach would replace coercion with adequate income support, voluntary positive engagement and genuinely beneficial employment assistance.

³⁴ ACOSS (2026), [Mutual Obligation Policy Position Paper](#)

The recent Commonwealth Ombudsman reports into the Targeted Compliance Framework reinforce ACOSS's concerns. The Ombudsman found that some income support cancellations under the framework were not lawful³⁵ and that there was a significant delay between identifying the error and pausing the cancellations. A further report found that remediation for affected people seeking paid work was not fair or reasonable, that providers gave insufficient information to Services Australia for capability assessments and failure investigations, and that people were not given clear, accessible written explanations of penalty decisions or review rights.³⁶

These findings go directly to natural justice. People affected by unemployment may be managing homelessness, disability, illness, caring responsibilities or family violence while living in precarious financial circumstances. A system that can suspend or cancel income support automatically, without clear information, adequate consideration of individual circumstances or meaningful access to review, is neither fair nor proportionate and is incompatible with a rights-based employment services system.

The compliance system also undermines the quality of employment services. When providers are required to monitor and enforce mutual obligations, the relationship between provider and participant is distorted. Time that should be spent building trust, identifying goals, addressing barriers, engaging employers and connecting people to training or community support is diverted into checking attendance, recording compliance and initiating penalties. This is particularly harmful for people who have had negative experiences with government systems and need a service that is safe, voluntary and supportive.

ACOSS therefore calls for mutual obligation, including automated payment suspensions and the Targeted Compliance Framework, to be removed and replaced with a model based on positive engagement. Participation should be encouraged through high-quality support, meaningful activities, secure income, clear rights and safeguards, and access to services that people can trust.

Automated Payment Suspensions are widespread and lack proper safeguards

Payment suspensions are a routine feature of the Targeted Compliance Framework. Departmental data analysed by ACOSS show that 38% of people in Workforce Australia were subject to a suspension in January–March 2024, while 49% were subject to a threat; 85% of all threats and suspensions occurred in provider services.³⁷ The scale of these actions is evidence that the framework is overused rather than reserved for serious or persistent non-compliance.

³⁵ Commonwealth Ombudsman (2025), op.cit.

³⁶ Commonwealth Ombudsman (2025a), [Fairness in the Targeted Compliance Framework: when decisions are made beyond your control](#)

³⁷ ACOSS (2024), [Analysis of Targeted Compliance Framework Data Q1](#)

Once a provider has established and recorded a mutual obligation failure, the suspension process operates as follows:

1. The provider records the established failure in the employment services IT system. This action starts the Targeted Compliance Framework response.
2. The system commonly sends the person a short automated text message warning that their payment is at risk or has been suspended and directing them to contact their provider. These messages can be alarming and threatening, while providing little explanation of the alleged failure, the evidence relied on, or the person's rights.
3. The person is generally given five business days to contact the provider and resolve the issue. For people managing complex circumstances, this can be difficult to meet.
4. If the issue is not resolved within that period, the system can automatically instruct Services Australia to suspend the person's payment. No Services Australia officer, departmental officer or other human decision-maker is required to review the evidence or the person's circumstances before the suspension takes effect.
5. The person must then re-engage with the provider and complete the required action before payment is restored. Meaningful scrutiny may occur only after income has been interrupted, even where the provider's decision was poorly documented or based on incomplete information.

The Commonwealth Ombudsman's *Fairness in the Targeted Compliance Framework* report shows why this process is unsafe. Providers gave Services Australia insufficient information to conduct capability assessments and investigate mutual obligation failures, and provider records did not consistently demonstrate the basis for decisions affecting payment. The Ombudsman also found a high rate of provider decisions were overturned by the Department or Services Australia. Many people were subsequently found not capable of meeting the requirements in their Job Plan and had their demerits removed. These overturn rates raise serious concerns that providers are not adequately considering individual circumstances before initiating actions that can remove access to essential income.³⁸

Suspensions fall particularly heavily on people with lower qualifications, people with disability and First Nations people — groups already more likely to face labour market disadvantage.

Automated payment suspensions are harmful, counterproductive and out of proportion to their stated purpose.

³⁸ Commonwealth Ombudsman (2025a), op. cit.

Financial penalties push people into extreme financial hardship

The recent Commonwealth Ombudsman reports into the Targeted Compliance Framework reinforce ACOSS's concerns. The Ombudsman found that some income support cancellations under the framework were not lawful and that there was a significant delay between identifying the error and pausing the cancellations. A further report found that remediation for affected people seeking paid work was not fair or reasonable, that providers gave insufficient information to Services Australia for capability assessments and failure investigations, and that people were not given clear, accessible written explanations of penalty decisions or review rights.^{39,40}

These findings go directly to natural justice. People affected by unemployment may be managing homelessness, disability, illness, caring responsibilities or family violence while living in precarious financial circumstances. A system that can suspend or cancel income support automatically, without clear information, adequate consideration of individual circumstances or meaningful access to review, is neither fair nor proportionate and is incompatible with a rights-based employment services system.

³⁹ Commonwealth Ombudsman (2025), op. cit.

⁴⁰ Commonwealth Ombudsman (2025a), op. cit.

Commentary on the Government's reform outline

ACOSS welcomes the Government's recognition that employment services should provide higher quality, more meaningful and tailored support. However, the proposed three-stream architecture risks treating the problems of Workforce Australia as confined to a small cohort needing intensive support, when the provider-service caseload as a whole includes very large numbers of people who have been unemployed long-term or face disability, ill health, poverty and other intersecting barriers.⁴¹

The reform objective should therefore be to lift quality across provider services, not to create an exemplary offer in Stream 3 while retaining a thinner, lower quality model in Stream 2. The distinction between targeted and intensive provider services should be deliberately narrow, with a common high-quality service and flexible intensity determined with the person over time.

The proposed streams do not reflect the provider-service caseload

The framing appears to assume a readily identifiable small minority of people requiring intensive assistance because of non-vocational barriers, while most people in provider services need only brief or targeted employment assistance. The evidence does not support that premise – mental health issues, disability, homelessness and other barriers to work are of high prevalence in Workforce Australia services. A small Stream 3 service will not have the scale to support all those who would benefit from it.

Beneficial reform principles should apply across both provider-led streams: preference for community-based and specialist not-for-profit provision; minimum provider workforce qualifications and manageable caseloads; stronger public stewardship and independent quality assurance; more funding for service inputs and effective activities; and relational commissioning that rewards collaboration, local partnerships and sustained improvement rather than market share and low-cost throughput.

Distinct services risk duplication, fragmentation and inefficiency

Operating two distinct provider services within Workforce Australia risks duplicating administration, staffing, referral pathways, employer engagement and local service networks. Separate contracts, performance frameworks and service offers for Streams 2 and 3 could require parallel infrastructure while creating hand-offs whenever a participant's circumstances change or an assessment is revised. This would consume resources that should be directed to frontline assistance, disrupt continuity of relationships and make it harder for participants, employers and community organisations to understand who is responsible for coordinating support. For these and other reasons, a previous

⁴¹ Department of Employment and Workforce Relations (2026), op. cit.

Labor Government abolished the former Personal Support Program for people with primarily social barriers to employment and integrated that service as 'stream 4' of the mainstream service offer - Employment Services Australia.⁴²

The House of Representatives Select Committee's final report, *Rebuilding Employment Services*, found that Australia did not have a coherent national employment services system, but an inefficient and fragmented system, and that these problems were compounded by fragmentation across employment and human services. It also concluded that the prevailing form of provider competition was counterproductive: multiple heavily regulated providers often delivered substantially similar services, with little variation or innovation.⁴³ Creating two separately commissioned provider services could entrench these same flaws within Workforce Australia by increasing organisational boundaries and competition for participants, staff, employers and local partnerships.

The Government should avoid establishing two parallel provider markets. Streams 2 and 3 should instead operate as a single, integrated provider service with a common workforce, service standards, commissioning framework and local coordination arrangements. Intensity and specialist input should be able to increase or decrease around the person without requiring a transfer between competing services. This would reduce duplication, preserve trusted relationships and support collaboration rather than reproduce the fragmentation and competitive behaviour identified by the House inquiry.

Streaming creates new avenues for creaming and parking

Streaming also creates a new margin for gaming. Where stream allocation affects service fees, outcome payments, performance benchmarks or contractual risk, providers may have incentives to influence assessments, concentrate effort on participants who can generate outcomes, or treat people assigned to a more intensive stream as unlikely to succeed. These are contemporary forms of "creaming" and "parking", already well-established risks in outcome-driven employment services markets.

The Government should minimise financial and performance discontinuities between Streams 2 and 3, ensure robust oversight of reassessment decisions, audit referral and reassessment patterns, publish disaggregated service and outcome data, and give participants accessible rights to request reassessment or additional support. Funding settings should make the preferred provider response to complexity additional assistance — not avoidance, churn or reclassification.

⁴² Department of Employment, Skills, Small and Family Business (2012), [The Evaluation of Job Services Australia 2009 – 2012](#)

⁴³ House of Representatives Select Committee on Workforce Australia Employment Services (2023), op. cit.

Tailoring is best built from the frontline

The outline should not assume a linear path from job readiness to intensive support and then employment. People's circumstances, goals and labour market opportunities change. Progress may involve stabilising housing, addressing health needs, rebuilding confidence, gaining foundation skills, undertaking training, testing a work environment and receiving support after placement — sometimes in a different order or more than once. There are examples of effective programs which start from the position of supporting people to build confidence and skills at work first, one such being the Individual Placement and Support program which works with people with serious mental health conditions⁴⁴. Other models could follow a consortium approach, where organisations with different specialisations (e.g. employment, mental health, VET providers) work together intensively to support people.

Tailoring is therefore best built from the bottom up by skilled caseworkers with time, discretion, access to resources and strong local networks, working in partnership with the person. It should not be imposed from the top down through rigid streams and prescribed activity sequences. Streams 2 and 3 should share common expectations: a trusted caseworker, a genuinely negotiated goal plan, access to the same labour market programs and specialist supports, and continuity of service.

Without these changes, streaming risks reproducing the central failures of earlier reforms under new labels. The test should be whether every person in provider services can obtain timely, respectful and effective assistance, with additional intensity available when needed and without losing continuity or rights.

Meaningful engagement requires safety and trust

A shift towards meaningful engagement will be positive if it provides more protection from penalties under the Targeted Compliance Framework. Policies which allow the penalties to sit in the background and be largely absent from many people's experience would undoubtedly be a positive step.

This shift will fail if providers retain routine power to trigger suspension of the income on which participants rely for essentials. Such powers place the caseworker in a policing role and make open disclosure of personal circumstances less safe.

ACOSS's preferred position is removal of mutual obligation, automated payment suspensions and the Targeted Compliance Framework, replaced by voluntary positive engagement and adequate income support. At a minimum, a reformed model should remove the Targeted Compliance Framework and ensure any adverse decisions are overseen by human decision makers operating within Services Australia. This should be complemented with increased rights-based protections for people, including the establishment of a Digital Protections

⁴⁴ Department of Social Services (2019), [Evaluation of the Individual Placement and Support, June 2019](#)

Framework and whole-of-government Automated Decision Making legislative framework with strong safeguards.

Assessment should open doors, not prescribe a pathway

No assessment tool will perfectly allocate people to a service. Standardised assessments can miss episodic illness, trauma, family violence, insecure housing, caring responsibilities, limited digital access and barriers that a person is not ready or safe to disclose at first contact. Their predictive limits are especially important when stream assignment determines access to better staff, lower caseloads or more substantial supports.

Initial assessment should therefore be treated as provisional. Participant preference must carry weight; reassessment should be available at any time without penalty; providers should be able to increase support immediately without waiting for formal reclassification; and people should not have to repeatedly disclose traumatic information when moving between services. Government should monitor assessment accuracy and equity, but should not rely on an algorithm or questionnaire as a substitute for professional judgement and an ongoing relationship.

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Annex

Commentary on the Department's Discussion Paper Questions

Service streams

1. What are the key factors that should place a person in online and brief intervention services versus targeted provider services versus intensive services?

Streaming should begin with the person, not with an automated prediction of their employability. Placement should take account of individual preference, recent work history, education and skills, digital capability, caring responsibilities, health and disability, housing stability, local labour market conditions and access to community support. Online servicing should be offered to those with the capability to utilise it and limited to people who are confident it will meet their needs.

Assessment should not permanently determine the level of assistance available. People must be able to request provider support or more intensive assistance at any time, without having to prove deterioration or navigate a burdensome reassessment process.

Relevant recommendations: 9, 16

2. What types of support should be offered under each of the service streams?

The same core supports should be available across provider-led streams according to need: skilled casework, vocational and foundation skills training, paid work experience, wage subsidies, career guidance, employer engagement, practical assistance and post-placement support. The distinction between streams should affect the intensity and resourcing of assistance, not whether a person can access an effective intervention.

People facing homelessness, ill health, family violence or other serious barriers should also be able to pursue stabilising activities as part of an agreed plan. Employment providers should coordinate with specialist community services rather than attempt to substitute for them.

Relevant recommendations: 16,17, 18

Quality initial assessments and triaging

3. What factors should be considered to support the development of a new, high-quality assessment and triaging process?

A high-quality assessment must be independent of provider financial incentives, conducted by appropriately skilled staff and designed to identify strengths, goals and support needs rather than simply classify risk. It should combine validated information with professional judgement and the participant's own account of their circumstances.

The process must be transparent, reviewable and culturally safe. Participants should understand how information will be used, be able to correct errors and obtain reassessment when circumstances change.

Relevant recommendations: 5, 9

4. What information should be collected during the assessment process to support better identification of barriers to employment and triaging to the right service?

5. What factors or circumstances should result in a participant moving between service streams?

The better design is a flexible service in which intensity can increase or decrease around the person. This avoids repeated assessments, administrative churn and disruptive hand-offs between different services and providers.

Relevant recommendation: N/A

Employment Goal Plan

6. What elements will be important to capture in the Employment Goal Plan?

An Employment Goal Plan should record the person's broad employment aspirations, strengths, skills, preferred occupations, barriers they wish to address, and the practical supports and activities agreed to help achieve those goals. It should set out sequencing, indicative milestones, responsibilities and review dates while remaining flexible as circumstances and opportunities change.

Career counselling should be offered at the outset. The plan must not include compulsory social or medical treatment, and participation in training or work experience should occur only where it improves employment prospects and is agreed with the participant.

Relevant recommendations: 8, 9

7. How can the system encourage effective use of the Employment Goal Plan by participants and providers to ensure it is meaningful, timely and relevant?

The plan will be meaningful only if it is genuinely negotiated rather than imposed as a condition of payment. The first income support payment should not depend on signing a plan, and people should have sufficient time, accessible information and access to independent advocacy before agreeing to it.

Providers should be funded and assessed on the quality of planning and delivery of agreed supports, not on the volume of plans signed. Plans should be reviewed regularly with the participant and be open to independent review where agreement cannot be reached.

Relevant recommendations: 8, 9

Mutual obligations

8. How do we change the way that providers and participants engage with mutual obligations to focus on positive engagement that helps people move towards employment?

Positive engagement cannot be built on the threat of losing essential income. Automated suspensions, financial penalties and the Targeted Compliance Framework should be removed, and mutual obligation should be replaced with adequate income support and voluntary access to genuinely beneficial employment assistance.

Engagement will improve when people can obtain useful training, paid work experience, practical support and a trusted advisor. Any incentives should sit above an unconditional and adequate payment and should reward participation in activities chosen because they improve employment prospects.

Relevant recommendations: 4,5,6,7,8,9

Employer engagement

9. How can employment services best partner with industry and large employers?

10. How can employment services best support small to medium enterprises?

11. What is the value of having a government job matching platform? How can we increase this value

12. What supports do employers need to recruit and retain people?

Partnerships with industry and large employers should be organised around real vacancies and workforce demand, not generic job-matching targets. Government and local employment and skills networks should broker commitments to

recruitment, paid work experience, training pathways and ongoing support for people who have been unemployed long-term.

Small and medium enterprises need a simple, locally accessible service that reduces recruitment risk without creating administrative burden. A single local contact should help identify suitable candidates, arrange training, offer wage subsidies where appropriate and provide post-placement support.

Local employment and skills networks should connect smaller employers with providers, TAFEs, community organisations and unions so assistance responds to local demand. The system should avoid requiring businesses to navigate multiple competing providers offering duplicative services.

Employers need candidates with appropriate skills, clear information, responsive recruitment assistance and support after placement. Wage subsidies can reduce initial risk, but they should complement — not replace — employer responsibility for proper induction, supervision, fair pay, safe work and reasonable adjustments.

Employment services should fund job-specific training, workplace modifications and sustained post-placement support. Assistance should focus on retention and job quality, rather than treating placement as the end of the service.

Relevant recommendations: 16, 17, 18

Delivery of high-quality services

13. What qualifications and experience should be expected of frontline staff within each stream?

Frontline employment consultants should have recognised qualifications or demonstrated capability in casework, career development, counselling, teaching, coaching or a related field. Core competencies should include empathy, cultural safety, trauma-aware practice, knowledge of the local labour market, stakeholder engagement and understanding of effective labour market programs.

Quality also depends on employment conditions. Minimum standards should address induction, supervision, professional development, manageable caseloads and workforce stability so the service no longer relies on high-churn, high-volume roles.

Relevant recommendation: 10

14. How could the future service accommodate the needs of diverse cohorts, including better linkages to other services?

A nationally consistent entitlement to quality assistance should be combined with specialist and culturally safe provision. Community-controlled and specialist not-for-profit services should be commissioned for cohorts whose needs are poorly served by a generalist model, including First Nations people, people with

disability, culturally and linguistically diverse communities, young people and people experiencing homelessness or family violence.

Providers should maintain formal local referral and coordination arrangements with housing, health, disability, family-support, legal and education services. These linkages should add specialist expertise while preserving a clear point of responsibility and continuity for the participant.

Relevant recommendation: 16

15. How can a nationally consistent service respond to local circumstances?

National standards should guarantee rights, service quality and access to effective supports, while local employment and skills networks adapt delivery to labour market conditions and community priorities. These networks should include people with lived experience, employers, unions, providers, TAFEs, community organisations and relevant governments.

They should develop local employment and skills plans, share current labour market information, coordinate training and paid work experience opportunities, and connect people unemployed long-term to suitable jobs. Existing regional structures should be used where possible to avoid duplication.

Relevant recommendations: 11,12,16

Incentives for service providers

16. How should providers be incentivised to support participants into suitable, sustainable jobs, not just any job across both provider-led service streams?

17. How should employment outcomes and progress towards employment be measured? How should this differ between targeted provider services and intensive services?

Provider incentives should prioritise service quality, sustained employment and progress for people facing the greatest disadvantage. Funding should shift substantially from outcome payments to upfront service and activity fees so providers can invest in skilled staff, manageable caseloads, training, paid work experience and practical assistance.

Outcome payments should reflect a person's distance from the labour market and the suitability, pay, hours and duration of the job. Progress payments tied to easily gamed administrative milestones should be removed, and performance settings must prevent creaming and parking.

Relevant recommendation: 13

Commissioning and contracting

18. What commissioning approaches will best support increased provider diversity?

Commissioning should replace the multiple-provider competitive market with public stewardship, collaboration and long-term accountability. Each employment region should have one generalist provider together with appropriate specialist providers, and regions should be small enough to support strong local relationships and knowledge.

Tender criteria should preference community-based and specialist not-for-profit organisations embedded in and accountable to their communities. Contracts should provide stable funding for service inputs, require workforce and quality standards, and limit the financial incentives that have driven consolidation, creaming and low-cost servicing.

Relevant recommendations: 11,12

Continuous improvement

19. How can employment services foster continuous improvement? For example, what strategies would improve the sharing of best practice?

Continuous improvement requires a less competitive system in which providers can share evidence and practice without risking market share. Government should establish meaningful communities of practice, publish comparable information on service quality and outcomes, and fund evaluation of approaches that improve sustained employment for people facing disadvantage.

An independent statutory quality commission should set standards, monitor participant experience, investigate systemic issues and support providers to improve, with powers to act where standards are persistently breached. People with lived experience must have an ongoing role in this quality and learning framework.

Relevant recommendations: 10,14,15