



PARLIAMENT OF AUSTRALIA

House of Representatives Select Committee on
Workforce Australia Employment Services

Submission Guide

Inquiry into Workforce Australia Employment Services

Introduction

The [Select Committee on Workforce Australia Employment Services](#) is undertaking a first-principles review of the Workforce Australia employment services system.

The purpose of this guide is to help identify some of the issues and themes arising from the Committee's preliminary insights and investigations to date and assist stakeholders to focus their submissions. This guide has been informed by initial discussions with users of the system, experts and stakeholders. It is not intended to replace the Terms of Reference. Nor is it intended to place more importance on some issues over others. Rather, it summarises the current situation and possible alternatives, and sets out questions that may assist in the framing of a submission.

The Committee welcomes all contributions to the inquiry. The Committee is seeking evidence to make sure employment services are best designed to meet the challenges of the labour market and help members of our society today and in the future. Submitters may address as many or as few matters set out in this guide as they wish. Since the Committee's role is to make recommendations to Government, submitters are encouraged to highlight issues with current employment services and put forward recommendations they would like to see the Committee make in its report. General information on how to prepare a submission is available via the Committee's website.¹

Closing date for submissions: 28 February 2023.

Submissions can be made via:

Inquiry website: www.aph.gov.au/Parliamentary_Business/Committees/House/Workforce_Australia_Employment_Services/WorkforceAustralia

Email: waes.reps@aph.gov.au

Mail: Committee Secretary
House of Representatives
Select Committee on Workforce Australia Employment Services
PO Box 6021
Parliament House
Canberra ACT 2600

There is no set format for submissions, and they need not be formal documents.

¹ See Parliament of Australia, [Making a submission to a committee inquiry \(aph.gov.au\)](#).

Terms of reference

The Committee's formal remit² is to inquire into and report on:

- the implementation, performance and appropriateness of Workforce Australia Employment Services
- 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 jobseekers into secure work, in particular, its support for long-term unemployed and young people
- other matters in relation to Workforce Australia Employment Services.

Outline of identified issues

The Committee has flagged the following topics as areas of particular interest and/or concern.

- The underlying policy objectives for employment services.
- The architecture of employment services, such as market and organisational structure.
- Responding to local and place-based needs.
- The ways in which services are delivered to individuals versus what services they may need.
- 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 and assurance of services, with transparency of research and evaluation.

Employment services in-scope

The following Workforce Australia provider-led services are all in scope for the review:

- Workforce Australia [Provider] Services
- Workforce Australia – Transition to Work
- Self-Employment Assistance
- Employability Skills Training
- Career Transition Assistance
- Workforce Specialists
- Entrepreneurship Facilitators.

In addition to provider-led services, the operation of Workforce Australia Online for Individuals and Workforce Australia Online for Businesses are also in scope for review.

² [Terms of Reference](#) as included in the Committee's [Resolution of Appointment](#).

The Disability Employment Services and Community Development Program are out-of-scope except to the extent that they interact with Workforce Australia.

ParentsNext is being considered separately by the Committee. The Committee will make recommendations in relation to ParentsNext in an interim report released in February 2023.³

This inquiry, however, is broader than just the provider-led and online Workforce Australia services. The Committee is interested in all activities and complementary programs that are part of the broader Workforce Australia service offer to jobseekers or employers.

The employment service system includes:

- Workforce Australia arrangements in Yarrabah and Norfolk Island
- Pre-Release Prisoner Initiative
- Early Access Initiative for retrenched workers and their partners
- Digital Services Contact Centre
- Employer Hotline
- Youth Advisory Sessions
- Observational Work Experience
- Provider-led Voluntary Work
- Participant-led Voluntary Work
- Work for the Dole
- Employment Fund
- Youth Bonus Wage Subsidies
- Workforce Australia Wage Subsidies
- Time to Work Employment Service
- Launch into Work
- Local Jobs Program
- Employment Facilitators
- Employer Liaison Officers
- Harvest Trail Services
- Transition Support Network
- Structural Adjustment Packages
- Career Revive
- Skills Checkpoint for Older Workers
- Skills and Training Incentive
- Foundation Skills for Your Future Program
- Indigenous Skills and Employment Program
- Australian Apprenticeships
- Skills for Education and Employment
- Adult Migrant English Program.

While the Committee is not directly reviewing all of these programs, many will be of interest as part of this inquiry given their connections to employment services.

The Committee also notes that there are a large number of other government and non-government programs and initiatives which submitters may wish to make reference to when providing examples of good community practice. This may include services at a state/territory or local level and other Commonwealth programs not listed above. International comparisons are also welcome.

³ See *Media release*, '[Workforce Australia Committee seeking submissions on ParentsNext](#)', issued 14 October 2022.

Chair's statement

A well-known definition of insanity is doing the same thing over and over again but expecting different results. Yet it seems that is what Australia has done for decades now with key aspects of the employment services system.

There is strong evidence that employment services have failed to invest in Australian jobseekers and to support them into sustainable employment suggesting fundamental aspects of the system require re-examination. Experts and – critically – Australians with lived experience of the system have also claimed that the system has caused significant harm to jobseekers and ultimately made them *less* employable. Historically, it is clear the system has paid insufficient attention to the needs of employers, and has failed to provide businesses with the candidates needed to respond to challenges of an increasingly dynamic labour market.

Nowhere are these failings more apparent than in the fact that while employers across Australia are now crying out for workers, hundreds of thousands of Australians – including long-term unemployed people – remain stuck in the employment services system.

Saying this should not be construed as criticism of dedicated public servants. Within the constraints of policy set by previous governments, agencies responsible for the design and implementation of current employment services have made genuine efforts to respond to recommendations of previous reviews and create a system which meets the needs of jobseekers, employers, and other stakeholders.

However, fundamental elements of the employment services system have been excluded from previous reviews or, at a minimum, not given sufficient attention. These include:

- an extreme 'work first' ideology – that is, the belief that securing a jobseeker any job as quickly as possible will result in the best long-term employment outcomes
- the nature and extent of outsourcing within the employment services system
- the beneficial role of local, place-based solutions in enabling sustainable employment and breaking cycles of poverty and disadvantage, as highlighted in the report of the Select Committee on Intergenerational Welfare Dependence⁴
- the nature of mutual obligations and whether the requirements imposed on jobseekers are truly effective in supporting them to prepare for, obtain, and keep employment, especially for longer term jobseekers and those further from the labour market
- poverty traps and other disincentives to sustainable employment that may be created or maintained by the broader government system (which may be examined by Government in the Employment White Paper⁵ arising from the 2022 Jobs and Skills Summit).

⁴ Select Committee on Intergenerational Welfare Dependence(2019), [Living on the Edge](#).

⁵ Treasury (In progress), [Employment White Paper](#), Due to be released September 2023.

One question that is apparent from initial explorations is whether the system has focused too much on conditioning supply through ever harder mutual obligations, and not enough on demand – on working with employers, incentivising the creation of suitable job opportunities and actual matching of people to jobs.

While it may seem strange to undertake a review of Workforce Australia that is less than 6 months old, the system was designed for a very different labour market and a very different caseload. Employment services are the Commonwealth's largest procurement outside Defence and the government has made clear it will not just 'set and forget' the system. An initial frame for the Committee's inquiry was outlined in a speech to the NESA CEO's forum⁶ and this guide builds on those remarks, informed by users, experts and stakeholders.

The current inquiry will be a comprehensive, first-principles review of Workforce Australia. Nothing is off the table.

The Committee will not merely examine superficial issues in the administration of Workforce Australia or the inevitable problems which arise during the transition to a new system. We do not propose to revisit the same ground as the Employment Services Expert Advisory Panel⁷ or Senate Education and Employment References Committee⁸ in their reviews of the previous employment services system. Nor do we propose to focus on the Workforce Australia procurement process, as this is currently being audited by the Auditor-General.⁹ These matters have been canvassed as part of the Committee's investigations and will be referred in its final report where relevant.

The Committee is seeking evidence from stakeholders on key issues with Workforce Australia, but more importantly is seeking advice and proposals for policy settings and service models which can optimise employment services in the future. We are looking for innovative and implementable solutions.

Please be honest, direct and bold in your submissions.

Mr Julian Hill MP

⁶ [Speech to National Employment Services Association CEO Forum](#), 4 October 2022.

⁷ Employment Services Expert Advisory Panel (2018), [I Want to Work: Employment Services 2020 Report](#).

⁸ Senate Education and Employment References Committee (2019), [jobactive: failing those it is intended to serve](#).

⁹ ANAO (In progress), [Performance Audit: Establishment of the Workforce Australia Services Panel](#), Due to table June 2023.

Going back to first principles

This inquiry is a first-principles review of the Workforce Australia employment services system. Ultimately, the inquiry aims to ensure that Commonwealth funded employment services are fit-for-purpose, providing advice to the Government regarding the future principles and design of employment services to ensure it does better for unemployed Australians and business.

In addressing the Terms of Reference, this inquiry will actively question assumptions about the design and implementation of employment services in Australia, as well as a range of other issues related to jobseekers' and employers' interactions with employment services.

There are a range of compounding and intersecting issues that should be considered if looking at the system in a holistic manner. Jobseekers often seek support from their families and communities. State and territory governments also invest in employment services, but there is little alignment of resources across the different levels of government. Employment services often overlap with other human services provided by governments at all levels, such as health services, services for mental health, housing and homelessness services, addiction-related support and treatment, and transport. There is also a deep interrelationship between the employment services, workplace relations, taxation and income support systems. The Committee will give due consideration to all these elements as either a help or a hindrance to labour market participation and effective service design.

Questions provided to guide submissions

This guide seeks to assist people to focus their submissions. Noting the complexity of the employment services system and the breadth of the Committee's inquiry, this guide identifies issues and themes associated with the employment services system, and sets out questions submitters may wish to consider in relation to each topic.

The Committee is looking for evidence and examples of what works and what needs to change. Submitters are encouraged to provide case studies, reference findings of research and evaluations, and to share lived experiences of employment services.

This guide is not intended to be prescriptive. Submitters do not need to respond to every topic and may choose to respond to some or all the questions proposed for consideration. Submissions may also highlight other issues, so long as they remain directly relevant to the Terms of Reference.

In its final report, the Committee will draw upon direct observations, its own research, and evidence gathered through public hearings and written submissions.

Some underlying questions that apply to all topics that the Committee would like submitters to consider are:

- What would be the ideal? What needs to be done to get there?
- Are there any aspects of the current system which are of particular concern?
- How do we preserve aspects of the current system that are done well?
- How do we ensure an end-to-end approach to service delivery?
- How could we create greater opportunities for those in the system?
- What would be the one, key change, if implemented, that would drive the greatest improvements?
- What are the biggest barriers to the delivery of good outcomes in the current system, and what needs to be done to remove, or minimise, those barriers?
- How do we create a system with less rather than more complexity?

The state of play – The current employment services system

Workforce Australia is the Commonwealth's headline employment service, underpinned by a mix of online, provider-led and complementary services. It is administered by the Department of Employment and Workplace Relations.

Total Commonwealth expenditure on Workforce Australia is forecast to be \$1.48 billion in 2022-23, with an average of around \$1.8 billion per year in the forward estimates to 2025-26.¹⁰ This is the Commonwealth's largest procurement program outside Defence.

A network of 74 providers are contracted under Workforce Australia to deliver services across 51 Employment Regions in metropolitan and regional areas of Australia. Services, for those eligible, can be accessed at 1,480 Workforce Australia Services sites, 341 Transition to Work sites and 573 Self-Employment Assistance sites.¹¹

Meanwhile, all Australians can access basic support via Workforce Australia Online. Individuals logging into the online service require a MyGov account, while business users require a personal MyGovID account linked to the business' ABN.

Workforce Australia is the latest in a series of employment service models delivered by the Commonwealth. The evolution of the system has included the following models.

- Commonwealth Employment Services (CES) – 1946 to 1994.
- New Enterprise Incentive Scheme (NEIS) – 1985 to 2022.
- Working Nation – 1994 to 1998: The structure of services was transformed with a set of labour market programs delivered by both the CES and contracted case management agencies.
- Employment National – 1997 to 2003: Responsible for managing the CES during the transition to the Job Network model, then commenced business as a Commonwealth owned company with its contracts including Job Network.
- Job Network – 1998 to 2009: Job Network introduced the quasi-market structure for delivery of employment services, with creation of Centrelink also enacted at the same time to deliver income support services and act as a gateway to employment services.
- Job Services Australia (JSA) – 2009 to 2015.
- jobactive – 2015 to 2022: Several trials were undertaken during this time and movement to online servicing started earlier than planned during 2020.
- Transition to Work (youth focused) – introduced 2016, with some adjustments incorporated in 2022.

¹⁰ Employment and Workplace Relations, [October 2022-23 Portfolio Budget Statements](#).

¹¹ Based on a list of sites provided to the Committee by the Department of Education and Workplace Relations, 19 October 2022, or available via the provider search on [WorkforceAustralia.gov.au](https://www.workforceaustralia.gov.au).

Participation in Workforce Australia is compulsory for most jobseekers in receipt of income support. The key exceptions are for those who are referred to Disability Employment Services or Community Development Program (noting these services are outside the scope of the present inquiry), as well as those jobseekers who, given their circumstances, are managed by Services Australia without being connected to a provider.

There are a few targeted cohorts who may fully participate in employment services without being on income support and needing to be referred by Centrelink. Jobseekers who may be directly registered by a Workforce Australia Services provider include Vulnerable Youth, Pre-Release Prisoner and Structural Adjustment Program participants. A retrenched worker (and/or their partner) can only be referred to a provider after contacting the Digital Services Contact Centre. Access to Transition to Work and Self-Employment Assistance services are not contingent on being on income support.

As at 30 September 2022, the caseload breakdown for Workforce Australia indicates that there were:

- 144,144 participants in Workforce Australia Online for Individuals
- 504,515 registered with a Workforce Australia Services provider
- 25,263 registered with a Transition to Work provider
- a small number connected with a Self-Employment Assistance provider.¹²

The caseload data, provided at the Committee's first public hearing, reinforces that most jobseekers in employment services are long-term participants and that there is increasing concentration of several disadvantaged cohorts.¹³

¹² Note 1: Some are counted under two programs (for example, commenced on online and pending for another services).
Note 2: Self-Employment Assistance program includes a number of different services (see Department of Employment and Workplace Relations, [Self-Employment Assistance: Services \(dewr.gov.au\)](https://www.dewr.gov.au/self-employment-assistance-services), for more information). Data provided to the Committee by the Department of Education and Workplace Relations, 23 November 2022, shows that for the period between 1 July 2022 and 30 September 2022 there have been 8,215 jobseekers referred to the program (including those transferred from the New Enterprise Incentive Scheme that expired on 1 July 2022).

¹³ Department of Education and Workplace Relations, *Select Committee caseload presentation*, 3 November 2022; available as [additional documents](#) to the Committee. A record of the hearing is available via [video](#) and [Hansard](#).

1. Policy objectives that underpin employment services

For the employment services system to deliver the best outcomes for jobseekers, employers and the community, it must proceed from a set of clear and explicit short, medium and longer-term objectives. Accordingly, it is critical that any recommendations made by the Committee about the system's design and implementation align with a clear set of expectations for employment services now and into the future.

The underpinning policies of each employment services model have been well documented.¹⁴ Each time a new model is introduced, that model is heralded as greatly improving the chances of unemployed people getting a job and improving services for employers.¹⁵

Employment services models have oscillated between the 'work-first' approach (that is, the belief that securing any job as fast as possible will deliver the best outcomes) and a focus on 'human capital' (that is, building the capacity of jobseekers to ensure the Australian workforce is equipped to respond to job opportunities). The Committee seeks to go beyond these two assumptions. There is clear evidence that a 'work-first' approach does not work for less job-ready participants, but previous 'human capital' approaches did not effectively target training to meet the needs of employers.

As part of its inquiry, the Committee will interrogate what the broader micro- and macro-objectives for employment services system are and, more importantly, what they should be. Australia has an international commitment to maintain a free employment service and have policies designed to promote full, productive and freely chosen employment.¹⁶

The Committee is mindful of evidence that there is a serious and structural mismatch between the skills, experience and work capacity of many long-term unemployed jobseekers, and the jobs available now and likely in the future. In essence, there are far too few suitable jobs available, and there is real doubt as to whether any set of interventions will ever realistically be enough to bridge this gap for a significant number of jobseekers. This raises important ethical and policy questions as to how society and the employment services system should support jobseekers, and what should be required of those furthest from the labour market in return for income support payments.

¹⁴ See, for example, O'Sullivan, S, McGann, M & Considine, M (2021), *Buying and Selling the Poor: Inside Australia's Privatised Welfare-to-Work Market*; Davidson, P (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), pp. 476-496.

¹⁵ See, for example, *Ministerial press releases*, 'New Job Network to replace the CES', 26 February 1998; '\$4 billion new employment services – Job Search Australia', 1 April 2009; 'New jobactive services to help more job seekers into work', 13 March 2015.

¹⁶ Australia has ratified the International Labour Organisation's Employment Service Convention, 1948 (No. 88) and Employment Policy Convention, 1964 (No. 122).

The Committee has identified the following stated objectives of the current employment services system.

- Discourage reliance on welfare: by attaching mutual obligation requirements and other conditions to the receipt of income support.
- Increase job readiness: by having access to supports, approved activities and complementary programs that improve jobseekers' employability.
- Maintain attachment to the labour market: by setting minimum job search requirements, focusing employment services on job outcomes, and incentivising employers to hire and retain participants through wage subsidies.
- Meet the labour needs of employers.
- Improve the efficiency of the labour market: by offering services that decrease frictional unemployment and reduce structural unemployment.
- Contribute to productivity: by facilitating the supply of employees who have valued skill sets, particularly when there is access to training and education for in-demand occupations.
- Reduce inequity: by ensuring disadvantaged groups can take advantage of job opportunities and all employers have access to services that allow them to fill job openings, as well as addressing entrenched long-term unemployment through a mixture of jobseeker support and demand-led approaches.
- Encourage workforce participation among those who have historically been and continue to be under-represented in the labour market: by supporting women, First Nations peoples, and people with disability into jobs, training, and career advancement pathways.

1.1 Questions for consideration

- **What problems are employment services trying to fix?**
- **What is the role and purpose of a national employment services system?**
- **Taking account of the macro-economic conditions and a large imbalance between the number of lower skilled jobseekers and the number of suitable jobs available, what can labour market programs realistically be expected to achieve?**
- **What should the underlying objectives be now and into the future?**

2. The best operating structure for employment services

This Committee's inquiry is an opportunity to have a substantive discussion about the operational structure in place for the provision of employment services in Australia.

The first area of interest to the Committee is whether the market structure should be a publicly-provided, privatised or outsourced/contracted-out service model, or a mixture of these arrangements.

Since 1998, Australia's employment services system has been delivered under a quasi-market arrangement of providers being contracted to deliver employment services on behalf of the Commonwealth. With the introduction of Workforce Australia, the Commonwealth has in practice returned to a hybrid model. The government is now a provider of services to the most job-ready through the provision of Workforce Australia Online for Individuals, while those that are more disadvantaged or at risk of long-term unemployment are referred to a range of different provider-led services.

There is considerable diversity among the way employment services are delivered within Australia and around the world, although Australia's current arrangements are unique. Until digital services were recently implemented, Australia has been one of the only examples in the OECD of a fully outsourced system, albeit with significant government oversight via the department's role in contract and system management.

Many experts and academics argue that public employment services can play a central role in understanding macro dynamic circumstances, as they are involved in the daily functioning of the labour market and in government interventions to address market failures. Whether or not jurisdictions have public employment services these stakeholders contend that the government having 'skin in the game' through more active stewardship can help better inform labour market policies.

Globally, there is also varying levels of interaction by governments with the private employment services industry. While full privatisation is one of the more extreme models, it is possible to conceptualise a system with little government oversight, relying instead on private job boards, recruitment firms and labour-hire providers to act as intermediaries.

Different structures of service delivery that the Committee has identified and will further examine include, but are not limited to:

- models that involve direct provision by government including hybrid models with a mix of public and private provision
- fully outsourced models, using contracted providers as seen under Job Network, JSA and jobactive
- government stewardship through communities of practice and funded partnerships, as may be demonstrated by the Local Jobs Program and some state-based employment services.

Proposals for partial or total public provision of employment services inevitably lead to debates as to what precisely should be the role of government. For example, the government could continue to provide support to the most job ready or those participants could self-manage using existing labour exchange providers (such as SEEK, LinkedIn and Indeed). A government 'provider' could operate alongside contracted providers, expanding upon the current hybrid model. Alternatively, the government could focus on those who are longer term unemployed and further away from the labour market and/or who require more intense case management that can – or realistically could – be incentivised through outcome payments, possibly introducing new forms of assistance to the existing services on offer. Some Workforce Australia services, approved activities and complementary programs target specific client groups, while some provide more tailored support to jobseekers with a specific barrier to employment. Services delivered directly by government could be an extension of this concept.

Proposals for models that retain elements of outsourced provision lead to separate debates about the optimal mix of entities who deliver services, extent of competition, associated funding arrangements, and use of competitive processes to select multiple providers or a single provider of services (within a region, state/territory and/or nationwide). Numerous credible experts and academics however have concluded that, despite a quarter of a century of trying, the benefits that full outsourcing, contestability and competition were supposed to bring about have not been delivered.

The range of business types and organisational backgrounds delivering services under Workforce Australia varies depending on the service or program. The Committee is interested in examining options for the organisational structure of any future model, for example:

- small, medium and large companies and sole traders
- for-profit and/or not-for-profit organisations
- registered training organisations
- cooperative and social enterprises.

Another issue that the Committee is looking to examine is related entity training, and test whether preference should be given to providers who are able to deliver training and a range of wrap-around services themselves or through related entities, or if it's preferable for providers to collaborate and have partnerships in place with others who specialise in training and other non-vocational supports. The Committee is aware of strongly held views on this issue, and the perverse incentives that the current and previous models appear to have fostered whereby some providers have been incentivised to churn jobseekers through their own related entity training courses – irrespective of whether it is in the best interest of the jobseeker or not.

There are also a range of different funding arrangements that could be considered. Funding arrangements are strongly linked to service quality. Examples can be drawn from the different services and programs within Australia's employment services system and other welfare and social services. Various approaches include a combination of:

- aggregated funding, fees per jobseeker or fee for service
- loading funding upfront (based on attachment) or upon achieving results (based on outcomes)
- differential and/or progressive pricing systems, in which funding increases based on the level of support needed and/or duration of unemployment
- competitive or set pricing
- milestone payments and/or bonuses.

Finally, market structure, as well as funding arrangements, interact with different allocation models. The two most common models of allocation are market share or a free market. There can be adverse consequences of both models, including 'creaming' and 'parking' practices. The evidence suggests that 'creaming' is more endemic when providers can actively recruit the job-ready, with anecdotal evidence of Disability Employment Services (under their current free market model) inducing jobseekers to change providers to increase performance and outcome payments. 'Parking' occurs more often if providers feel they are stuck with jobseekers unlikely to achieve outcomes, or when there are incentives to wait before offering greater or effective assistance.

The Committee will seek to identify evidence from other services (such as health, education and housing) and international employment services systems on optimal operating structure, including evidence related to all of the issues identified above. The issues of identifying jobseeker needs and enabling jobseeker choice are explored in more detail later in this guide.

2.1 Questions for consideration

- **Is the current market design appropriate? If not, what alternative service system structures are possible? What would be the best way to deliver employment services?**
- **Where a quasi-market continues to be used to deliver services, what is the optimal market design and what is the best procurement model?**
- **Does the mix of organisations make a difference to services delivered?**
- **Are creaming and parking an inherent characteristic of any privatised or outsourced model?**
- **Who is best placed to provide specialist services for disadvantaged groups, including the long-term unemployed? What advantages and disadvantages do local, community, private, and public providers have in assisting highly disadvantaged jobseekers?**
- **What role should government play? Some experts say government should take a more active role in service delivery. What precisely are the various options and delivery models whereby this could occur?**
- **In light of expert scepticism about the limitations of outcome-based funding models, especially for highlight disadvantaged jobseekers, what alternative funding arrangements could be considered to support effective and efficient services?**
- **Is there evidence of a particular operational structure having worked well elsewhere? Would international examples be transferrable to the Australian labour market? Why do they work? What could Australia learn from other jurisdictions and what changes would we make to move closer to best practice systems?**

3. Integration and support for local responses

There are a considerable number of employment services on offer across the Commonwealth, states and territories, including local, place-based programs.

Stakeholders have indicated that there is little integration and coordination between these services and that Workforce Australia does not sufficiently leverage other programs and initiatives as part of its service offering, particularly those with a local, community focus. This is despite strong evidence that effective place-based, tailored solutions are critical to breaking cycles of poverty and welfare dependence. The Committee has also heard concerning instances of regions being saturated with employment services providers but there being no coordination across the various services and providers. Feedback from stakeholders also indicates that there is an overreliance by the department on providers having local knowledge and connections, as government has little presence or institutional knowledge of other programs and initiatives. There is a clear challenge in and inherent tension between helping those who are unemployed using universal employment services systems while trying to provide more tailored programs of greater relevance to local labour markets.

The Workforce Australia employment services system is complemented by Employment Facilitators and the Local Jobs Program¹⁷. Under these place-based initiatives, local entities are contracted to act as a liaisons and advisors to employers and to the Local Jobs and Skills Taskforce in each region, with local representatives engaged to create activities that meet local employment and training priorities. While these programs seek to reduce duplication and align regional programs with national counterparts, they still appear to be largely separate from the core national employment services system.

The Committee is interested in submitters' views as to how best to structure the employment services system to leverage other initiatives, as well as in the role the Commonwealth could have in facilitating those connections. The benefits of local solutions are that they respond and adapt to local economy and employment conditions. If they are better recognised and integrated into the national system, they could be used to create more tailored employment pathways. It is also important to develop measures addressing service saturation. Duplication and market confusion is sub-optimal.

The Committee will seek to identify place-based programs outside of the Workforce Australia system during its inquiry, noting that examples of successful strategies could be used to inform improvements to Commonwealth programs and strengthen links between Commonwealth, state/territory and local initiatives.

¹⁷ See Department of Employment and Workplace Relations, [Local Jobs Program \(dewr.gov.au\)](https://www.dewr.gov.au), for more information.

Accordingly, the Committee is interested in case studies about:

- place-based approaches tailored to local economies and employers
- ground-up, community-led initiatives
- programs that can be customised to meet local industry needs
- programs that have strong linkages to local support structures.

There may also be examples from other international models. The Committee is aware that some countries have devolved administration of employment services to a regional and/or local level (although the national government will have in place strategies to maintain their stewardship of the system). The Committee is interested in obtaining more evidence on international best practice.

3.1 Questions for consideration

- **To what extent are services at the state/territory or local level currently integrated into the employment services system? How can this be done better?**
- **How can smaller, local organisations that have social capital and employer networks and a desire to help be engaged in the national employment services system?**
- **What steps might the Commonwealth take to better understand and respond to workforce demand at the local level?**
- **What role can and should the Commonwealth play in building connections between national, state/territory and local initiatives?**
- **Where does the system need more collaboration with other human services? How could this be built into the employment services system?**
- **What can be done to reduce the incidence and risk of duplication and service saturation?**
- **Are any state/territory governments doing particularly well at supporting local responses?**
- **What examples are there of place-based solutions that worked well? What made them successful? Are they scalable and/or transferrable to the national employment services system?**
- **What could Australia learn from other jurisdictions and what changes would we make to move closer to best practice systems?**

4. Identifying and responding to the needs of jobseekers

As part of this first-principles review, it is important to examine each step along the jobseeker servicing experience. This starts from the initial assessment and registration of jobseekers, as this process underpins access to assistance based on personal circumstances. Questioning eligibility and access is about ensuring the system is set up to be fair, respects individuals' diverse need and supports jobseekers so that no one gets left behind from the outset.

Employment service models have adopted different ways to categorise jobseekers, both within and between services. This has been done to target assistance based on need and capacity to benefit. Job Network identified those that had relatively few barriers from those that needed Intensive Assistance. JSA introduced Stream 1-4 and jobactive Stream A-C. Workforce Australia has returned to the concept of job-ready versus more disadvantaged with a higher risk of long-term unemployment. The Committee is interested in determining what sort of broad or high-level typology might best identify the needs of jobseekers, given expert observation that the caseload is more heterogenous than 'Type A, B and C'. For example, those closest to the labour market who will likely find work themselves, those who need modest assistance, those with complex barriers who require sustained investment and support, and those who are far less likely – or realistically unlikely – to find ongoing employment.

The Committee is seeking to better understand the assessment process, and how jobseeker needs are identified. Criticisms from stakeholders indicate ongoing concern with the initial assessment process, querying the extent it accurately captures the true circumstance of a jobseeker. Stakeholders question how realistic it is to expect a single (in many cases self-completed) response to accurately reflect the level of disadvantage faced by jobseekers, particularly those with multiple and complex barriers. Instead, feedback highlights that a relationship must be built with the jobseeker for them to be comfortable to share highly personal information.

Workforce Australia currently uses the Job Seeker Snapshot (part of which is the Job Seeker Classification Instrument)¹⁸, through the onboarding process by Centrelink, to identify who goes to online services and who is referred to provider-led services (that is, Workforce Australia Services, Transition to Work and, after further assessment is undertaken, Disability Employment Services).

In addition to concerns raised regarding the efficacy of Job Seeker Snapshot at registration in identifying barriers to employment, the Committee is concerned to ensure that the assessment framework is set up to identify people as early as possible who could benefit from other services and programs, including Self-Employment Assistance. It is also reported that some providers use their own assessments, and should participants change providers those insights may get lost.

¹⁸ See the Department of Employment and Workplace Relations, [Job Seeker Snapshot Off-line Form \(dewr.gov.au\)](https://www.dewr.gov.au/job-seeker-snapshot-off-line-form), for the questions, and [Job Seeker Snapshot Overview \(dewr.gov.au\)](https://www.dewr.gov.au/job-seeker-snapshot-overview), for how information collected is used.

Claimed weaknesses in the initial assessment process are also reflected in reported experiences with the Targeted Compliance Framework (discussed in more detail later in this guide), where failures to meet mutual obligation requirements often appear to be the result of a jobseeker being allocated to the wrong service or having capability lower than what has been captured.

The referral process itself is also based on complex eligibility rules which appear especially difficult for those not on income support to navigate. Rules are framed around requirements detailed in Social Security Law, results from the Job Seeker Snapshot, Australia work-rights and augmented with some cohort specific rules (for example, vulnerable youth, pre-release prisoners and retrenched workers initiatives). Some jobseekers can directly register with a provider, while others call the Digital Services Contact Centre. Feedback suggests most who reach out to a provider for help will be directed to contact Centrelink with a recommendation to have their eligibility for income support assessed instead.

Once in the system, providers are meant to focus on assisting jobseekers based on their individual needs. The provision of flexible and tailored services to jobseekers has been the goal of each successive models. However, academic studies show greater convergence of service delivery strategies across providers, aversion to innovation (reportedly a by-product of rigid and prescriptive program rules imposed by the department) and reduced attention to the needs of individual jobseekers under all previous models. Focusing resources on the most job-ready participants to secure outcome payments ('creaming') while neglecting more challenging cases ('parking') have also been evident in each model. The Committee is keen to probe whether there is the right mix of incentives for providers under Workforce Australia to ensure the goal of more targeted and individualised assistance can be achieved, and the handbrake on innovation can be released.

Stakeholders note that to achieve these goals the system design needs to ensure that a service provider can focus on relationship building, rather than administrative processes and monitoring of jobseeker compliance. As outlined later in this guide, this appears highly challenging under current compliance and enforcement arrangements.

To respond appropriately, providers may also need access to wrap-around services and a range of different activities and complementary services. This is discussed in the next section of this guide. Conversely, some stakeholders note that the employment services system may not be the best way to respond to the needs of those in crisis and/or furthest from the labour market.

The Committee acknowledges that Workforce Australia implements a logical shift to digital services for job-ready individuals, consistent with recommendations from previous reviews. In trialling the delivery of employment services to jobseekers online, the department found that online servicing has the capacity to deliver efficient and effective assistance to the most job-ready cohort.

Most stakeholders indicate that online servicing is a sensible change, while concurrently expressing varying concerns with policy details. The department reports that there are a range of safeguards in place to ensure that jobseekers are referred to the correct service level. Stakeholders, however, raise concerns around referral of individuals without the capacity to use and benefit from the online service, jobseekers being at great risk of becoming long-term unemployed (as a result of the duration they will spend in the online service before being transferred to a provider), and that the online system could further depersonalise employment services.

4.1 Questions for consideration

- How could the current caseload of jobseekers be best understood and categorised? What proportion of jobseekers may fall in different categories?
- Is the diversity of jobseeker needs sufficiently recognised?
- Does everyone who needs it have access to employment services? If not, which cohorts would benefit from employment services?
- Are there currently cohorts in employment services who are not able to benefit from the assistance on offer? Are there better alternatives to respond to the needs of these jobseekers?
- Is the Job Seeker Snapshot the best way to identify who can self-manage their job search? What is required to accurately identify the strengths, barriers and needs of jobseekers?
- How long does it take for the assessments process to identify the true circumstance of jobseekers? Who is best to identify those circumstances?
- What is the best way to ensure jobseekers disclose information that might change the assistance offered to them in the employment services system?
- Should the assessment process be utilised to identify those that may be interested in self employment and other complementary programs, and/or benefit from expenditure under the Employment Fund?
- What evidence is available on the appropriateness, or otherwise, of the referral process?
- Are jobseekers who need face-to-face help being referred to online services?
- How long should a jobseeker have in online services before they get more intensive assistance? Are the safeguards in place for online services enough and working well to ensure that no one in online services get left behind?
- Does the new model allow for greater flexibility, or is there still too much prescription in place?
- What needs to change to foster and support innovation in the delivery of employment services?

5. Enabling choice in the types of assistance

Another aspect of a jobseeker's journey in the system is the assistance received (and who delivers that assistance), as well as how and when jobseekers transfer between services or exit the system. The level of help needed should differ based on a jobseekers' unique circumstances, and will also change throughout the time a jobseeker is engaged in the system. Jobseekers should also be provided with some degree of choice and control over their pathway to employment.

Workforce Australia's employment services system incorporates varying levels of assistance based on job-readiness and the needs of segmented cohorts. Some of the assistance currently offered is within Workforce Australia (including the services offered by Employability Skills Training and Career Transition Assistance providers), or enabled through the system as part of access to approved activities and complementary programs. Some complementary programs are expected to be sourced and managed by providers, while others are managed under separate Commonwealth contracts (for example, Skills for Education and Employment and Adult Migrant English Program).

Feedback from stakeholders suggests that some existing services could do more to help jobseekers improve their skill sets and find work, while others which can tangibly improve a jobseeker's employment prospect are not fully leveraged within the system. Numerous stakeholders have reported substantial stigma attached to some programs (particularly Work for the Dole) and harm done to individuals, while raising concerns that there is no compelling evidence that they improve the employability of jobseekers.

The Committee is interested in determining what types of assistance jobseekers should have access to within the employment services system. This includes the range of different types of assistance already available within Australia and examples from international models. Evidence suggests that having a range of different types of assistance, targeted to the various degrees of employability that jobseekers are in, would be optimal, but it is less clear what the mix of services should be given that there are a lot of different models that can be drawn upon as examples. Similarly, the Committee is interested in knowing if there are services that should cease as they are ineffective.

Given the range of assistance that can, and perhaps should, be offered, the Committee is also interested in examining ways in which the system can better support a 'person-led' approach, one in which the jobseeker is supported to make decisions about the assistance that they receive.

The Committee is looking for examples of where barriers to choice may have been (intentionally or unintentionally) built into the system.

The Committee has read claims on how Workforce Australia's digital-first model, and the associated data ecosystem, can support giving greater control to jobseekers over their job search. To be effective, however, there needs to be in place flexibility in the choices individuals can make about their plan on how to go about getting a job, reflecting their longer-term work aspirations.

Those referred to provider-led services have a degree of control over the assistance they receive, as they will be asked to select a local provider and may move between providers in some cases. However, jobseekers choose their provider from a position of information deficit, and often make their choice based on geographic factors rather than on the quality of services. Jobseekers don't have sufficient time to research the available providers, what they can offer and any assistance that is particularly relevant to their circumstance. Moreover, changing providers can be a challenging process. This is notwithstanding clear evidence that strong relationships between providers, case managers and jobseeker are positively correlated with subsequent employment outcomes.

Once registered with a provider, in theory, all jobseekers will have choice in the activities that they undertake. In reality, as stakeholders have indicated, the degree of individualisation and choice will vary depending on the provider and/or member of the provider's staff. As the Committee has already observed in a public hearing the so called 'Job Plan' is not a plan to get a job – it is merely a record of mutual obligations. Building agency for the jobseeker on a plan of assistance that they receive, and fostering a system where the provider and jobseeker are invested to following through on that plan, appears to be missing from the current system.

Those referred to online services can choose to 'opt out' and go to a provider at any time. This involves the jobseeker initiating the process themselves on the digital platform or by calling the Digital Services Contact Centre. Some stakeholders have raised concerns over critical 'gatekeeping' moments in deciding whether jobseekers should be self-managing online, both at initial assessment and during contact with the Digital Services Contact Centre, and the risk that some jobseekers don't have the agency to make this choice.

In reviewing choice and the types of assistance available to jobseekers, the Committee will also review the role of the Employment Fund. The Employment Fund is a quarantined pool of money that can be used when jobseekers need additional support to overcome barriers to employment. It was originally introduced to enable substantial, intelligent, and flexible investment in each individual. Its use is at the discretion of providers, and stakeholders note under-spending has been a longstanding problem.

5.1 Questions for consideration

- What assistance should be included in the employment services system?
- Should there be more variety in the types of assistance available to jobseekers? What would be the ideal mix of services offered and who would be targeted by each assistance type?
- What should be the role of complementary programs in the employment services system?
- Should jobseekers have choice as to the assistance they receive? Is so, what aspects of servicing should jobseekers be offered choice?
- What is needed to support jobseekers make informed choices?
- Is it too hard for jobseekers to exit online services and/or change providers?
- How should government conceptualise, measure and assess the effectiveness of jobseeker agency and choice?
- At what stage(s) should the types of assistance offered be changed? Should triggers be linked to improved job-readiness and/or increasing duration of unemployment?
- Are there circumstances where introducing greater user choice is not feasible?
- Are there any activities and/or complementary programs that should not be retained in any future model? If so, why?
- Are there any activities or complementary programs within the current system that need to be retained? Is there evidence linking them to employment outcomes?

6. Helping jobseekers into secure jobs

As discussed earlier, a core tension in the employment services system is whether the focus should be on getting jobseekers into any available job opportunity, regardless of whether the placement is into temporary and/or poorly matched roles (driven by a ‘work-first’ objective), or whether it should be assisting jobseekers to gain long-term, sustainable, appropriately paid jobs that are matched to their capabilities, aptitudes and interests (underpinned by the objective of building ‘human capital’).

The accumulated evidence is, at best, mixed for several of the arguments put forward on the benefits of jobseekers obtaining simply whatever job is immediately available. This includes the theories that:

- accepting a temporary job acts as a ‘stepping stone’ and increases the chance of finding secure employment in the future, as the jobseeker builds skills required to address their barriers
- casual or part-time employment reflects jobseekers’ preferences, based on caring responsibilities or reduced work capacity
- job placements simply reflect the nature of the labour market, in which insecure and precarious work have increased and are increasing, and the roles for which jobseekers are competitive.

The Committee has heard that Workforce Australia will move away from the work-first approach, towards a focus on supporting individuals to build their skills and capabilities to obtain suitable, sustainable employment. Some stakeholders, however, contend that a focus on securing a job as quickly as possible at the expense of investments in human capital remains entrenched in the current system. The degree to which jobseekers are supported into secure employment does differ under each Workforce Australia service, as indicated below.

- Transition to Work participants are supported over 18 months to transition into sustainable employment directly or through further education or skills development, recognising the value of educational attainment.
- Self-Employment Assistant participants have 12 months of support to build their own small business, with self-employment promoted as an alternative pathway to secure employment.
- Workforce Australia participants are tasked with immediately finding any suitable job and may be penalised for refusing or leaving work deemed suitable. While it may be too early to say if the new model will achieve more secure jobs for its participants, the evidence is clear that the previous jobactive model did not lead to sustainable employment outcomes.

The Committee is looking to understand how the promotion and support for jobseekers into secure employment can be implemented in the employment services system. The evidence highlights that skill deficits and mismatches make the long-term unemployed less attractive job candidates, and those who do re-enter following an exit are more likely to persistently cycle through the income support and employment services systems. The employment services system needs to be more active in preparing unemployed people for work, so they are more likely to stick in fulfilling and rewarding jobs.

This includes the promotion of sustainable job matching. Essential to a good job match is communication with the employer and comprehensive job analysis to understand their needs, as well as consideration of any necessary pre-employment and/or post-placement support that possible candidates may require.

One of the issues of interest to the Committee is whether there may also be a broader role for government to engage with employers to create opportunities for secure employment for Workforce Australia participants. In essence, additional focus on demand to help incentivise and create suitable job opportunities for longer term unemployed people.

There are, and have been, several international, Commonwealth and state/territory initiatives leveraging social capital as part of procurement agreements. There have been initiatives creating opportunities within government agencies. These arrangements seek to secure entry-level jobs for the long-term unemployed who are particularly disadvantaged in competing for jobs as they lack recent experience and the skills and qualifications in demand. However, if employment services are to encourage employers to hire those who may be less suitable, there may need to be further arrangements in place that lower the risk to the employer. Hiring a new employee is a risk for all employers, but taking on someone who wouldn't otherwise be the ideal candidate can be associated with even greater risk to the employer (whether those risks are real or only perceived).

The Committee is also interested in exploring options to improve the employment prospects of those in low-skilled or insecure jobs through the employment services system. There may be a role for employment services to help this group, although it would require the system to be geared towards also helping those who are not on income support and having an attractive service offering to workers. Alternatively, these goals may be better served through training programs and the workplace relations system.

6.1 Questions for consideration

- How should the system balance supporting jobseekers into secure employment with getting jobseekers into any job as fast as possible?
- How could the system incentivise helping people into secure work? What are the most effective incentives?
- What should constitute suitable and sustainable jobs for jobseekers? How might 'secure' and 'sustainable' be defined and measured?
- When might alternative forms of employment (specifically casual, independent contracting, labour hire, and on-demand work) be appropriate?
- What jobs are longer term unemployed jobseekers most competitive for? Would this be different if a 'work-first' versus 'human capital' approach is applied?
- How can the employment services system identify and generate more work opportunities suitable for the caseload?
- What demand-side levers does the government have to help those who need to build work experience and skills? What role could government procurement play?
- Which elements within the employment services and/or income support systems act as a disincentive to jobseekers seeking or accepting full employment? Of these, which are the most important to address?
- What new policy options could be considered in relation to very long-term unemployed people who are furthest from the labour market and less likely to secure paid employment?

7. Meeting employers' needs

For over two decades, the primary focus of the Commonwealth's employment services system has been on conditioning 'supply' of workers, that is, on increasing jobseekers' employability and on securing work for jobseekers as soon as possible. 'Any job's a good job' as the common saying goes. The data shows that most participants in employment services will find their own employment, indicating that there is little job matching occurring in the system. The Committee's initial explorations indicate that there has been insufficient focus on the 'demand' side of the employment compact. Historically, support for employers has remained a secondary consideration of the system, subservient to enforcing mutual obligations.

The Committee is interested in examining demand-driven frameworks in the context of employment services, as well as other ways in which the system can better meet business and industry needs.

Feedback from stakeholders has stressed the importance of a greater emphasis on 'demand-led' approaches which start with employers and works backwards. This inquiry will attempt to identify programs and initiatives that demonstrate demand-driven approaches, regardless of whether they are part of the Workforce Australia employment service system.

Stakeholders have also highlighted the need to create strategic partnerships between employers, business and industry groups, employment services, and government. Accordingly, the Committee is interested in exploring how the national employment services system could build such partnerships to better meet employer needs, including through outreach to people and entities who are not traditionally considered to be stakeholders. The following are some examples of where opportunities for partnerships exist.

- Specialist recruitment and job matching services (such as SEEK, LinkedIn and Indeed), as these services are commonly used, and preferred, by employers to find and recruit candidates.
- Labour hire firms and job brokers, who act as a third-party intermediates between employers and providers.
- Employers who, for any reason, have created their own networks to meet their recruitment and workforce planning needs.
- Innovative local governments, national or regional industry peaks and other sectoral bodies who identify collective labour and skills shortage issues and may be willing to engage with the system.

The Committee will also consider the appropriateness of the existing Workforce Australia service offerings for employers.

The service offering for employers, over several models, has been a free, online job board and the advice to contact a provider. Initial insights suggest that few employers will post vacancies directly onto Workforce Australia, and even fewer will initiate contact with a provider for assistance.

There are a multitude of ways that providers can engage with employers. However, as per other elements of the system, these are largely a 'black-box', left to the discretion of individual providers, with little visibility to the department and government.

There have been attempts to improve services for employers under Workforce Australia. For example, for employers with larger recruitment and workforce planning needs, there now are targeted programs¹⁹, including the panel of Workforce Specialists being introduced as part of Workforce Australia and a range of other complementary programs, such as Launch into Work, Employment Facilitators and Employer Liaison Officers). Some stakeholders have observed that these efforts are useful but in effect add-ons and workarounds – 'band-aids and sticky-tape' – rather than being a core part of the system.

Wage subsidies are used as another strategy to increase employer engagement, having formed part of the employment service system in various forms since 1976. The Committee is interested in evidence and advice as to the most effective use and governance of wage subsidies.

The system also includes some support for new business and those who are self-employed. This is in addition to the supports and services for Australian businesses and industry administered by the Department of Industry, Science and Resources.

¹⁹ See Department of Employment and Workplace Relations, [How we support business and industry \(workforceaustralia.gov.au\)](https://www.workforceaustralia.gov.au) and [Help with large-scale recruitment \(workforceaustralia.gov.au\)](https://www.workforceaustralia.gov.au), for more information.

7.1 Questions for consideration

- **What is needed to better enable employment services to understand and meet workforce needs?**
- **How should the employment services system support employers?**
- **Should the employment services system be competing with other job boards or with other specialist recruitment and job matching services?**
- **How much should the employment services system support businesses beyond their recruitment and workforce planning needs?**
- **Are there any examples of demand-driven initiatives that deliver positive employment outcomes to disadvantaged jobseekers? Are they scalable and/or transferrable to the national employment services system?**
- **What does successful outreach to employers and business and industry peaks look like?**
- **How can wage subsidies be leveraged to create more opportunities for jobseekers? Who should wage subsidies target? How should they be administered? How should effectiveness be monitored and assessed?**
- **What other initiatives might be effective in improving opportunities for jobseekers?**
- **What are the best ways to develop lasting partnerships with employers?**

8. Mutual obligations and activation

Society and most citizens justifiably expect that individuals on income support will take reasonable steps to find employment. A core element of the current employment services system is the application of significant welfare conditionality. Jobseekers are required to participate in the system, complying with specific mutual obligation requirements, as a condition to receiving income support.

The setting of obligations seeks to strengthen jobseekers' motivation to prepare for, find and keep work. The assumption underpinning these obligations is that jobseekers require support to engage with the labour market, and therefore need to participate in activities that will help them into employment.

However, some stakeholders have asserted that the current mutual obligations framework is counter-productive. Criticisms include claims that it is expensive to administer, perverts the relationship between an employment consultant and a jobseeker, and by placing unrealistic expectations and undue hardship on disadvantaged jobseekers can result in many jobseekers becoming less employable over time. The Committee is concerned to understand evidence that accumulated stigma, shame and repeated rejections for people separated from the labour market for long periods has poor mental health impacts and whether obligations harm not help people's prospects of getting work. There is also some expert evidence that if requirements are too onerous, some people can be unintentionally excluded from financial and re-employment support, as they are discouraged from applying for help.

The Committee will give due consideration to the current framework, focusing on how appropriate the obligations are for jobseekers and how they might be better adapted based on the needs of jobseekers, noting that:

- requirements will vary significantly by service and cohort²⁰: for jobseekers who transition between services, these differences can add to the fragmentation of the employment services system
- requirements rarely change based on period of unemployment: many jobseekers who become 'stuck' in the system are subject to the same requirements as those who have recently entered the system. This is despite evidence indicating that obligations become less effective the longer a person has been searching for a job.

²⁰ See Services Australia, [Mutual obligation requirements - JobSeeker Payment \(servicesaustralia.gov.au\)](https://www.servicesaustralia.gov.au/employment-services/mutual-obligation-requirements), for more information.

In response to recommendations that participants should be provided with greater flexibility in the types of activities and tasks they can complete to meet their obligations, Workforce Australia has introduced the Points Based Activation System.²¹ Initial feedback from stakeholders has been mixed. Even amongst those who accept its design has good intentions, concerns have been raised as to the complexity of the new system and the tailoring of the points target. Some stakeholders have suggested that certain activities which build jobseekers' capacity or contribute value to communities are not fully recognised. Stakeholders have also questioned the value placed on job search and compulsory appointments with providers.

As part of the mutual obligations framework, jobseekers are also subject to increased requirements at defined points during their engagement with employment services. This is referred to as 'activation'. A participant may meet their activation requirements in a variety of ways, for example, via education and training and/or paid work. If the activation requirements are not met, the participant is referred to Employability Skills Training or Work for the Dole depending on whether they are being serviced online or with a provider, respectively.

Work for the Dole claims to allow jobseekers to contribute to their local community while also building soft skills needed in the workplace. The scheme has been in place for several decades, although today's scheme bears little resemblance to the initial scheme. It has been subject to considerable evaluation and stakeholder criticism since its introduction and throughout its evolution. Criticisms include that the scheme is not cost-effective, stigmatizes welfare recipients, and fails to adequately prepare jobseekers for work (particularly as skills derived from the scheme may not be relevant in the current labour market). Also of concern is the retention of a 'default' activity in Workforce Australia as this fails to recognise the diversity of jobseekers' needs and capabilities. Overlaid on these issues is the broader concern that activation requirements are not designed to support jobseekers to find work, but rather to encourage individuals to leave income support by making continued engagement with the system as difficult as possible.

Ultimately, the Committee aims to examine how mutual obligations and activation requirements might be rebalanced or redesigned to be truly 'mutual'. This will include consideration of what may be considered reasonable as a condition to income support, as well as how a welfare conditionality model might be used effectively to build the capacity of jobseekers and help achieve employment outcomes.

²¹ Note: The Points Based Activation System only relates to participants on income support in Workforce Australia Online and Workforce Australia Employment Services.

8.1 Questions for consideration

- To what extent and where should there be conditionality in the employment services and income support systems?
- In light of stakeholder criticism of the current mutual obligations regime as overly punitive and harmful, what changes should be made? How and where in the system might a more supportive and less punitive approach be employed?
- How might mutual obligations be redesigned so that they are truly 'mutual'? What should the obligations be for government, providers and jobseekers?
- What evidence is available to illustrate the relationship between setting obligations and achievement of employment outcomes? What evidence is available in relation to particular requirements, such as job search and mandatory activities?
- Should the nature of mutual obligations differ based on the program in which the jobseeker is a participant, or should they be more harmonised across the employment services system? Should there be differing mutual obligation requirements for different types of jobseekers? If so, what should they be?
- How can flexibility best be implemented to ensure that the tasks and activities undertaken are relevant to the jobseeker and best support them in getting a job?
- What role, if any, should activation activities have in the design of employment assistance?
- Do there need to be 'default' activation activities? What would happen if there wasn't a 'default' activity that participants could be compelled to undertake?
- Should Work for the Dole be retained as part of the employment services system? If so, why? If not, why not and what should replace it?

9. Compliance and enforcement

Conditionality in the employment services and income support systems is reinforced by legislative and policy measures which apply financial sanctions (that is, the suspension or cancelation of income support payments) where a person fails to meet their requirements.

While the compliance and enforcement framework has evolved over time, the underpinning rationale has remained largely unchanged. Key objectives of the framework, as identified by the Committee, include encouraging engagement with employment services, preventing abuse of the system, and acting as a safeguard to ensure participants remain capable of meeting their obligations.

The current compliance regime, the Targeted Compliance Framework (TCF)²², was introduced in 2018. It applies to participants in Workforce Australia, ParentsNext and Disability Employment Services, but not to participants in Transition to Work or Self-Employment Assistance. The department has advised that the TCF was designed to apply differently depending on jobseekers' engagement and experience with employment services. For most jobseekers, who generally do meet their requirements, it seeks to support quick re-engagement with the system. Vulnerable jobseekers are to be supported by ensuring that their capabilities are regularly assessed against their obligations. For the small proportion who are persistently noncompliant²³, stronger penalties will apply.

The TCF has been the subject of considerable stakeholder criticism since its introduction, including concerns that the framework is overly complex, inherently inflexible and unduly harsh to jobseekers who are experiencing family violence, trauma, addiction, mental health issues or who have what may be described in social work literature as a chaotic life. Stakeholders highlight the significant negative impacts that payment suspensions and cancellations can have on individuals' physical and mental health, particularly where loss of income support means that a jobseeker is unable to meet their basic needs.

The TCF places the burden of enforcement on providers²⁴. Providers therefore have the dual roles of assessing compliance and applying sanctions (often with little to no government oversight), and supporting jobseekers to achieve education and employment outcomes. Many stakeholders have indicated that these roles are inconsistent if not entirely incompatible with each other, and that current arrangements undermine providers' ability to build relationships with jobseekers and to provide meaningful support.

²² See Department of Employment and Workplace Relations, [Compliance, demerits and zones \(workforceaustralia.gov.au\)](https://www.workforceaustralia.gov.au/compliance-demerits-zones), for more information.

²³ See Department of Employment and Workplace Relations, [Job seeker compliance data](#): At any time, less than 2 per cent of participants will enter the 'Penalty Zone', a proxy measure of those who are deliberately and wilfully non-compliant.

²⁴ Note: For jobseekers who self-manage using online services, sanctions are applied automatically by the online platform and managed by the Digital Services Contact Centre.

Additionally, TCF may have little impact on outcomes, beyond encouraging disclosure of existing employment. Stakeholders have indicated that the TCF is incompatible with casual work and study, with some jobseekers obliged to turn these down to avoid penalties. Prolonged exposure to a service model heavily focused on compliance may negatively impact employment outcomes, as jobseekers become demotivated and disengaged with the system.

The Committee is concerned that many of the issues related to the TCF persist under Workforce Australia and will consider past recommendations to improve compliance and enforcement as part of its inquiry. Ultimately, the Committee is interested in understanding key issues with compliance and enforcement under Workforce Australia and associated programs, and in exploring options to design arrangements which are ethical, compassionate, effective and meets the expectations of all stakeholders.

9.1 Questions for consideration

- **What should be the objective of compliance and enforcement measures?**
- **Should jobseekers be rewarded for meeting requirements?**
- **What actions, if any, should be taken when a jobseeker does not meet their obligations?**
- **Should jobseekers be subject to financial penalties, such as suspension or cancellation of income support payments, for failing to meet their obligations? If so, when should financial penalties be applied? If not, what should be done to address non-compliance and encourage jobseekers to engage and/or re-engage with the system?**
- **What are the impacts of financial penalties on jobseekers' physical and mental health, and capacity to engage meaningfully with the system? What evidence is available to illustrate these impacts?**
- **Are there alternative frameworks to the TCF that could better support the achievement of employment outcomes?**
- **Should a person who persistently or deliberately fails to meet their obligations be subject to harsher or escalating penalties? Is this an effective way of ensuring engagement?**
- **To what extent should payment cancellations continue to have role in the employment services system (as opposed to payment suspensions or other penalties)?**
- **Who should be responsible for determining non-compliance and for applying sanctions? To what extent should monitoring and enforcement of compliance be a function of government or providers?**
- **To the extent it is possible to estimate, what proportion of time is spent on compliance related administration (by individuals, providers, and government agencies)?**
- **What avenues of appeal should be available to a jobseeker who is subject to compliance action?**

10. Oversight, quality and assurance

A distinct feature of the employment services system is the all-encompassing role of the Department of Employment and Workplace Relations (and its forebears).

For a short period of time, 1994 to 1998, the Employment Services Regulatory Authority was part of the Working Nation model. Formed as an independent statutory, the authority regulated the employment services system, promoted competition in the provision of services, monitored performance and evaluated the operation of the system.

Since 1998, the department has been responsible for the procurement and administration of the employment services. This includes contract administration, complaint management, regulating underperformance of providers, evaluating the quality of services, activities and programs, and developing policy to ensure the success of the overall system. This differs from most other areas of human services delivery, where the agency or agencies responsible for policy and administration are typically separate from the (frequently independent) entity responsible for regulation and quality assurance.

The Joint Charter²⁵ sets out how the department will work with providers in the delivery of employment services and defines expectations for both parties. Additional standards are set out in service Deeds, including Right-fit-for-Risk, the minimum standard for cyber-security across all contracts, and the Quality Assurance Framework for Workforce Australia Services providers or Performance and Quality Framework for Transition to Work providers. While stakeholders have raised concerns about the operation of these standards, to date there has been no rigorous assessment of their effectiveness, proportionality, and utility of these standards.

While the department holds providers accountable for achieving results, it is up to each provider to make decisions about its staff capabilities, including minimum staffing ratios and qualification levels. The evidence is that there has been a de-skilling of the employment services sector workforce since outsourcing and privatisation and that the sector's workforce is predominantly female, low paid and without post-school qualifications. The Workforce Australia model continues to place the responsibility for staff development on individual providers, with providers left to make decisions about their staff profile – including staffing ratios and qualification levels. This reflects recommendations made that it should be the industry itself that leads improvements to employment services consultants' skills and capabilities.

However, stakeholders strongly advocate that greater professionalism of provider staff would improve service quality and outcomes. At the same time, anecdotal evidence often highlights that some outstanding employment consultants are not those with professional qualifications, but rather those with lived, practiced experience of the employment services system and life skills. It is important that these consultants are not lost from the sector when considering any proposals to increase the skills and qualifications across the sector.

²⁵ Department of Employment and Workplace Relations, [Joint Charter - Workforce Australia Services \(dewr.gov.au\)](https://www.dewr.gov.au/joint-charter-workforce-australia-services).

The Committee wants to interrogate the arrangements governing the relationship between the government, providers, and other stakeholders, including whether current standards are fit-for-purpose. This will include whether the Commonwealth should have a greater role in mandating minimum qualification levels and competencies for entities providing employment services and their staff. In addition, the Committee is interested in the broader questions of whether the department should continue to play such an all-encompassing role in the employment services system or whether there is a need for an independent regulatory body.

10.1 Questions for consideration

- **Is it appropriate that a single agency (currently the Department of Employment and Workplace Relations) be responsible for almost every aspect of the employment services system, including procurement, administration, regulation and evaluation?**
- **Is there a role for an independent regulator for employment services? If so, what should be its powers and functions?**
- **How should the government measure the quality and effectiveness of services offered?**
- **How do the existing arrangements impact the relationship the government and department has with providers?**
- **Have the Quality Assurance Framework and Right-fit-for-Risk minimum standards worked?**
- **Should the government put in place minimum staffing qualification requirements? If so, what should these be? How can the lived and practiced experience of employment consultants be reflected in any minimum qualification framework developed?**

11. Research, evaluation and adaption

A culture, and capacity, for continuous robust research and evaluation of employment services is critical to ongoing and transparent assessment of their appropriateness and performance. It is also critical to ensure that employment services can rapidly respond to changing labour markets, have in-built flexibility to support testing and evaluation of innovative ideas, and be adapted based on the latest evidence available on the system's effectiveness and/or efficiency.

Anecdotal evidence suggests that there is a lack of experimentation enabled in the employment services system for a range of reasons including the structure of the quasi-market, procurement models, nature of competition, length of contracts, performance management framework, evaluation cycle and the role of the department and government. There have been attempts at generating behavioural insights and empirical evidence in the development of Workforce Australia. For example, the trials of the online and provider-led services for the new model²⁶ or projects delivered under the Try, Test and Learn Fund.²⁷ However, these attempts have been limited by the lack of tracking of long-term outcomes. Moreover, previous trials have been limited in the extent to which they were able to adopt scientific methods, particularly randomised control trials, given that it is generally considered inappropriate to have jobseekers in services that may cause harm and/or not receiving services.

The system also needs to be one which can quickly adapt and respond to emerging issues. This requires building on experimentation and evaluation to roll-out assistance proven to be effective or triggering changes when the evidence is clear that a policy setting is sub-optimal. Processes need to be in place that include stakeholders in 'problem-solving'. Many stakeholders have argued that government may need to take on a more a pro-active approach to managing change, giving legitimacy to pilots and quasi-experiments.

Another limitation of current evaluation strategies is the lack of longitudinal data and data transparency. Sharing of data between the employment services and taxation system, through Single-Touch Payroll data, would enable more robust assessment of employment outcomes, particularly outcomes beyond the current 26-week threshold. Better sharing with the income support system could help capture churn and other reasons a jobseeker leaves employment services. While the benefits of open-source data are well understood and longstanding²⁸, stakeholders report that they face issues with access to data. Data on jobactive was limited and not available on the government data sharing platform data.gov.au. No Workforce Australia data has yet been made publicly available or made accessible to independent researchers and evaluators.

²⁶ See, Department of Employment and Workplace Relations, [Trialling digital solutions \(dewr.gov.au\)](https://www.dewr.gov.au) and [New Employment Services Trial \(dewr.gov.au\)](https://www.dewr.gov.au), for more information.

²⁷ See, Department of Social Services, [Evaluation of the Try, Test and Learn Fund \(dss.gov.au\)](https://www.dss.gov.au)

²⁸ See, for example, Productivity Commission (2002), *Independent Review into Job Network*, which specifically recommended that data on employment services be made available.

There is a thriving field of researchers, academics, advocates, peak bodies and think tanks that have provided important insights into employment services through their research and analysis work. However, these stakeholders have raised concerns as to the imbalance in the amount of administrative and survey data held and used by the Department of Employment and Workplace Relations relative to what is available to others. Relatively few evaluations and user-testing reports will be published. In this respect, stakeholders have noted that formal evaluations of employment services are typically undertaken in-house within the department.

In addition, stakeholders have noted a lack of partnerships across government departments and levels of government, in the research and evaluation undertaken. This lack of cooperation limits data linkage efforts and identification of potential insights and policy and service recommendations, and undermines long-term research and evaluation capacity building. This has been particularly stark in the identification and sharing of best practice. The Committee is interested in what enhancements may be needed to support the building and sharing of evidence, and how frameworks could be put in place to improve accountability and communication with stakeholders.

As noted earlier in this submission guide, the Committee is also interested to learn from other jurisdictions and seeks advice from submitters as to the best international systems that Australia can learn from, and how best we can stay abreast of innovations in other jurisdictions.

11.1 Questions for consideration

- **What are the world's best employment services systems? Why do they work? What could Australia learn from other jurisdictions and what changes would we make to move closer to best practice systems?**
- **What needs to be included, structurally, within the employment services system to support the flexibility and adaptability required to test new approaches?**
- **What employment services data should be made available? And in what format?**
- **Do minimum standards in data sharing need to be established?**
- **What would a cooperative framework for the conduct of research and evaluation look like?**
- **Are there existing frameworks that could be emulated to facilitate access to de-identified data held by Government for use in research and evaluation?**
- **What is the best way to encourage two-way sharing of insights?**
- **How can examples of best practice in employment services be better identified and disseminated?**
- **How might ongoing evaluation, innovation and experimentation be encouraged and enabled?**
- **Who should be responsible for the evaluation of employment services?**
- **Should sharing of data across government agencies be encouraged? Which data should be prioritised? Are there privacy concerns?**