Australian Government
Department of Employment and Workplace Relations

Shaping the Future of Employment Services

Discussion Paper

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Acknowledgement of country

The Department of Employment and Workplace Relations respectfully acknowledges the Traditional Owners and Custodians of Country throughout Australia, their continuing connection to land, water and community.

We pay our respects to the people, the cultures, and Elders past and present, including within the department, in our communities and those we engage and partner with to deliver our work.



With the exception of the Commonwealth Coat of Arms, the Department's logo, any material protected by a trade mark and where otherwise noted all material presented in this document is provided under a Creative Commons Attribution 4.0 International (https://creativecommons.org/licenses/by/4.0/) licence.

The details of the relevant licence conditions are available on the Creative Commons website (accessible using the links provided) as is the full legal code for the CC BY 4.0 International (https://creativecommons.org/licenses/by/4.0/legalcode)

The document must be attributed as the *Shaping the Future of Employment Services: Discussion Paper*.

Documents released under FOI - LEX 2434

Table of Contents

Minister's foreword 5

Executive Summary 6

Chapter 1: The consultation process 7

How to provide a submission 7

Broader employment services reform stakeholder engagement 8

Chapter 2: The current employment services system 9

Workforce Australia 9

The broader ecosystem 11

Chapter 3: The case for change 12

A growing skills mismatch 13

A service that could better respond to need 13

More needs to be done to support those furthest from the labour market 15

Limited employer engagement 15

Service satisfaction could be improved 16

An imperative to take action 16

Chapter 4: Overview of the future system 17

Vision for reform 17

Core ideals for the future system 17

Service streams to meet different needs 18

Service elements 19

What a reformed system will achieve 20

Chapter 5: Key policy settings for the new system 22

Better meeting needs through 3 servicing streams 22

Differentiated servicing aligned to distance from the labour market 22

Delivery of high-quality services 23

Frontline staff capability 23

Supporting diverse cohorts 24

Better connections to other services 24

Australian Public Service delivery 25

Redesigned system incentives for service providers 25



Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434
s 22(1)

Incentives for quality servicing and outcomes 26
Different provider incentives for Stream 2 and Steam 3 27
Improved commissioning and contracting 28
New approach to employer engagement 29
Strategies for local labour markets 30
Strategic engagement of industry and large employers 30
A sliding scale of support to fill vacancies 30
Partnership approach with social enterprises 31
An effective and tailored mutual obligations framework 31
Change is needed 32
Mutual obligations in a reformed system 32
Driving continuous improvement 34
Chapter 6: The key planks for reform in the 2026-27 Budget 35
Quality initial assessments, triaging, and pathway planning 35
Better servicing for those furthest from the labour market 36
Employment Goal Plan 36
Improving online services for work-ready job seekers 37
Appendices 39
Appendix X: Roles and responsibilities of different levels of government 39



Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Minister’s foreword

[PLACE HOLDER]

[This will reflect key aspects of the Minister’s National Press Club Speech, scheduled for 25 May 2026]

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434
s 22(1)

Executive Summary

[PLACE HOLDER]

[Expected to cover:

- Government is committed to reforming employment services to better meet the needs of individuals, employers, communities, and the economy.
- The Gov has developed a vision and system framework based on extensive community feedback.
- The vision is for the future employment services system that delivers tailored, proportionate, high-quality and easy to navigate services and is focused on supporting all people to improve their employability and overcome barriers to work.
- The system will be based on…
- High level summary of 3 streams, short descriptions of the service elements
- The gov is seeking feedback to inform the detailed design of this and on a range of topics including XXXX
- A consultation process will include XXXX
- Submissions can be made by XXXX]

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)

Chapter 1:

The consultation process

The Australian Government is committed to reforming employment services to better meet the needs of individuals, employers, communities and the economy. Its direction for employment services reform was first set out in the Employment White Paper[1] and was expanded upon in the government response to the House Select Committee Inquiry into Workforce Australia Employment Services [2].

Chapter 4 of this Discussion Paper presents the government's vision for the future mainstream employment service and the servicing streams and service elements that will achieve this vision. The government is now inviting stakeholders to contribute to and shape the design settings for this future service, as outlined in Chapters 5 and 6.

Reforms to the mainstream employment services system build on the steps already taken by government to reform the broader employment services ecosystem, including:

- the introduction of Inclusive Employment Australia (IEA), reforming the specialist disability employment services
- the introduction of Remote Australia Employment Service (RAES), reforming the operation employment services in remote areas of Australia,
- the introduction of ParentPathways program, reforming pre-employment support for parents of children under 6 years and
- introduction of the Reconnection, Employment and Learning program, reforming the support for First Nations people on remand or in prison to build pathways to employment, education and training.

How to provide a submission

Interested stakeholders are invited to submit their feedback on this paper, including in response to the questions listed. Stakeholders can provide a submission by visiting the Department of Employment and Workplace Relations' Consultation Hub at consultations.dewr.gov.au

The closing date for submissions is 5:00pm AEST on Day Month 2026.

[1] See treasury.gov.au/sites/default/files/2023-10/p2023-447996-working-future.pdf. The 8 principles for employment services reform can be found on page 224.
[2] See dewr.gov.au/employment-services-reform/resources/australian-government-response-house-select-committee-workforce-australia-employment-services

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434
s 22(1)

If you have any questions about how to complete a submission, please email exampleemail@dewr.gov.au. Please note submissions will not be accepted by email, only via the Consultation Hub.

All submissions will be published on the Consultation Hub website. Please indicate when lodging your submission if you wish for your submission to not be published, or for it to be published anonymously.

Broader employment services reform stakeholder engagement

In addition to seeking stakeholder feedback through the Discussion Paper, the government will be undertaking targeted stakeholder engagement on specific topics and cohort-based focus areas to inform the final design of the future mainstream service. This includes targeted engagement with users of employment services, First Nations people, communities and representative bodies, communities, providers, employer and other organisations.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Chapter 2:

The current employment services system

The core purpose of Australia's employment services is to assist people to find and keep a job, while supporting employers to find the workers they need to succeed.

Employment services help job seekers via a range of assistance, including help with job search, resumes, skills development, employer connections, and other non-vocational assistance. Most participants in the employment services system are required to participate in employment services to access support to move into work when they find themselves unemployed as a condition of receiving financial support through the income support safety net.

Employment services also support employers to recruit staff, connecting them with suitable candidates from the employment services caseload. Employers can access a variety of free services, including assistance with job advertisements, candidate screening and shortlisting. Wage subsidies and other supports may also be available to employers to provide the additional initial support that some candidates require to meet the needs of the job and succeed in the long-term.

Workforce Australia

Workforce Australia was established in its current form on 4 July 2022, replacing the jobactive program. Workforce Australia was designed to prioritise investment in job seekers who need the most support, with permanent digital servicing introduced for those who are most job-ready. Provider delivered services were maintained for those who require more assistance, as well as a range of complementary services and programs.

The government invests approximately $1.5 billion each year to run Workforce Australia. It is currently used by around 720,000 Australians, the largest employment program administered by the Australian Government. It operates across 51 employment regions across metropolitan and regional areas of Australia, with XX providers operating out of XX sites.

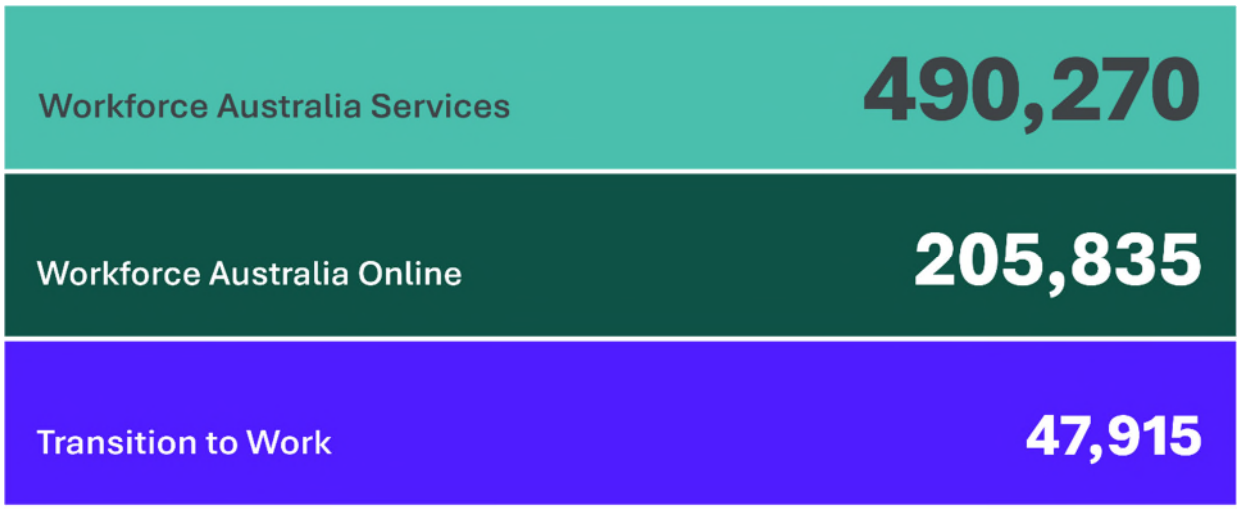
Workforce Australia is a system of interconnected employment services and labour market programs comprised of three core services:

- **Workforce Australia Online**, a basic online service for the most job ready. This service includes an online platform to for job seekers to self-manage their requirements, with a dedicated contact centre available for assistance.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434
s 22(1)

- **Workforce Australia Services**, a traditional provider-led service for people needing additional help to prepare for and find work. It offers personalised case management, training and other non-vocational assistance to help participants move into jobs.
- **Transition to Work**, a specialist service for disadvantaged youth aged 15 to 24 who need additional help moving into work or further education. It delivers intensive, pre-employment support to build skills, confidence and connect with job and education opportunities.

Figure 1: Number of participants in each service



Source: DEWR administrative data, 31 March 2026.
N.B. Participants can technically be in more than one service at a time.

[Placeholder for additional Workforce Australia caseload data (not already in Chapter 3: Case for change) including: age, proportion reporting income from paid work, potentially average time to exit / average time spent in service, number and proportion of participants in ES that have had employment outcomes]

Complementary employment-related programs supporting Workforce Australia include:

- **Parent Pathways**, a voluntary pre-employment support service for parents or carers of children under 6, preparing to enter or re-enter the workforce. This includes an Australian Public Service (APS) delivered pilot site
- **Reconnection, Employment and Learning program**, a voluntary program for First Nations people who are on remand or in prison to build pathways to employment, education and training opportunities
- **Local Jobs Program**, a collaborative, place-based initiative focused on local labour markets, working in partnership with business and communities to support tailored, local approaches to skilling individuals to meet local workforce needs
- **Self-Employment Assistance**, support to develop, start and operate a small business
- **Career Transition Assistance**, support for people aged 45 years and over to build their skills and confidence to re-enter the workforce or change career
- **Employability Skills Training**, a program to help people explore career options, develop job search, workplace and industry specific skills to be more competitive in their local labour market
- **Work for the Dole**, provides participants with work-like experience to contribute to their local community and build skills to help find secure work

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434
s 22(1)

- **Launch into Work**, a program supporting pre-employment projects to prepare participants for specific entry-level positions within a business
- **WorkFoundations**, a program delivering funding for social enterprises and businesses to deliver paid employment placements for up to 6 months
- **Real Jobs, Real Wages**, providing financial incentives and ongoing support to employers to hire a person experiencing long-term unemployment (those on Workforce Australia caseload for 2 or more years) into a permanent job
- **Place-based and regional employment service initiatives**, including Dandenong Employment Hub and Thrive Hubs, and Broome Employment Services, Yarrabah Employment Services and Norfolk Island Employment Support Program.

The broader ecosystem

The Australian Government is responsible for the delivery of employment services, determining policy settings, contractual arrangements and funding services across the country.

Workforce Australia is part of a broader employment services ecosystem. It sits alongside the new Inclusive Employment Australia (IEA) a specialist disability employment program that assists people with disability, injury or health condition to prepare for, find and maintain work and grow their career; and Remote Australia Employment Services (RAES) program that provides participants in remote communities with a flexible employment service that supports them to upskill, find pathways to work and contribute to their community. Both IEA and RAES commenced in November 2025. People in Workforce Australia may also interact with other Australian Government systems, such as the broader human services, and the skills, training and education systems.

The employment services system is part of a broader labour market supports ecosystem. It operates alongside many other employment, skills and training programs, delivered by all levels of government. Further details on the roles and responsibilities of the Australian Government, state and territory government and local government regarding employment services are at **Appendix X.**

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Chapter 3:

The case for change

Australia's labour market is experiencing significant changes, driven by advances in technology such as artificial intelligence, the transition to a Net Zero economy, and the rise of the care economy. New jobs are being created every day. As Australia's economy evolves, the composition of industries and the workforce will change, as will the skills in demand and the nature of jobs.

Labour market conditions have been good in recent years. The unemployment rate, at 4.3% in March 2026, remains low by historical standards and the labour force participation rate (the proportion of the population aged 15 and over either working or looking for work) was 66.8% in March 2026, which is close to the all-time high of 67.2% in January 2025. A record number of Australians, at almost 14.8 million, were in work.

However, these opportunities are not applied equally. Jobs that require higher level qualifications are growing more strongly than lower-skilled roles, impacting opportunities for people without higher level qualifications. At the same time some people face greater challenges in gaining employment, for example groups such as youth, mature aged people particularly mature aged women, First Nations people, single parents and people with disability. More effective assistance to engage in the labour market is required, even during favourable economic conditions.

Employment services play an even more significant role during periods of global disruption, such as facing the expected challenges caused by the current fuel crisis. Maximising the opportunities presented by the significant labour market changes, ensuring all Australians can participate and benefit, will require a more efficient and effective employment service system. As acknowledged by the government in response to the *Rebuilding Employment Services* inquiry[3], the current employment services system does not effectively support participants to benefit from the opportunities presented by the shifting labour market Reforming employment services now will put Australia in a stronger position to meet the opportunities of the future.

[3] See dewr.gov.au/employment-services-reform/resources/australian-government-response-house-select-committee-workforce-australia-employment-services.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434
s 22(1)

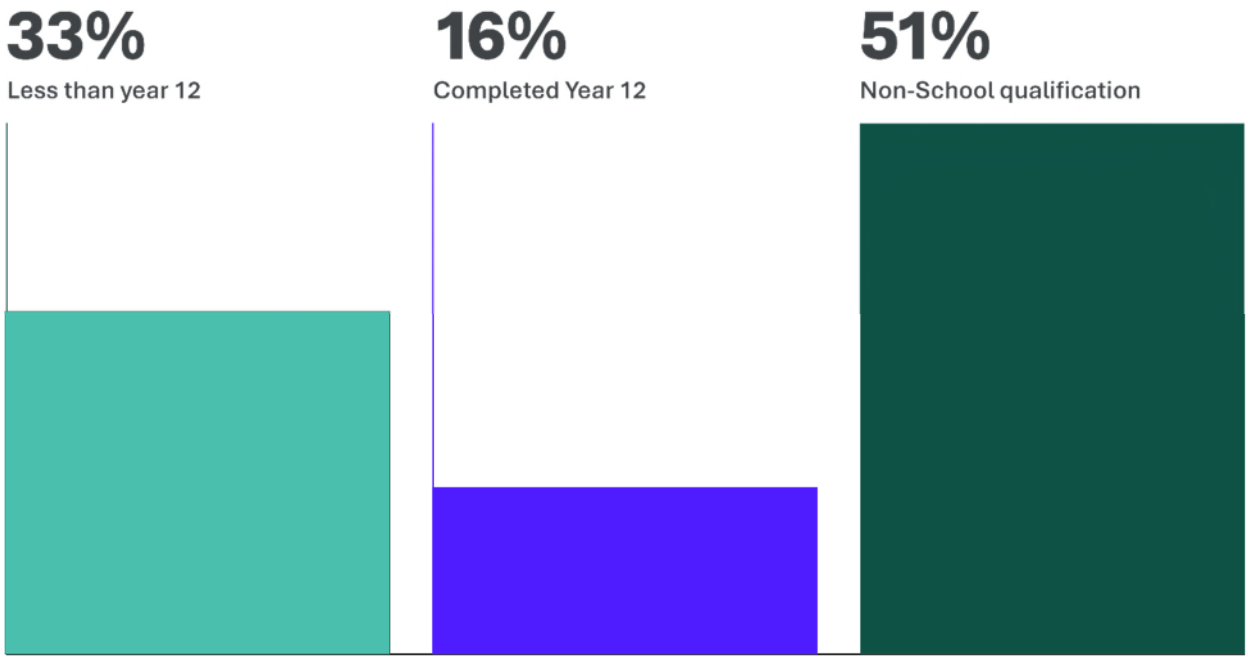
s 22(1)

A growing skills mismatch

One significant challenge for employment services is addressing the growing mismatch between the educational qualifications of participants in employment services and the skills sought in a shifting Australian labour market.

As at 31 March 2026, 49 per cent of Workforce Australia participants held Year 12 or below as their highest qualification – see **Figure 2**. Comparing this to the broader labour market, employment growth in the year to March 2025 has been concentrated in roles requiring post-secondary education. Further, Jobs and Skills Australia projects 92 per cent of jobs created in the next 10 years will require post-secondary qualifications. Creating stronger links with the skills and training system is critical in improving the opportunities for people in employment services to gain secure work and set them up for the future.

Figure 2: Highest education level of Workforce Australia participants



Source: DEWR administrative data, 31 March 2026.

A service that could better respond to need

The current employment services does not effectively respond to the highly diverse circumstances and varied needs of people who enter employment services. Some people are 'job ready' and need relatively little support to find employment. Other people may have barriers such as limited connections to the labour market or lower education attainment. Still others have complex personal circumstances with multiple social or health issues that means they are significantly distanced from the labour market and require more tailored supports.

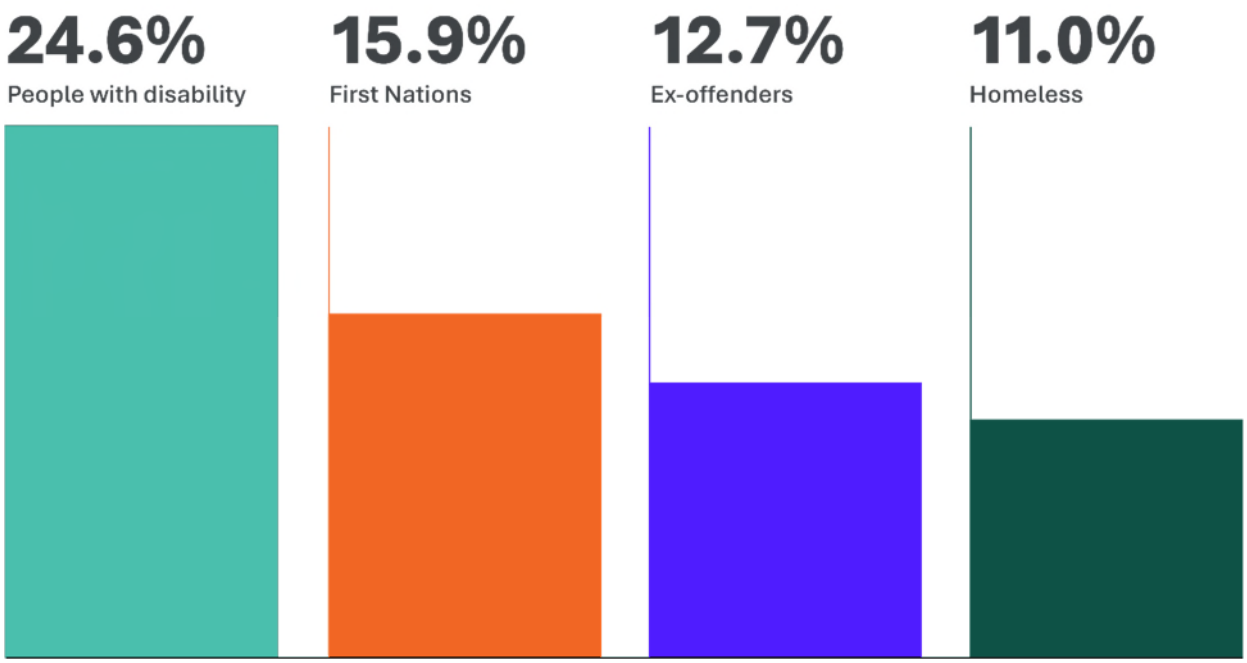
Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434
13
s 22(1)

Despite the diversity of needs, the service system, the incentive payments and accompanying mutual obligation settings provide a service that does not respond to the needs of all. It does not respond to a dynamic labour market, it does not provide the supports necessary to move people into sustainable jobs and mutual obligation requirements may not take into account the individual circumstances of people in employment services.

Online services are generally effective for participants who are digitally capable, confident, and closer to employment. They offer more job-ready participants flexibility to self-manage and low-intensity supports that suits their circumstances. However, sometimes people referred to online services may have been incorrectly assessed or even if suitable may not be successful in finding work, meaning they remain in online services for a long time before being referred to provider support.

The Workforce Australia caseload includes disproportionate representation of disadvantaged cohorts who experience employment outcomes well below the national average – see **Figure 3**. When considering the broader employment services ecosystem, Workforce Australia supports a large number of people who experience these lower employment outcomes. For example, Workforce Australia supports over 178,000 people with disability and over 115,000 First Nations people respectively, compared to 249,000 people with disability in IEA and 41,000 First Nations people in RAES.

Figure 3: Selected cohorts among Workforce Australia participants



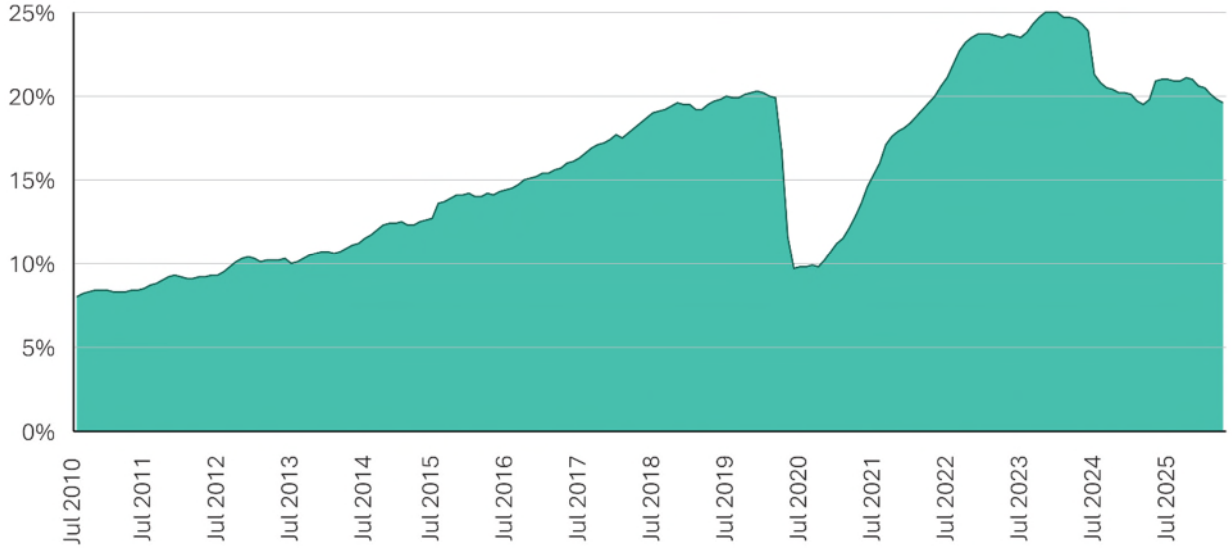
Source: DEWR administrative data, 31 March 2026.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

More needs to be done to support those furthest from the labour market

Despite historically low unemployment, a persistently high proportion of Workforce Australia participants have been in the system for extended periods. As at 31 December 2025, around 20.5 per cent of the caseload had been in employment services for five years or more, significantly higher than a decade ago (13.6 per cent in July 2015).

Figure 4: Proportion of caseload in service for 5+ years



Source: DEWR administrative data, 31 March 2026.
N.B. Data incorporates Job Services Australia (2010-2015), jobactive (2015-2022) and Workforce Australia (2022 onwards).

Limited employer engagement

Employer engagement with government funded employment services remains persistently low. Stakeholder evidence gathered from the *Rebuilding Employment Services* inquiry highlighted the need to strengthen industry and employer engagement in a reformed employment service. The current employment service has not focused enough on supporting employers to identify their workforce needs, consider job design, recruit, train and successfully retain new employees.

As with the services provided to job seekers, this cannot be one-size-fits-all support, but assistance must be tailored to employers' location, size and industry.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Service satisfaction could be improved

Data on how satisfied people are about the quality of employment services indicates that the system meets the needs of many people but that there is room for improvement.

Between October 2024 and September 2025, 78.7% of people in Workforce Australia Services were satisfied or very satisfied with the overall quality of service received from their employment services provider. Additionally, 72.7% of Workforce Australia Services participants felt that working with their provider improved their chances of getting a job.

In the first 12 months of the Government's new complaints service, around 12,700 complaints were received. A significant number of complaints received were about Workforce Australia Services (79%). More than 9,000 of these complaints were about service satisfaction (see **Table 3**), by far the most common reason people contacted the service, followed by complaints about mutual obligations and compliance.

Table 3: Top 5 complaint topics

Topic	Number of complaints
Service satisfaction	9,455
Mutual obligations and compliance	3,830
Behaviour	2,730
Funding	1,330
Transfers, referrals and eligibility	980

Source: DEWR administrative data, for the period 31 October 2024 to 31 October 2025.
N.B. more than one topic may be associated with one complaint.

An imperative to take action

As can be seen from the issues outlined in this chapter, while the current system serves some people well, it does not do so for everyone, highlighting significant opportunities to reform employment services to better support individuals, employers and the economy. As the labour market continues to evolve, creating a more effective employment service now will be an important step to ensuring that all Australians can benefit from the opportunities that are created in the future.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434
s 22(1)

s 22(1)

Chapter 4:

Overview of the future system

This chapter provides an overview of the government's reformed employment services, outlining its vision, core ideals, structure and service elements.

Vision for reform

The government's vision for employment services reform is to deliver a system that gives people the best opportunity to secure a sustainable job through tailored, proportionate, high-quality and easy to navigate services that improve over time.

Core ideals for the future system

To realise its reform vision, the government will deliver an employment services system built around four core ideals, guiding the approach to detailed design and implementation. These are:

1 **Core ideal 1**

Employment is the primary goal. Meaningful engagement moves participants into work or closer to jobs. Services help them become capable, confident, and qualified and the settings for mutual obligations are designed to enable this.

2 **Core ideal 2**

Supports are meaningful to the participant and are tailored and proportionate to a participant's needs and distance from the labour market.

3 **Core ideal 3**

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434
17
s 22(1)

s 22(1)

The system is easy to navigate and provides a high-quality, consistent service offering that also has the flexibility to respond to individual needs, local labour market conditions and emerging labour market trends.

4 **Core ideal 4**

The system is designed to continuously improve in order to respond to users' needs and an evolving labour market stewarded by the Australian Public Service (APS).

Service streams to meet different needs

Three distinct Service Streams will be introduced to deliver different supports based on participant needs. Each stream carefully calibrated in recognition that people who use this system need different types of support depending on their distance from the labour market and how complex their barriers are. Investment will be targeted so that each Stream will provide a different intensity of service depending on an individual's distance from the labour market.

Delivery of a new system needs to be fiscally responsible, and trade-offs will need to be made in designing the system to maximise effectiveness within the resources available. Each Stream will have a different approach to mutual obligations and different service provider incentives so that people receive the most appropriate support for their circumstances.

Figure 2: The 3 Service streams *[imagery may change]*



Stream 1 will be an enhanced participant led online service for those closest to the labour market and digitally literate who face fewer barriers to employment. This service will be effectively delivered by government with enhanced online functionality that provides targeted support and guidance that people need and helps them get into the workforce faster.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434
s 22(1)

As outlined in *Chapter 6*, the government is investing $205.5 million in the 2026-27 Budget over five years to deliver an enhanced participant-led digital service for job seekers closest to the labour market. This will improve the quality of the online platform and the capabilities of the government support officers that assist online job seekers if and when they need it.

Stream 2 will be an improved provider-led service targeted to those who are moderately close to the labour market. The characteristics of people who are moderately close to the labour market include barriers such as gaps in employment, lower levels of educational attainment, and regularly cycling in and out of employment. People will be supported through active provider coaching and employability, skills, and training supports to get them into a job. Stream 2 will also include supports and incentives to enable rapid responses to structural adjustment events, whether locally or nationally.

Stream 3 will be a new intensive service for people furthest from the labour market. This Stream will reflect people's complex and interconnected needs and circumstances, with a different mix of skilled providers supporting participants to address barriers to employment and build their confidence, capability and capacity in order to progress them towards and into open employment. This Stream will also more effectively connect and support participants to access appropriate local services to address non-vocational barriers, maximising the use of existing government investment. As outlined in *Chapter 6*, the government is investing $52.6 million in the 2026-27 Budget over XX years to support the early targeted rollout of the new Stream 3 service.

Service elements

A number of other supporting elements will be enhanced to deliver high-quality, tailored services through a reformed employment services system.

These service elements include:

Improved initial assessment and triaging processes to ensure people's circumstances are clearly identified and better understood, so that they are connected with the right service in the right Stream and supports at the right time when they enter employment services or as they progress through it. This will enable people to move into employment quickly and make informed choices about the services they are eligible for. As outlined in *Chapter 6*, the government is investing $27.5 million in the 2026-27 Budget over four years to introduce a new initial assessment and triaging process to more quickly and effectively match participants with the most appropriate services and supports

A new Employment Goal Plan will set meaningful and individualised employment goals and outline a tailored servicing strategy and pathway. It will bring together a person's goals, activities and requirements so barriers can be addressed effectively to move them closer to, and into work. It will be central to a participant's experience and will inform the range of supports participants will have access to. Providers will then provide active support and coaching, tailored to the individual's circumstances and local labour market conditions based on Employment Goal Plan. A streamlined, online Employment Goal Plan will be available for those in the Stream 1 online service. A new Employment Goal Plan is covered in more detail in *Chapter 6*.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

An effective and flexible mutual obligations framework that is meaningful and encourages engagement to support people into work across all employment services (including Inclusive Employment Australia and Remote Australia Employment Services). It outlines the shared responsibilities of participants, providers, and government. Mutual obligation settings will be calibrated to an individual's distance from the labour market and designed to be more effective in getting them into an employment pathway. Mutual obligation requirements will complement Employment Goal Plans, with activities tailored and flexible to directly address identified barriers and move people in a job, rather than engaging in activities that are not relevant to their circumstances. Mutual obligations are covered in more detail in *Chapter 5*.

Clearer expectations on providers to deliver high-quality personalised services for participants, including empowering user choice and agency in the servicing supports they receive. Clearer expectations on providers are covered in more detail in *Chapter 5*.

Redesigned provider incentive settings, including consideration of blended funding models to reflect caseload, risk and achievement of longer-term employment outcomes. Redesigned provider incentive settings are covered in more detail in *Chapter 5*.

Improved commissioning to lift provider diversity, capability, experience, and local labour market connections. While there will continue to be a role for traditional employment services providers, there is a need to diversify the service delivery landscape. Improved commissioning is covered in more detail in *Chapter 5*.

A new approach to engagement with employers to meet workforce demands and lift recruitment and retention capabilities. This includes local labour market strategies, in particular for structural adjustment events, and a sliding scale of support for employers for job placements of those that have been unemployed for longer periods. A new approach to employer engagement is covered in more detail in *Chapter 5*.

What a reformed system will achieve

Reforms will realise an employment services system that supports more people into work more quickly. The new model will connect people to the right support when they need it, ensure the quality of support people receive is better with proportionate servicing intensity, supports and requirements appropriate for their circumstances. It will ensure that people within the system are helped to move towards and into work more effectively. This will better target investment and effort where it makes the largest impact on a person's employment prospects, avoiding waste in the system.

The reformed system will reward links to local labour markets, including connections to services, jobs, and skills needs. It will work with employers to better match supply and demand, and to reduce churn on and off income support payments through more targeted interventions and supports based on an individual's distance from labour market.

This represents a fundamental reform of employment services. Reforms will see greater coherence across the entire employment services system, leading to a better experience for people using the system. The reformed system will also better engage users and build agency and trust. This leads to

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)

improved employment and participation and reduces effort and costs of administration and compliance. The government will put the needs of the participant, and achieving employment, squarely at the heart of the system.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)

s 22(1)

Chapter 5:

Key policy settings for the new system

Realising the Government's vision for employment services will require detailed policy and program design of core elements of the reformed system. What follows is a thematic presentation of the system changes that are required and key questions for stakeholder feedback on how to ensure the success of each element of the new employment services model.

Better meeting needs through 3 servicing streams

As covered in Chapter 3, the current employment service is not sufficiently responsive to the diverse needs of people. To create a system better able to tailor assistance to individual circumstances, the reformed employment service will consist of 3 distinct service streams. This approach more strongly recognises that people who use employment services need different types of support depending on their distance from the labour market and how complex their barriers are.

Differentiated servicing aligned to distance from the labour market

The distinct streams will have different service offerings, different incentives and different approaches to mutual obligations. Streams 2 and 3 will be delivered by different types of organisations with different expertise delivering face to face services. This is a markedly different approach to past systems.

A brief overview of expected servicing approaches in each of the distinct streams is outlined below:

In **Stream 1 – online service**, job seekers are closer to the labour market and will receive lower intensity servicing, focused on rapid reconnection to employment.

In **Stream 2 – targeted provider service**, job seekers are moderately close to the labour market. For them, personalised servicing will focus on active job coaching, employability support and stronger connections to skills development and short-term training that align with local labour market demand.

In **Stream 3 – intensive service**, job seekers have more complex employment barriers. Personalised servicing will place greater emphasis on sustained engagement, mentoring and staged pathways that support job seekers to build confidence, capability and readiness for employment over time.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)

Many people engaging with employment services are balancing study, caring responsibilities, health conditions, or other personal circumstances alongside searching for employment. An effective system must therefore consider the full range of factors that influence a person's capacity to look for work and move closer to employment. This includes recognising that people may move towards or away from the labour market over time.

Employment services are focused on supporting people move closer to the labour market and into suitable work. Although it is recognised that over time people may move towards or away from the labour market as their personal circumstances change. As people progress closer to the labour market, the type and intensity of support they need is likely to change. This may involve adjustments to supports, expectations, and potentially transitions between streams where appropriate.

Questions

1. What are the key factors that should place a person in Stream 3 rather than Stream 2?
2. How should the system measure and respond to a person's progress towards employment?
3. What markers of progress towards employment should result in a participant moving streams?

Delivery of high-quality services

As covered in Chapter 3, the current system does not provide a high-quality service to individuals and employers, particularly those people with more complex needs and are further from the labour market. As outlined in core ideal 2, realising this will require delivery of supports which are meaningful to the participant and are tailored and proportionate to a participant's needs and distance from the labour market. Hallmarks of a quality service includes frontline staff (whether from the Australian Public Service or contracted providers) who can deliver personalised services, effective assistance to meet diverse needs and stronger connections between employment services and other supports.

Frontline staff capability

Meeting the diverse needs of people in employment services will require provider frontline staff to have the necessary skills and capabilities to respond to the diverse needs of jobseekers. Frontline staff in the reformed employment service will be expected to deliver more active guidance to support participants navigate employment services, skills and training options, and other relevant supports. This may be through requiring providers to build stronger connections to skills development, training, pre-employment activities to improve sustainable employment outcomes and play a more active role in supporting participants progress towards employment.

Frontline staff capabilities will need to align with the different service intensity and circumstances of participants across Stream 2 and Stream 3. Some ways this could be done include reflecting differences

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

in the skills, qualifications, experience, cultural competence, the types of supports and the way that they are delivered, and the depth of engagement required by frontline staff across the two streams.

Supporting diverse cohorts

As outlined earlier, the employment services caseload is highly diverse and includes many groups who experience lower employment outcomes.

Some groups, such as young people, may have different pathways into work and limited prior employment experience, and employment services have often taken a distinct approach to servicing this cohort. Distinct servicing to meet young people's needs include early and flexible investment, a focus on both education and employment, and strong links to education, training and apprenticeship pathways.

Other groups, including people from culturally and linguistically diverse backgrounds, may require support that focuses on building local work experience, networks, or English language proficiency. First Nations stakeholders often describe cultural safety as a key marker of service quality, with practical enablers including workforce capability and First Nations representation, accessible communication, and service settings and practices that uphold dignity and reduce disproportionate harm.

This short summary of only some of the groups in employment services highlights the importance of a responsive system that can respond to a wide range of needs. It reinforces the need for flexible, culturally capable and trauma-informed practices. This raises the question of whether diverse needs are best addressed through separate employment service offerings or whether inclusive and trauma informed practices should be a standard feature of employment services for all job seekers.

Better connections to other services

People engaging with employment services often have a range of needs. These may relate to education and skills, health, disability, housing, caring responsibilities, language, transport or social support, and are frequently interconnected. For some job seekers, progress towards employment depends on having multiple needs addressed at the same time, rather than through employment services in isolation.

Strong connections between employment services and other local services is therefore critical. There are inconsistencies in how providers currently support participants to navigate other services. Stronger links to the skills and training system will be critical in an effective employment services system, particularly for those that need additional support to find sustainable employment. For participants further from the labour market, coordinated access to local services can be critical to addressing non-vocational barriers and building confidence, capability and readiness for employment. Providers will be expected and incentivised to play a more active role in guiding and supporting participants to connect and engage with relevant services.

In looking to reform employment services, a key challenge will be striking the right balance between ensuring a consistent high-quality service for everyone that relies on employment services support across Australia and maintaining a flexible service that can be tailored to the needs of individuals, businesses and local labour market conditions. Experience from Workforce Australia and earlier employment service

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434
s 22(1)

contracts shows that often local solutions, led by local service providers, engaging local businesses and community partners can achieve strong outcomes by tailoring services to local needs.

Equity of access will also be critical, as not all participants can easily access the same array of supports. The reformed service must aim to consistently support those facing transport barriers, those in regional areas with fewer services nearby, and those unable to access online supports, for example.

Australian Public Service delivery

Where the Australian Public Service (APS) delivers services directly, particularly in providing targeted support under Stream 1, it will need to learn the lessons identified above and operate in line with the government's vision for reformed employment services. APS delivery will need to demonstrate how services support meaningful engagement, progression and sustainable employment outcomes over time. Workforce capability will be critical, with APS delivery driven by clear expectations around skills, cultural capability, trauma-informed practice and lived experience. APS-delivered services will also need to ensure equitable access and effective connections to skills, training and local services, particularly for participants facing multiple barriers. In doing so, APS delivery should model the quality and consistency expected across the broader system.

Questions

4. What qualifications and experience should be expected of frontline staff in Stream 2 and Stream 3?
5. How should the future service accommodate the needs of diverse cohorts?
6. [local connections / equity of access in regional areas question - *What structures or mechanisms should be prioritised to enable coordinated support across employment services and other local services?*]

Redesigned system incentives for service providers

A key challenge in ensuring all participants and employers receive the appropriate support for them is aligning service providers' goals and behaviours with the government's objectives for employment services. There are several frameworks which can incentivise or influence provider behaviour, including payments and performance frameworks. The design of settings within these frameworks, and the interplay of separate settings in conjunction with other administrative arrangements and contractual requirements, can influence the ways that providers operate and the choices they make in how they deliver their services.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434
s 22(1)

Getting the balance of settings right to ensure that appropriate objectives are being met, while minimising unintended consequences, has been difficult across a lot of previous employment services. For example, a common criticism has been an over-emphasis on placing participants into any job as quickly as possible, with not enough regard for job suitability or skills development. In previous service contracts, unintended consequences, such as providing limited servicing and support or 'parking' of participants less likely to achieve an employment outcome by some providers, have been challenging to avoid.

Incentives for quality servicing and outcomes

Getting provider incentives right will help ensure participants and employers receive the high quality services they deserve, and their individual needs are met.

Under the reformed employment service, there will be a greater expectation for job seekers to receive tailored, proportional supports that move them into work or closer to jobs. For Streams 2 and 3, which will be delivered by contracted organisations, the government can use several frameworks to influence behaviour, including payments and performance frameworks.

Provider payments

Ensuring all participants receive active, personalised support that is proportionate to their needs and distance to the labour market is a core part of the government's vision for the reformed employment service. Payment settings which effectively reward providers for these behaviours will be critical in achieving this.

Different types of payments and payment structures can influence how providers deliver services. Types of payments used to incentives providers across different employment service models include:

- *upfront payments* when a person commences with a provider to ensure the provider has resources to support the person immediately
- *progress payments* when it can be demonstrated a job seeker's employment prospects have improved even if an employment outcome has not yet been achieved. These payments are intended to support ongoing servicing and support.
- *employment outcome payments* when a job seeker has commenced in a job and remains employed for a period of time. A range of time periods are often included in this type of payment, for example up to 26 week or 52 week payments, to incentivise providers placing people into sustainable employment.
- *Bonuses or loadings* on top of the base level of a payment. These can be used to respond to circumstances such as more challenging labour market conditions or where a person has been in employment services for a long time. [4]

Different payment structures can offer different mixes of payment types to incentivise different behaviours. Getting the balance between payments right has been a challenge.

[4] Further information about the current Workforce Australia payment model can be found at: dewr.gov.au/workforce-australia/resources/workforce-australia-employment-services-provider-payments.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434
s 22(1)

Local labour market conditions can impact provider and participant ability to achieve employment outcomes. This can include housing costs and shortages, local infrastructure, limited employment and training opportunities, and availability of social services. Providers delivering services in thin labour markets where there are lower volumes of job seekers and job vacancies also tend to have higher fixed costs relative to the number of participants on their caseload, with implications for provider viability and service continuity. Higher payment rates may be one way to reflect the regional challenges experienced in delivering high-quality services.

Performance measures

Monitoring service quality is a core government responsibility and reflects the Australian Public Service's stewardship role in assessing the effectiveness and quality of employment services. Strong performance measures help the government ensure services meet the needs of users and the labour market. Performance monitoring can also support early intervention where issues emerge.

Performance measures must set clear baseline expectations for service quality and the supports provided to participants and employers. At the same time, they can also reward providers that exceed minimum standards and achieve strong outcomes. Such an approach can help lift overall performance without encouraging compliance-only behaviour.

Under Workforce Australia, provider performance can directly influence a provider's ability to retain or extend their licence to deliver services. This increases the consequences of poor performance and rewards sustained quality delivery.

Some aspects of performance, such as progress towards employment, are challenging to measure consistently. Improvements in a participant's confidence, skills, or work readiness may not translate immediately into a job placement, which is much easier to measure. The performance framework needs to recognise these intermediate outcomes without weakening the focus on sustainable employment.

Different provider incentives for Stream 2 and Steam 3

The 3 servicing streams are envisaged as distinct services with different program settings and objectives based on the needs of the job seekers accessing each stream. Stream 2 and Stream 3 job seekers have different characteristics and support needs which has implications for how services are delivered and how provider incentives are designed.

Stream 2 incentives need to encourage tailored assistance and coaching, with short-to-medium term interventions and employment outcomes within shorter timeframes.

Stream 3 incentives need to encourage intensive and ongoing support, with progress to employment often incremental and non-linear. Significant coordination with other services and specialist workforce skills will be required.

It will be important for final incentive frameworks and specific Stream settings to reflect these different job seeker journeys, while maintaining fairness and a clear focus on supporting people to move closer to employment.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Questions

7. How should providers be incentivised to support participants into suitable, sustainable jobs, not just any job?
8. How can unintended consequences such as the 'parking' of certain participants be avoided?
9. How should employment outcomes and progress towards employment be measured? Does this differ between Streams 2 and 3?

Improved commissioning and contracting

[PLACEHOLDER – statement on current state. Current providers are a mix of for profit and not-for-profit organisations, and X% of First Nations organisations.]

The government recognises the need for improved commissioning and contracting to lift provider diversity, capability, experience and local labour market connections. Under the reformed employment service, commissioning will focus on engaging organisations best placed to support job seekers, with approaches varying by service stream.

Traditional employment services providers will continue to play an important role, particularly for Stream 2. Commissioning will focus on ensuring Stream 2 providers reflect the local communities they service and have appropriately skilled workforces and service delivery strategies.

For Stream 3, commissioning will place a stronger focus on engaging community-based organisations with deep local connections, reflecting the need for services which are better aligned to participant needs and local labour market conditions. An example of this could be to have staff who reflect the communities and cohort groups they service, including having lived experience.

New approaches will be explored to broaden the range of organisations delivering employment services, including Aboriginal Community Controlled Organisations, drawing on lessons from programs such as the Reconnection, Employment and Learning (REAL) program, Parent Pathways, Inclusive Employment Assistance (IEA) and Remote Australia Employment Services (RAES).

Case Study

Broadening provider diversity and capability for the Reconnection, Employment and Learning (REAL) program

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

The REAL Program demonstrates how commissioning can support a more diverse and capable provider market by enabling Aboriginal Community Controlled Organisations and First Nations-led organisations to deliver employment services. Grants are offered on a longer-term basis, providing funding certainty that supports investment in workforce capability, governance and partnerships.

Providers are supported through clear guidance during commissioning and ongoing practical support once funded, including onboarding, engagement with departmental staff, and shared learning through a Community of Practice. These settings strengthen organisational capability over the life of the contract, consistent with Closing the Gap Priority Reform 2 and the Government's commitment to a strong and sustainable community-controlled sector.

Questions

10. What commissioning approaches will best support increased provider diversity and capability across service streams and regions?
11. How should commissioning approaches differ between Stream 2 and Stream 3 to reflect differences in participant needs, provider capability and market maturity?
12. How can government best support strengthening the capability and sustainability of Aboriginal Community-Controlled Organisations in the employment services sector?

New approach to employer engagement

Engaging with employers is central to an effective employment services system. It aligns services to real vacancies, improves job matching and retention, and lifts productivity by placing people into roles suited to both their skills and the needs of the business hiring them.

Employer engagement with government-funded employment services can be improved by better meeting employer needs. However, employers are diverse in size, capability, location, and industry, and their willingness and capacity to engage with government services can vary significantly.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Strategies for local labour markets

The reformed employment service will have an effective local labour market approach that can respond flexibly to the specific conditions, needs and opportunities of local communities. It will build on the approach and operational experiences from the current Local Jobs Program[7], to draw on the knowledge of local employers and communities to identify emerging trends and practical solutions.

Embedding a flexible local approach will also support rapid responses as local communities are reshaped by the broader changes to Australia's labour market, such as the transition to net zero and a growing care economy.

Strategic engagement of industry and large employers

The reformed employment service will be guided by a stronger national focus on building strategic partnerships with industry and large employers. This approach will support more structured and consistent engagement with industry and large employers. Jobs and Skills Councils may have a key role in supporting this engagement approach.

These strategic partnerships will provide a foundation for aligning government, employers and industry bodies to create clearer jobs and skills pathways, support workforce diversity and simplify how employers access employment and skills supports.

Employer engagement with Workforce Australia remains low

Small and medium employers report high administrative burden, poor candidate matching and multiple points of contact as major barriers to engaging with government-funded employment services. Employers often perceive the services as having limited recruitment value, contributing to persistently low usage.[5]

International evidence suggests integrating demand-side strategies into employment services, actively engaging employers as partners in jobs and skills pathways, is required to strengthen employer engagement, improve employment outcomes, and support more resilient and responsive local labour markets.[6]

A sliding scale of support to fill vacancies

The reformed employment service will offer a sliding scale of supports to encourage employers to hire and retain job seekers. The supports available will be tailored to job seeker need, with greater assistance for employers to engage those who are further from the labour market. Supports include pre and post-placement assistance and financial supports to support hiring and retention.

[5] J Ingold, A Knox, L Macaulay, & S Senewiratne, '"What about me?": An analysis of employers' engagement with employment service providers in Australia', *Journal of Industrial Relations*, Volume 65, Issue 3, pp.251-273.
[6] J Ingold, J Kakhkharov & QY Lee, 'The case for reorienting active labour market policies towards the demand side', *Australian Economic Review,* November 2025, Volume 58, Issue 4, pp.326-331.
[7] See jobsandskills.gov.au/publications/jobs-and-skills-roadmap-regional-australia-phase-1.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434
s 22(1)

It is proposed that there will continue to be support for job seekers to continue to access training, equipment and other supports needed to enter into employment, possibly through a flexible pool of funding similar to the existing provider-administered Employment Fund.

Wage subsidies will be reviewed. Wage subsidies function as a financial incentive to businesses to hire and retain specified participants under certain terms. They are intended to alleviate some of the initial onboarding, induction and training costs involved in recruiting new employees. There is an opportunity to simplify the current arrangements, ensure they are appropriately targeted to need and better combine with effective post-placement support to better provide flexible, targeted assistance to employers with a focus on achieving sustainable employment.

Partnership approach with social enterprises

Under the reformed employment service, partnerships with social enterprises will have a stronger role in supporting participants who require intensive and tailored assistance. Social enterprises are considered an effective bridge between employment services, skills training, and the open labour market for people requiring more intensive support.

Their success has been attributed to their flexibility in providing wrap-around supports, including supervision, mentoring and job design, all based on individual needs. Many social enterprises have strong connections to local communities and industries, filling local labour market gaps and creating pathways aligned to industry demand.

Questions

13. What do local services, local employers and other stakeholders need from employment services to respond to local labour market conditions?
14. How can employment services better support employers of different sizes, and workers with varying needs?
15. What incentives (financial or otherwise) would help employers and industry engage with employment services to create more opportunities for participants? Opportunities may be through recruitment practices or job design.

An effective and tailored mutual obligations framework

The service streams outlined in this paper will be underpinned by different mutual obligation settings, which better incentivise the type of engagement that will support more people to achieve sustainable work.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434
s 22(1)

As part of a reformed employment services system, mutual obligations settings will be focused on supporting participants into secure jobs. Activities and requirements will be different depending on the different service stream reflective of an individual's distance from the labour market, and better tailored to individual circumstances and scaled as people move closer to work. A new framework for mutual obligations will be applied consistently across all employment services, including Inclusive Employment Australia (IEA) and the Remote Australia Employment Service (RAES) ensuring that participants across the system have appropriate requirements to their circumstances.

Change is needed

The government has heard from stakeholders that the current framework is overly complex and compliance-driven, contributing to disengagement, high rates of payment suspension, and poor participant experience with requirements that are not suited to individual circumstances for many people within the system —particularly for people with complex barriers to employment. Providers report spending disproportionate time administering automated compliance processes, limiting their capacity to tailor support effectively to individual participant needs.

The current system is also weighted heavily towards participants searching for jobs as means to meeting mutual obligation requirements. In March 2026, 56.3% of Workforce Australia Services activity submissions were for job search. In Workforce Australia Online, this was even higher at 81.4%. This is due to the current system's 'work-first' approach to servicing which prioritises moving participants into any work over secure work that lifts participants out of disadvantage.

While a primary focus on job search is appropriate for those that are closest to the labour market, for those further away from the labour market, job search should complement meaningful activities like training and work experience, or engagement in local services to build a participants capacity and capability for work. There are consequences for employers too, with high administrative burden from large volumes of low-quality or unsuitable applications submitted for the purpose of meeting obligations rather than genuine applications for work.

Mutual obligations in a reformed system

The reformed employment services system will include changes to how mutual obligation requirements are applied. This will look different depending on the service stream and will be reflective of an individual's distance from the labour market.

For participants in provider-led services, mutual obligation requirements will be set out in a participant's Employment Goal Plan to complement their servicing strategy and employment aspirations, to help people gain employment. A participant will undertake activities that are better suited to their circumstances, to directly address identified barriers to employment and to lead towards work. As a person moves closer to employment, the activities in their Employment Goal plan will change, with mutual obligation requirements adjusting to reflect this.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)

Stream 1

For those closer to the labour market, mutual obligations will be simpler with participants primarily focused on job search. Participants will be actively monitored to ensure they are engaging with services, and progress will be used to identify early signs of disengagement and trigger timely intervention, including movement to a more appropriate level of support where required.

Stream 2

Mutual obligations for those moderately close to the labour market will focus on building a participant's capacity for work by connecting them to in-demand skills and training opportunities and work-ready supports, with some job-search activities. Mutual obligations will be scaled, with expectations and activities changing as a participant's employability improves.

Stream 3

For those furthest from the labour market, mutual obligation settings will be calibrated to individual circumstances, focusing on meaningful engagement with system. This Stream will more effectively connect participants with appropriate local services. Mutual obligations will be adjusted to a person's readiness to engage, including options such as volunteering, work experience, employment pathways through social enterprises and skills building.

Ensuring engagement in the system

The new mutual obligations framework will be supported by a more holistic approach to encourage continued engagement and progression to work. Meaningful engagement is a collaborative and flexible approach that focuses on maintaining connection with participants and supporting steady progress toward employment outcomes. It emphasises shared understanding, regular contact, and activities appropriate to individual circumstances and goals.

A new approach to compliance

The new system will adopt more contemporary regulatory approaches by shifting the focus towards encouraging participant engagement rather enforcing reactive compliance measures. Appropriate safeguards will ensure compliance powers are exercised lawfully and fairly, supporting more effective employment services that better enable progress towards work.

Questions

16. How can the department support providers to change towards prioritising engagement and employability?
17. What are the key features of effective activities and supports to help people into employment including in different labour market conditions?
18. How should mutual obligation settings change between streams 1, 2 and 3?

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434
s 22(1)

Driving continuous improvement

[PLACEHOLDER - The current system has contracts which were executed in 2022 that can run until 2028. While there are ways the contracts can be updated, it can be difficult for the system to adapt to labour market or social changes during this time.]

As outlined in Core Ideal 4, the reformed service will be designed to continuously improve in order to respond to users' needs and an evolving labour market. This will require mechanisms that encourage learning, innovation and adaptation, as well as active monitoring of how the system is performing, and identifying and responding to emerging issues.

Embedding continuous improvement can achieved through effective and strong oversight and monitoring complaints mechanisms and feedback loops to support increased user input, and stronger government stewardship of the system including through supporting the sharing of best practice approaches.

Identifying an ideal contract length is difficult. Contract length needs to provide time for providers to setup to deliver effective services, including workforce capability and building relationships in the community, stability to provide services and then time for a smooth transition at the end of the contract. However it cannot be 'set and forget' during this period, provider performance must be monitored and poor performance remedied as well as any updates to respond to the labour market or other changes.

Questions

19. How can information to support continuous improvement be collected in a way that minimises burden on job seekers, providers and employers?
20. What strategies would improve the sharing of best practice approaches?
21. How can stability be provided for contracted providers while embedding flexibility and responsiveness within the system?

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Chapter 6:

The key planks for reform in the 2026-27 Budget

The Government is delivering foundational reforms in the 2026-27 Budget, announcing it will invest $285.6 million over five years to strengthen the employment services system. These measures focus on recalibrating parts of the system to implement early, significant changes to service delivery. The 2026-27 Budget measures form the first key planks of reform, improving system effectiveness and efficiencies now and signalling government's commitment to change. Measures include better assessing job seekers to ensure they receive the right assistance through the right service, building improved Australian Public Service supports for people in online services, and a targeted early roll out of the Stream 3 service in a small number of locations supporting those furthest from the labour market.

With these decisions made, government is seeking feedback where implementation choices remain.

Quality initial assessments, triaging, and pathway planning

The government is investing $27.5 million over four years to introduce a new initial assessment and triaging process to more quickly and effectively match participants with the most appropriate services and supports. A high-quality triage and assessment process is an integral first step to a reformed employment services system, to increase the likelihood of people disclosing their circumstances when entering the system, that the impact of their circumstances and barriers are better understood and to ensure participants are triaged quickly into one of the three service streams that offers the right supports for their needs. The new approach to assessments will apply to people across the entire employment services system including those referred to Inclusive Employment Australia and Remote Australia Employment Services. Delivering a new assessment process is expected to reduce the time participants spend in employment services before moving into employment by ensuring people access the right support sooner. Reforms will also include a more targeted reassessment processes to ensure that as individuals' circumstances change, they continue to get the right support.

Ahead of implementing the reformed employment services system, the reforms announced in the 2026-27 Budget will introduce targeted short-term improvements to the current assessment processes to improve participant experience and strengthen service matching and over the longer term develop new assessments tools to further enhance the process. This includes enhancements to the Job Seeker Snapshot and the Participation Interview, to encourage better disclosure of needs and circumstances, ensure assessments are appropriate and provide participants with clearer information about online and provider-led services.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Questions

22. Are there any effective and efficient service allocation models that Australia should look at in ensuring that job seekers are allocated to the right service?
23. What information is not currently captured in the initial triaging / service allocation process that would be beneficial to be capture at the earlier stage to support better service allocation? How can it be collected efficiently and effectively?
24. What improvements to the triage and assessment process would you like to see?

Better servicing for those furthest from the labour market

The government is investing $52.6 million over XX years to support the early targeted rollout of the new Stream 3 service. As noted in Chapter 3, there is a growing proportion of participants that have been in the system for an extended period facing complex and interrelated barriers to employment. These participants will benefit from a new delivery approach that provides intensive support delivered by skilled mentors with demonstrated experience supporting people facing entrenched disadvantage. These mentors will have strong local networks and established relationships with employers and community services.

Participation in the service will be voluntary with people able to opt out into Workforce Australia at any time. Participation in the service will fully satisfy a participant's mutual obligations with requirements focused on meaningful engagement. The future system may include more structured options for flexible participation for people who want to engage but have limited capacity for a period.

The targeted rollout of the new Stream 3 service is expected to commence in late 2026.

Employment Goal Plan

The rollout of the Stream 3 will also include a new approach to how participants experience servicing in the future service. Supports will be anchored by a new individualised pathway planning tool, called the Employment Goal Plan. The introduction of the Employment Goal Plan will be tested with participants, setting out a tailored servicing strategy and tangible pathway to work that brings together a participant's employment goals, activities, and mutual obligation requirements to progress them further towards or into employment. Insights from this early pilot will inform the approach used in the national rollout of the Employment Goal Plan as part of a future employment service.

The Employment Goal Plan will replace the current Job Plan, which prioritises participants meeting their mutual obligations requirements over a strategy for individual employment aspirations and pathway planning. The Employment Goal Plan will ensure people are connected to the right supports that are tailored and meaningful to them, to help them address their barriers to work.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434
s 22(1)

Questions

25. What are the key features of an effective partner-led intensive service for people with complex needs?
26. What criteria should be used to identify people who would benefit most from Stream 3?
27. What participation approaches best support sustained engagement for people with complex barriers?
28. How can engagement expectations remain employment focused while recognising diverse capacities and circumstances?
29. Should Stream 3 be time-limited (e.g. 2 years)? If so, how could this work in practice?
30. What do effective Stream 3 supports look like in practice at the local level? What elements should government specify or require from providers? Where should providers have discretion?
31. How should success be measured for Stream 3, given participants will have longer pathways to employment?
32. What non-financial supports do employers need to be willing to recruit and retain Stream 3 participants?
33. How can we ensure the Employment Goal Plan helps to create quality servicing, clearly defines mutual obligations and doesn't become an administrative burden?

Improving online services for work-ready job seekers

The government is investing $205.5 million over five years to deliver an enhanced participant-led digital service for job seekers closest to the labour market. Reforms introduced in the 2026-27 Budget are a critical first step in establishing a reformed online service that is high-quality and responsive to individual needs. Reforms include:

- Enhancing digital platform functionality to be more accessible, and user-friendly. The platform will include career mapping and guidance tools that draws on an individual's employment history, skills and education to generate career pathway and skilling advice.
- Enhancing APS-delivered support for online participants to better meet demand for support, and uplifted capability of the APS workforce to provide personalised career advice and targeted support depending on individual needs.
- Trial a digital advisory service for parents to help build their confidence, capability and connections to the labour market in a fully virtual format.

These reforms will enhance the digital platform to improve accessibility, online functionality, and provide a more personalised experience for participants to help them move into employment. It will also include enhanced APS delivered support for online participants, moving from a reactive to a proactive service. The online experience will be more user-friendly and provide more employment support tools and guidance for online job seekers.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Reforms to the digital service are initial system enhancements and a step towards the Stream 1 online service. A range of other Stream 1 service settings that are yet to be settled. Stakeholder feedback will inform these service settings and ensure the future online services is genuinely responsive to the needs of job seekers and provides a better user experience.

Questions

34. How can greater personalisation be offered through the online platform to better support job seekers in Stream 1 services?
35. What kind of online features would help the most: skills and job matching, career pathway visualisation, training/course recommendations, resume builders and job application tools, labour market trends, or something else?
36. How can mandatory activation requirements be designed to take a more strengths-based approach and more clearly link to a job seekers goals and aspirations?
37. Are there some job seekers, who based on their personal circumstances (e.g. regular work, or study) may be appropriate to remain in online services for longer periods of time?
38. How can APS-delivered support complement and provide assistance for those job seekers in Stream 1 services? Is there a role for additional digital supports for some cohorts (i.e. First Nations participants and parents with caring responsibilities)?

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434
s 22(1)

s 22(1)

Appendices

Appendix X: Roles and responsibilities of different levels of government

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434
s 22(1)

Australian Government
Department of Employment and Workplace Relations

Shaping the Future of Employment Services

Discussion Paper





Documents released under FOI - LEX 2434

Acknowledgement of country

The Department of Employment and Workplace Relations respectfully acknowledges the Traditional Owners and Custodians of Country throughout Australia, their continuing connection to land, water and community.

We pay our respects to the people, the cultures, and Elders past and present, including within the department, in our communities and those we engage and partner with to deliver our work.



With the exception of the Commonwealth Coat of Arms, the Department's logo, any material protected by a trade mark and where otherwise noted all material presented in this document is provided under a Creative Commons Attribution 4.0 International (https://creativecommons.org/licenses/by/4.0/) licence.

The details of the relevant licence conditions are available on the Creative Commons website (accessible using the links provided) as is the full legal code for the CC BY 4.0 International (https://creativecommons.org/licenses/by/4.0/legalcode)

The document must be attributed as the *Shaping the Future of Employment Services: Discussion Paper*.

Documents released under FOI - LEX 2434

Table of Contents

Minister's foreword 5

Executive Summary 6

Chapter 1: The consultation process 8

How to provide a submission 8

Broader employment services reform stakeholder engagement 9

Chapter 2: The current employment services system 10

Workforce Australia 10

Complementary services and programs 11

The broader ecosystem 12

Chapter 3: The case for change 13

Reforming to meet future challenges 13

Not everyone is benefiting from the favourable labour market 14

One-size-fits-all approach means some are falling through the cracks 15

Does not always connect people to the right supports 15

Not agile enough to respond to diverse needs 15

Mismatch between mutual obligation setting and individual need 16

Employer engagement remains low 17

Commissioning can better respond to need 17

Chapter 4: Overview of the reformed service 18

Vision for reform 18

Core ideals for the reformed service 18

Service streams to meet different needs 19

Service elements 20

Chapter 5: Key policy settings for the reformed service 22

Three service streams to respond to different need 22

Online Services – Stream 1 22

Targeted provider services – Stream 2 23

Intensive services – Stream 3 24

Quality initial assessments and triaging 25

Moving between service streams 26

Introducing an Employment Goal Plan 27

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

A new approach to mutual obligations 27
Mutual obligations in a reformed system 27
A new approach to compliance 28

New approach to employer engagement 29
Strategic engagement of industry and large employers 29
Range of targeted supports 30

Delivery of high-quality services 30
Frontline staff capability 31
Supporting diverse cohorts 31
Better connections to services and local labour markets 32

Redesigned system incentives for service providers 33
Incentives for quality servicing and outcomes 33
Different provider incentives for targeted provider services and intensive services 35

Improved commissioning and contracting 35

Driving continuous improvement 37

Chapter 6: TBC 38

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Minister’s foreword

[PLACE HOLDER]

[This will reflect key aspects of the Minister’s National Press Club Speech, scheduled for 25 May 2026]

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Executive Summary

Reform vision and the case for change

The Australian Government is reforming mainstream employment services to better meet the needs of individuals, employers, communities and the economy. Based on extensive community feedback, the government has developed a vision and framework for the future employment services system. The future system aims to give people the best opportunity to secure a well-paid job.

The government is consulting on the design of key aspects of the future system. It encourages responses to the questions raised in this discussion paper and welcomes ideas to create a better system.

Australia first outsourced employment services in 1998, replacing the Commonwealth Employment Service with Job Network, which emphasised employment outcomes and tailored support. Subsequent reforms introduced Job Services Australia in 2009, targeting assistance based on disadvantage, and jobactive in 2015, strengthening mutual obligations and job search requirements.

The current system, Workforce Australia was introduced in 2022, and while some aspects of the system work well, it is in need of reform. Due to its one-size-fits-all approach, it does not meet everyone's needs, with some participants falling through the cracks.

The labour market is also changing. Jobs growth is expected to favour roles requiring post-school qualifications. Disadvantaged cohorts are finding it increasingly difficult to secure stable and well-paid work. Technologies are shifting rapidly, changing the nature of work and the capabilities that are valued in the workplace. The future system needs to be responsive to both the labour market of today and tomorrow.

Future service model

Underpinned by four core ideals, the reformed service is built around a clearer service model that matches the level and type of support to the circumstances of different job seekers. It will have three distinct streams, reflecting the need to support people with differing characteristics and levels of need:

- **Online services** for people closest to the labour market.
- **Targeted provider services** for people moderately close to work.
- **Intensive services** for people furthest from the labour market, including people with complex barriers.

Key program settings, including service intensity, provider expertise, mutual obligations and incentives will differ across the streams to align with participant need. Targeted provider services will focus on job coaching, employability support, skills and training. Intensive services will focus on sustained

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

engagement, mentoring and pathways that build confidence and work readiness. Social enterprises will play a strong role within intensive services as a pathway to open employment.

Key program settings

To realise this model, key program settings will be reformed.

Assessments and triaging processes will be redesigned to ensure participants are more consistently connected to the right support at the right time. Reassessments will ensure supports remain relevant.

The Employment Goal Plan will formalise pathway planning across all services, informing the activities and supports received by participants. This will replace the current Jobs Plan.

Mutual obligations will be redesigned to support engagement and progression towards work. Requirements will differ by stream to align to capacity and job readiness.

Employer engagement will be strengthened, as the current service does not consistently meet employer needs. The reformed system will use national industry partnerships, local employer engagement and tailored employer supports.

There will be a greater focus on the hallmarks that support high-quality servicing, including clearer expectations of frontline staff capability, consideration of the most effective way to support diverse cohorts, and better connections to local services and labour markets.

Provider incentives will be redesigned and will differ across service streams, recognising different pathways and timeframes to employment. Incentives will place greater emphasis on active support, progress towards employment and sustainable employment.

Commissioning will also change. Traditional employment services providers will continue to play a role, particularly in targeted provider services. Commissioning for intensive services will place greater weight on community-based organisations with strong local relationships, labour market knowledge and relevant workforce capability.

Employers hiring people further from the labour market may need more support before and after placement. Wage subsidies will be reviewed to ensure they are simpler, better targeted and paired with effective post-placement support

The future system will set clearer expectations for personalised services. Frontline staff will need stronger capability in coaching, mentoring, cultural capability, trauma-informed practice and navigation of complementary services.

Taken together, these reforms will create a more responsive, effective and dignified system.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Chapter 1:

The consultation process

The Australian Government is committed to reforming employment services to better meet the needs of individuals, employers, communities and the economy.

Chapter 4 of this Discussion Paper presents the government's vision for the future mainstream employment service and the servicing streams and service elements that will achieve this vision. This vision has been informed by the Employment White Paper[1] and was expanded upon in the government response to the House Select Committee Inquiry into Workforce Australia Employment Services [2] The government is now inviting stakeholders to contribute to and shape the design of settings for this future service, as outlined in Chapter 5.

Reforms to the mainstream employment services system build on the steps already taken by government to reform the broader employment services ecosystem, including:

- the introduction of Inclusive Employment Australia (IEA), reforming the specialist disability employment services
- the introduction of Remote Australia Employment Service (RAES), reforming the operation of employment services in remote areas of Australia
- the introduction of ParentPathways program, reforming pre-employment support for parents of children under 6 years
- the introduction of the Reconnection, Employment, and Learning (REAL) program, reforming the support for First Nations people on remand or in prison to build pathways to employment, education and training

How to provide a submission

Interested stakeholders are invited to submit their feedback on this paper, including in response to the questions listed. Stakeholders can provide a submission by visiting the Department of Employment and Workplace Relations' Consultation Hub at consultations.dewr.gov.au

[1] Department of the Treasury, *Working Future: The Australian Government's White Paper on Jobs and Opportunities*, Australian Government, 2023, p 224. treasury.gov.au/employment-whitepaper/final-report.
[2] Department of Employment and Workplace Relations (DEWR), *Australian Government Response to the House Select Committee on Workforce Australia Employment Services* reports, Australian Government, 2024. dewr.gov.au/employment-services-reform/resources/australian-government-response-house-select-committee-workforce-australia-employment-services.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

The closing date for submissions is 5:00pm AEST on Day Month 2026.

If you have any questions about how to complete a submission, please email exampleemail@dewr.gov.au. Please note submissions will not be accepted by email, only via the Consultation Hub.

Submissions will be published on the Consultation Hub website. Please indicate when lodging your submission if you wish for your submission to not be published, or for it to be published anonymously.

Broader employment services reform stakeholder engagement

In addition to seeking stakeholder feedback through responses to this Discussion Paper, the government will be undertaking targeted stakeholder engagement on specific topics and cohort-based focus areas to inform the final design of the future mainstream service. This includes targeted engagement with users of employment services, First Nations people, communities and representative bodies, providers, employers, and other organisations.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Chapter 2:

The current employment services system

The core purpose of Australia's employment services is to assist people to find and keep a job, while supporting employers to find the workers they need to succeed.

Employment services help job seekers via a range of assistance, including help with job search, resumes, skills development, employer connections, and other non-vocational assistance. Most participants in the employment services system are required to participate as a condition of receiving financial support through the income support safety net.

Employment services also support employers to recruit staff, connecting them with suitable candidates from the employment services caseload. Employers can access a variety of free services, including assistance with job advertisements, candidate screening, and shortlisting. Wage subsidies[3] and other supports may also be available to employers to provide the additional initial support that some new workers require to meet the needs of the job and succeed in the long-term.

In Australia, the employment services system was outsourced to contracted service providers in 1998, when the government-run Commonwealth Employment Service was replaced with *Job Network*, which featured a strong focus on employment outcomes and tailored assistance. *Job Services Australia*, introduced in 2009, grouped job seekers by levels of disadvantage, aiming to direct more intensive support to those with greater barriers to work. Introduced in 2015, jobactive placed greater emphasis on a work-first approach for job seekers, with a strong focus on mutual obligations, job search requirements and participation in mandatory activities.

Workforce Australia

Workforce Australia commenced on 4 July 2022 and was designed to prioritise investment in job seekers who need the most support, with government-run online servicing introduced for those who are most job ready. Provider delivered services were maintained for those who require more assistance, as well as a range of complementary services and programs.

The government invests around $2 billion each year to run Workforce Australia. It is currently used by around 720,000 Australians, the largest employment program administered by the Australian

[3] Wage subsidies are a an initiative that provides financial incentives to businesses to hire and retain specified participants under certain terms. They are intended to alleviate some of the initial onboarding, induction and training costs involved in recruiting new employees. Wage subsidies have been a staple of employment services since the 1970s and as such have been subject to various policy (including eligibility) changes over time.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Government. It operates across 51 employment regions across metropolitan and regional areas of Australia, with XX providers operating out of XX sites.

Workforce Australia is a system of interconnected employment services and labour market programs comprised of 3 core services:

- **Workforce Australia Online**, a basic online service for the most job ready. This service includes an online platform for job seekers to self-manage their requirements, with a dedicated contact centre available for assistance.
- **Workforce Australia Services**, a traditional provider-led service for people needing additional help to prepare for and find work. It offers case management, training and other non-vocational assistance to help participants move into jobs.
- **Transition to Work**, a specialist service for disadvantaged youth aged 15 to 24 who need additional help moving into work or further education. It delivers intensive, pre-employment support to build skills, confidence and connect with job and education opportunities.

The largest of the 3 core services is Workforce Australia Services, with more than two thirds of the current caseload.

Complementary services and programs

A range of complementary services and programs have been introduced over time to respond to distinct cohort needs, or to provide targeted supports. These services and programs complement the service offerings under the 3 core services and include:

- **Parent Pathways**, a voluntary pre-employment support service for parents or carers of children under 6, preparing to enter or re-enter the workforce. This includes an Australian Public Service delivered pilot site
- **Reconnection, Employment, and Learning (REAL) program**, a voluntary program for First Nations people who are on remand or in prison to build pathways to employment, education, and training opportunities
- **Local Jobs Program**, a collaborative, place-based initiative focused on local labour markets, working in partnership with business and communities to support tailored, local approaches to skilling individuals to meet local workforce needs
- **Self-Employment Assistance**, support to develop, start and operate a small business
- **Career Transition Assistance**, support for people aged 45 years and over to build their skills and confidence to re-enter the workforce or change career
- **Employability Skills Training**, a program to help people explore career options, develop job search, workplace and industry specific skills to be more competitive in their local labour market
- **Work for the Dole**, a program that provides participants with work-like experience to contribute to their local community and build skills to help find secure work
- **Launch into Work**, a program supporting pre-employment projects to prepare participants for specific entry-level positions within a business

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

- **WorkFoundations**, a program delivering funding for social enterprises and businesses to deliver paid employment placements for up to 6 months
- **Real Jobs, Real Wages**, providing financial incentives and ongoing support to employers to hire a person experiencing long-term unemployment (those on Workforce Australia caseload for 2 or more years) into a permanent job
- **Place-based and regional employment service initiatives**, including the Dandenong Employment Hub and Thrive Hubs, and the Broome Employment Services, Yarrabah Employment Services, and Norfolk Island Employment Support Program.
- **Early access initiative**, providing immediate access to tailored support through Workforce Australia Services to retrenched workers and their partners.

The broader ecosystem

The Australian Government is responsible for the delivery of employment services, determining the policy settings, contractual arrangements, and funding of services across the country. The Australian Government's role is grounded in constitutional powers over social welfare, taxation and external affairs, which support national employment services and income support settings.

Workforce Australia is part of a broader employment services ecosystem. It sits alongside the new Inclusive Employment Australia (IEA) a specialist disability employment program that assists people with disability, injury or health conditions to prepare for, find, and maintain work and grow their career; and Remote Australia Employment Services (RAES) program that provides participants in remote communities with a flexible employment service that supports them to upskill, find pathways to work, and contribute to their community. Both IEA and RAES commenced in November 2025. People in Workforce Australia may also interact with other Australian Government systems, such as the broader human services, and the skills, training and education systems.

The employment services system is part of a broader labour market supports ecosystem. It operates alongside many other employment, skills and training programs, delivered by all levels of government.

State and territory governments may run employment programs, but these programs are generally not targeted towards people on income support who comprise the majority of the caseload for Australian Government employment services. State and territory governments also provide skills, training, youth programs, employer partnerships and place-based initiatives, which may complement Australian Government's employment services. State and territory programs often target priority industries, disadvantaged cohorts, local labour shortages and link in with health, housing, justice and social services.

Local governments have no formal responsibility for employment services, but often support local jobs through targeted employment programs, economic development, infrastructure projects, and local networks and partnerships.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Chapter 3:

The case for change

Workforce Australia has supported XX people since it commenced in 2022. Of these XX were supported through Workforce Australia Services, with XX per cent achieving a sustainable employment outcome. XX people have entered Workforce Australia Online, with XX per cent exiting employment services before the 12-month maximum time in service was met. The introduction of permanent digital servicing for the most job-ready job seekers who can self-manage through Workforce Australia Online has created efficiencies in where funding can be targeted across the service.

However, consultations for the Employment White Paper and the House Select Committee Inquiry into Workforce Australia Employment Services identified deep-seated shortcomings with Workforce Australia that provides a strong impetus for reform. Addressing the issues discussed throughout this chapter will create a more personalised employment service that can better support the diverse circumstances of job seekers. At the same time, it would effectively respond to employer demands, adapt to local labour markets and meet the workforce needs of the future.

Reforming to meet future challenges

Australia's labour market is experiencing significant changes, driven by advances in technology such as artificial intelligence, the transition to a Net Zero economy, and the rise of the care economy. New jobs are being created every day. As Australia's economy evolves, the composition of industries and the workforce will change, as will the skills in demand and the nature of jobs.

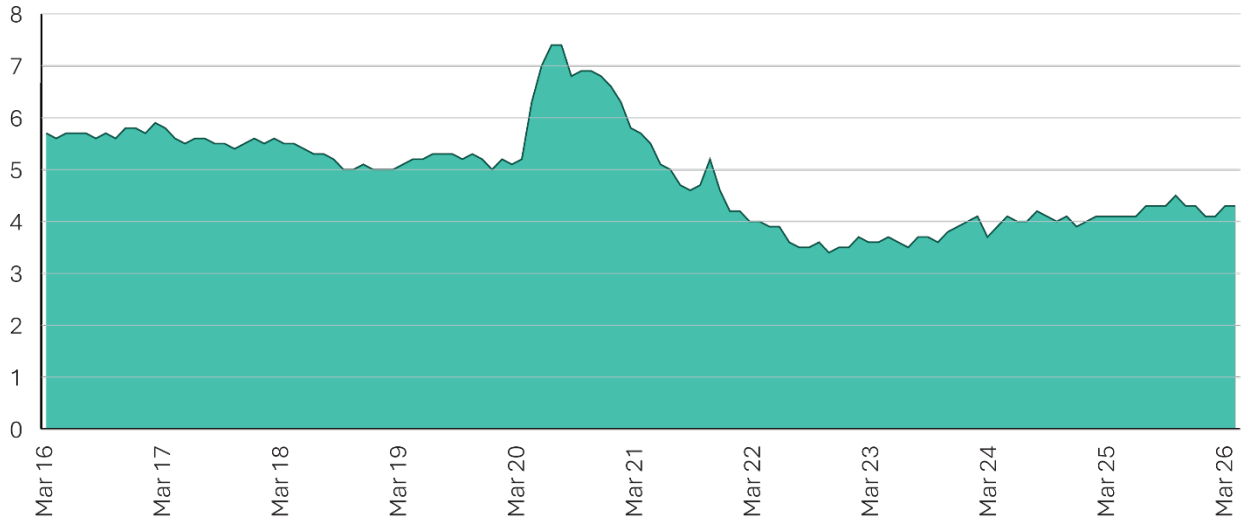
These changes have implications for people who are seeking work, with jobs growth expected to favour roles requiring post-school qualifications. Employment services need to respond. In addition to offering personalised support, it is critical that stronger links with the skills and training system are created to improve the opportunities for people in employment services to gain secure work and set them up for the future. On a system-wide level, the reformed service will need to continuously improve and adapt to an evolving labour market. This will ensure all Australians can participate in the labour market and will strengthen Australia's ability to respond to future opportunities.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434
s 22(1)

Not everyone is benefiting from the favourable labour market

Labour market conditions have been good in recent years. While Workforce Australia has been operating (since July 2022), the unemployment rate has been low by historical standards. Additionally, the labour force participation rate has been around all-time highs, with a record number of Australians in work.

Figure 1: Unemployment rate



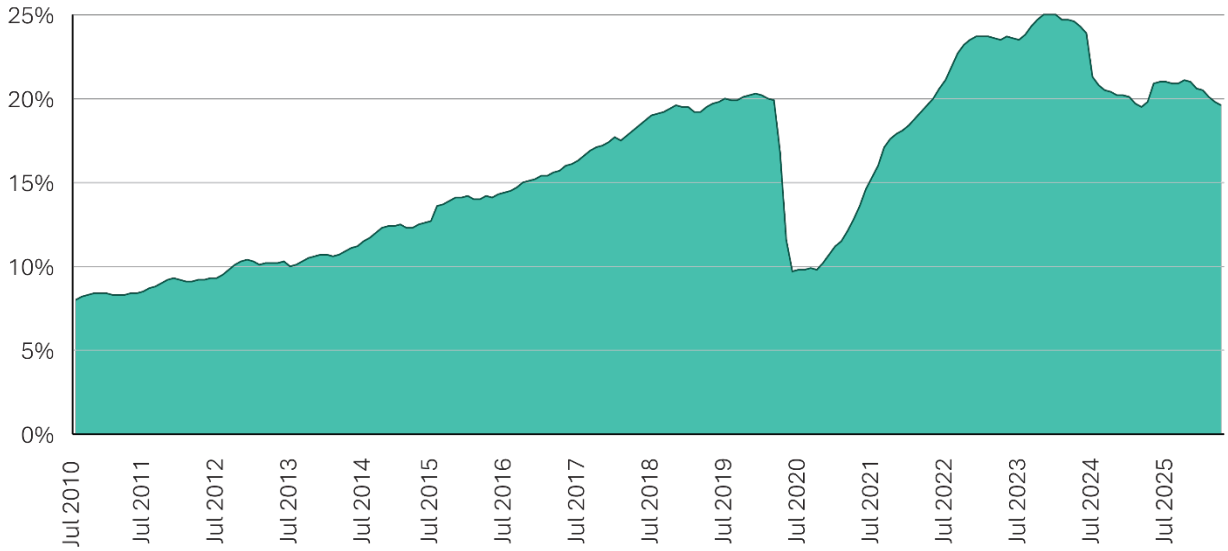
Source: ABS, Labour Force, Australia, March 2026, seasonally adjusted data.

However, not everyone is benefiting from the opportunities of a strong labour market. Some people face greater challenges in gaining employment, for example youth, mature aged people (particularly women), First Nations people, single parents, and people with disability. More effective assistance is required to ensure everyone has the opportunity to easily access work. This is becoming even more important as favourable economic conditions are giving way to a highly uncertain economic outlook arising from the conflict in West Asia.

Employment services have a critical role to help people find sustained, meaningful employment. However, even with the strong labour market in recent years, the proportion of people who are in employment services for five years or more is significantly higher than a decade ago. It is usually people with multiple and complex barriers who are making up this larger proportion of the caseload.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Figure 2: Proportion of caseload in service for 5+ years



Source: DEWR administrative data, 31 March 2026.
N.B. Data incorporates Job Services Australia (2010-2015), jobactive (2015-2022) and Workforce Australia (2022 onwards).

One-size-fits-all approach means some are falling through the cracks

Does not always connect people to the right supports

The current assessment and triaging processes do not always reliably and quickly refer people to the service that is right for them. Assessment processes do not adequately support people to understand what their information will be used for and feel comfortable enough to disclose personal circumstances affecting their employment services needs. Triaging processes also heavily rely on numerical scoring to refer people to services. As a result, many people experience inappropriate referrals which can lead to poorer employment outcomes and disengagement from the service. The current system also fails to ensure that as people's circumstances change they continue to receive the right service and supports for them.

Not agile enough to respond to diverse needs

The people who enter employment services have highly diverse circumstances and support needs. Some people are 'job ready' and need relatively little support to find employment. Others face barriers such as limited connections to the labour market or lower levels of education. Some experience complex personal circumstances, including multiple social or health issues, that means they are significantly distanced from the labour market and require more tailored supports.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Despite this diversity of needs, the current system has been designed and delivered in ways that result in a standardised servicing approach – 'one-size-fits-all'. It lacks any formal tools or servicing strategies that set out a participants' pathway to work and this has contributed to inconsistent service quality and outcomes across the system.

While Workforce Australia Online works well for many job-ready job seekers, some people need minor additional support. These people are currently unable to get this support due to limitations in the digital platform functionality and constraints in the APS support available. As such, some choose to be referred to a provider, which may offer a lot more support than they need, while others remain in online services for a long time without finding work, impacting their confidence and moving them further away from a job.

Current provider incentives tend to encourage rapid job placements, sometimes without enough regard for job suitability or quality. This can contribute to poor job fit and, for some participants, repeated movement in and out of employment services, with around a fifth of people who have exited Workforce Australia re-entering within a year. Limited recognition and reward for service quality, intermediate progress, and longer pathways encourages providers to disproportionately focus resources on participants that are more likely to get an employment outcome at the expense of those further from the labour market. These settings result in servicing that overlooks people's strengths, aspirations and individual barriers to sustainable employment, and limit meaningful progress and goal setting, which are key to effective active servicing. In addition, provider frontline staff may not always have the capability to respond to the full range of job seekers' needs, including delivering culturally capable and trauma-informed practice.

Taken together, these issues point to the need for a more agile service. A reformed system should better recognise and respond to differences in individual circumstances and connect people with the right mix of supports at the right time to support progression into sustainable employment.

Mismatch between mutual obligation setting and individual need

Mutual obligations reflect the longstanding community expectation that people who receive income support and are assessed as capable of working, have an obligation to actively look for work. Fair and proportionate mutual obligations are a key part of an effective employment service as they keep people engaged in the job search process.

The current mutual obligations system, however, is overly complex and compliance-driven, applying an approach that often does not account for individual circumstances or distance from the labour market. As a result, people are engaging in activities that are not relevant or effective in moving them closer to employment. Imposing overly onerous requirements, not accompanied by high-quality support, can cause harm and lead to adverse effects as people disengage or leave income support without securing work.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Employer engagement remains low

Employer engagement with the current employment service remains persistently low. Employers often perceive employment services to have limited value and preferring to use other recruitment channels. The current employment service has not put sufficient focus on employers and the support they need to identify how to utilise employment services to meet their workforce requirements, consider job design, recruit, train, and successfully retain new employees. Instead employers find it confusing and difficult to navigate across multiple points of contact and many programs with different requirements. They report high administrative burden, large volumes of unsuitable applications, poor candidate matching, and limited post-placement support as barriers to using employment services.

Commissioning can better respond to need

The current commissioning approach has limited flexibility, contributing to services that do not always adapt well to different regional and local labour market conditions. The number of employment service providers has also declined significantly over time, leading to greater provider concentration and more standardised approaches to service delivery within each program. This limited provider diversity has contributed to capability gaps, with providers not always aligned to participants needs. In some cases, providers may also lack strong links to local communities or have workforces that do not reflect the cohorts they support. There are also opportunities to increase the role of Aboriginal Community Controlled Organisations in delivering employment services to provide trusted, culturally attuned support to First Nations job seekers.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Chapter 4:

Overview of the reformed service

This chapter provides an overview of the government's framework for reforming employment services, outlining its vision, core ideals, structure and service elements.

Vision for reform

The government's vision for employment services reform is to deliver a system that gives people the best opportunity to secure a well-paid job.

The once in a generation reforms to realise this vision will create a more responsive, effective and dignified system. The service offerings are being redesigned, with a greater focus on personalisation and the introduction with a new service stream for people furthest from the labour market. The way people are matched to supports both from the start and while in employment services will be overhauled, to ensure they are connected to the right supports at the right time. Closer connections to employers, other local supports and the labour market will ensure participants more quickly benefit from the dignity of work.

Core ideals for the reformed service

To realise its vision for reform, the government will deliver an employment service built around four core ideals, guiding the approach to detailed design and implementation. These are:

1 **Core ideal 1**

Employment is the primary goal. Meaningful engagement moves participants into work or closer to jobs. Services help them become capable, confident, and qualified and the settings for mutual obligations are designed to enable this.

2 **Core ideal 2**

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Supports are meaningful to the participant and are tailored and proportionate to a participant's needs and distance from the labour market.

3 **Core ideal 3**

The system is easy to navigate and provides a high-quality, consistent service offering that also has the flexibility to respond to individual needs, local labour market conditions and emerging labour market trends.

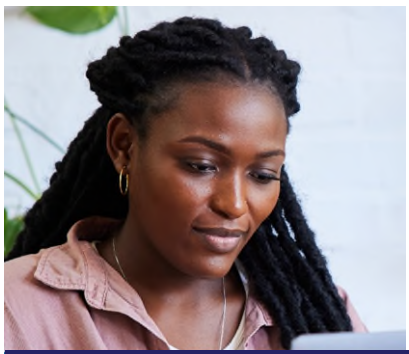
4 **Core ideal 4**

The system is designed and stewarded by the Australian Public Service to continuously improve in order to respond to users' needs and an evolving labour market.

Service streams to meet different needs

Underpinned by the core ideals, the reformed system will comprise three distinct service streams recognising that people who use employment services need different types of support depending on their distance from the labour market and how complex their barriers are. Each stream will be calibrated to respond to a participant's distance from the labour market.

Figure 6: The 3 Service streams



Online services – Stream 1

For those closest to the labour market



Targeted provider services – Stream 2

For those moderately close to the labour market



Intensive services – Stream 3

For those furthest from the labour market

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

In **online services**, job seekers are closer to the labour market and will receive targeted support and brief interventions, focused on rapid reconnection to employment.

In **targeted provider services**, job seekers are moderately close to the labour market. For them, personalised servicing will focus on active job coaching, employability support and stronger connections to skills development and short-term training that align with local labour market demand.

In **intensive services**, job seekers have more complex employment barriers. More intensive servicing will place greater emphasis on sustained engagement, mentoring and staged pathways that support job seekers to build confidence, capability and readiness for employment over time.

Further detail on each service stream is set out in Chapter 5.

Service elements

A number of underpinning service elements will support the delivery of high-quality, tailored services as part of a reformed employment services system.

These service elements include:

Improved initial assessment and triaging processes to ensure people's barriers to employment are clearly identified and better understood at the point of entering employment services, so that they are connected with the right service at the right time. Reforms will also include a more targeted reassessment processes to ensure that as individuals' circumstances change, they continue to get the right support. Assessments and triaging are covered in more detail in *Chapter 5*.

A new Employment Goal Plan will set meaningful and individualised employment goals and outline a tailored servicing strategy and pathway. It will be central to a participant's experience and will inform the range of supports participants will have access to. Employment Goal Plan is covered in more detail in *Chapter 5*.

An effective and flexible approach to applying mutual obligations that encourages engagement to support people into work. Mutual obligation settings will be calibrated to an individual's distance from the labour market and designed to be more effective in getting them into an employment pathway. Mutual obligations are covered in more detail in *Chapter 5*.

Clearer expectations on providers to deliver high-quality personalised services for participants, including empowering user choice and agency in the servicing supports they receive. Clearer expectations on providers are covered in more detail in *Chapter 5*.

Redesigned provider incentive settings, including consideration of blended funding models to reflect caseload, risk and achievement of longer-term employment outcomes. Redesigned provider incentive settings are covered in more detail in *Chapter 5*.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Improved commissioning to lift provider diversity, capability, experience, and local labour market connections. While there will continue to be a role for traditional employment services providers, there is a need to diversify the service delivery landscape. Improved commissioning is covered in more detail in *Chapter 5*.

A new approach to engagement with employers to meet workforce demands and lift recruitment and retention capabilities. The approach to employer engagement is covered in more detail in *Chapter 5*.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Chapter 5:

Key policy settings for the reformed service

Realising the Government's vision for employment services will require detailed policy and program design of core elements of the reformed system. The sections that follow set out the core elements of the reformed employment services system and key questions for stakeholder feedback on how to ensure the success of each element of the new employment service. They also outline the investments made by government in the 2026-27 Budget to reform employment services.

Three service streams to respond to different need

As outlined in Chapter 4, the reformed model will be comprised of three distinct service streams calibrated to respond to a participant's distance from the labour market.



Online Services – Stream 1

A reformed employment service will introduce a rebuilt and re-designed participant-led online service that offers more personalised and targeted supports to make it easier for participants to move into sustainable employment without the need for a provider.

This service will be delivered by government via an enhanced digital platform and APS led support (Digital Service Contact Centre), with uplifted capability to ensure participants receive timely, high-quality and tailored support to prevent disengagement.

In the 2026-27 Budget the government will make early investments of $205.5 million over 5 years to help deliver the new online service, by providing a more effective and cost-efficient way to support participants who require less intensive supports. This will be achieved by:

- improving the accessibility, personalisation, and usability of the digital platform, including introducing new career mapping and guidance tools that draw on a person's employment history, skills and education to generate career pathway and skilling advice.
- shifting the Australian Public Service-delivered Digital Services Contact Centre towards providing proactive support for online participants, including increased capacity to meet demand and improved capability to provide personalised advice and brief interventions based on individual needs

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

- trialling a fully virtual digital advisory service for parents to help build confidence, capability and connections to the labour market.

These reforms begin to put key elements of a redesigned, participant-led online service in place, while leaving many detailed service settings to be worked through. Stakeholder views are sought on these detailed settings.

In designing the future online service, government is considering how best to target online support. This includes distinguishing between people who may be able to self-manage their job search using digital tools with light-touch support, and those who may benefit from earlier access to more direct, provider delivered assistance to support progress towards employment.

There is also a balance between efficiency and engagement in a digital first service environment. This includes the appropriate mix of digital messaging, proactive contact and human support, and how these elements can work together to encourage engagement and momentum over time, without creating unnecessary burden or complexity for participants.

Another central consideration is how to balance activation in a self-managed service. This includes how online services can recognise and build on people's skills, experience and aspirations, support motivation and agency, and promote meaningful engagement that is focused on progress towards employment rather than compliance-driven activity.



Targeted provider services – Stream 2

In the reformed service, targeted provider services will support a narrower group of job seekers who are moderately close to the labour market. This includes people with employment gaps, lower educational attainment, or cycling patterns of work. Having a narrower group of job seekers allows for more focused servicing.

Participants will receive active coaching, employability support, skills development and training linked to in-demand jobs. Support will address skill gaps and connect participants with education and training that prepares them for vacancies. Servicing will reflect each person's circumstances and goals, with new pathway planning tools supporting clearer steps into work. Mutual obligation requirements will scale up as employability improves.

Provider settings will incentivise quality, job sustainability and employer engagement. Providers will be expected to prioritise activities that are proven at getting people into jobs and adopt best practice service methods. Providers will also need strong links with employers and training systems to match participants to local labour market needs rather than generic options.

In a reformed service, targeted provider services will also provide important support to retrenched workers and their eligible partners. This aligns broadly to the current Early Access initiative in Workforce Australia, which provides immediate access to employment services for people impacted by structural adjustment events, though there is always scope for improvement.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434



Intensive services – Stream 3

Intensive services will be a new service for people who are furthest from the labour market. It responds to gaps in the current system, where job seekers with the most complex needs are not receiving the level or type of support they need and are falling through the cracks. This reflects a one-size-fits-all approach that struggles to accommodate the diverse barriers different job seekers face.

The government is investing $52.6 million over 5 years to support the early targeted rollout of intensive services. The early targeted rollout is expected to commence in late 2026 and will be delivered in selected locations across Australia. Testing the new intensive service ahead of full implementation will provide valuable evidence on what works best and support refinement of the final design of intensive services.

Intensive services are for people with complex and interconnected barriers to employment that often impact their confidence and capacity to look for work. Many will require coordinated supports that go beyond what employment services can provide. Intensive services will therefore be delivered by community organisations with a strong local presence and established connections to local services, supports, employers and communities. This place-based approach will help participants to access the broader supports they need alongside employment assistance.

These reforms are intended to create a more responsive, effective and dignified service. Support in intensive services will be tailored to individual circumstances, needs and readiness to engage. Participant pathways to employment may not be linear, so services will recognise this and support them to reconnect and make sustained progress towards work. The Employment Goal Plan is one way in which tailored service delivery will be formalised. Frontline staff requirements will also reflect the need for skilled case managers with relevant qualifications and experience to deliver high quality services for those furthest from the labour market. Activities available in intensive services may include mentoring, work-like experience, volunteering, skills development, and support to navigate and engage with local services to address barriers to employment.

The focus of intensive services will be on helping participants build confidence, capability and stability, so they can move towards employment. Participants will have more time to build trust with their case manager, enabling a more positive and effective relationship. For some participants, staged or alternative pathways to work may be the most appropriate option. This may include links structured work-like experiences that support progression towards open employment. To support this, requirements will be designed to focus on meaningful engagement and on helping people move closer to, and into, employment.

A key opportunity for the new system is to connect with social enterprises to provide people with an opportunity to gain work or work experience where there are wrap around supports both prior to and after placement into a job. Social enterprises will play an important role within intensive services to provide this opportunity, including the potential to deliver services directly. Social enterprises can provide a bridge between employment services, skills training, and the open labour market for people who need more support. They are well placed to offer flexible, wrap-around support such as supervision, mentoring and job design and many have strong connections to local communities and industries. These features support work-like experiences and help create pathways into employment that align with local demand.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)

Questions

1. What are the key factors that should place a person in online versus targeted provider services versus intensive services?
2. What types of support should be offered under each of the service streams?

Quality initial assessments and triaging

Many people engaging with employment services are balancing study, caring responsibilities, health conditions, or other personal circumstances alongside searching for employment. A quality initial assessments and triaging process is crucial to ensuring people receive the appropriate support the moment they enter employment services and considers the full range of factors that influence a person's capacity to look for work and move closer to employment. It will help people feel comfortable to share information about their circumstances and ensure those circumstances are better understood. The information collected through this process will inform the employment pathway in a participant's Employment Goal Plan.

Targeted reassessment processes will also be introduced, to ensure that as individuals' circumstances change, their supports are updated. Alongside the quality initial assessment and triaging process, these reforms will ensure people are being connected to the right services and supports at the right time, reducing the time people spend in employment services.

The new approach will apply across the whole employment services system, including those referred to Inclusive Employment Australia and Remote Australia Employment Services.

In the 2026-27 Budget, the government is investing $27.5 million over four years to support development of a new initial assessment and triaging process. As an early step, this will include improvements to the current assessment processes including updates to the Job Seeker Snapshot and the Participation Interview.

The 2026-27 Budget measure also supports the development of longer-term assessment tools for use in the reformed service. The objective is to create an initial assessment and triaging process where people's circumstances are clearly identified and better understood, so that they are connected with the right stream and supports at the right time. The longer-term tools will be designed to improve people's experience of entering the system through:

- ensuring people are quickly referred to the right service for their circumstances,
- simplifying the pathway from entry to services
- increasing the services responsiveness to individuals' circumstances and needs
- improving the capability of assessors
- increasing people's understanding of the service, ensuring that people can make informed choices in entering services

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434
64
s 22(1)

- collecting the appropriate information to inform a participant's employment goal plan and servicing strategy.

Feedback is sought to help shape the detailed design and implementation of these longer-term tools.

Moving between service streams

In Workforce Australia Online, participants can also opt out of the digital service at any time, while some reach the maximum time of 12 months in digital services without successfully finding work or receiving the support that best meets their needs. These participants are then transferred to a provider in Workforce Australia Services.

Participant's circumstances can change over time. In the reformed service, targeted reassessments will help ensure participants are in the right service or service stream most suited to their current needs. Participants may need reassessment for a range of reasons. For participants in online services, this could be the emergence of additional barriers to employment, such as housing instability, requiring additional support from a provider. For participants in targeted provider services, a reassessment could be required due to a significant deterioration in mental health. For participants in intensive services, this could be significant progression towards employment or the overcoming of complex barriers to employment.

A reassessment may also result in a participant transitioning to other services across the whole employment services system, for example, Inclusive Employment Australia or Remote Employment Services Australia. A reformed employment service will carefully consider participant movement across streams and different employment services, to ensure a participant experiences a smooth transition with minimal disruptions to their servicing experience, and participant movement between services does not add additional complexity to system settings.

Imposing time limits on each service stream may be worth considering as a safety net, prompting a review of whether they need different support. For different reasons, a time limit can also act as a catalyst for engagement and progression. For example, in the Transition to Work program, most participants can receive up to 18 months of servicing, with a smaller cohort (those with more complex non-vocational barriers) able to receive up to 24 months of servicing.

Questions

3. What improvements to the triage and assessment process would you like to see?
4. What factors or circumstances should result in a participant moving between service streams

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)

Introducing an Employment Goal Plan

As outlined in Chapter 4, the reformed employment service includes a new pathway planning tool, the Employment Goal Plan. The Employment Goal Plan is an individualised pathway planning tool that will set out a clear servicing strategy and pathway to work, aligned with available jobs.

The Employment Goal Plan will bring together a person's employment goals, agreed activities and mutual obligation requirements into a clear and practical pathway to work. It is intended to make explicit the steps and timeframes for servicing and how services, supports and activities will move a person into employment. This approach places stronger emphasis on employment goals and pathway planning in service delivery, and to ensure that people are connected to tailored supports help address barriers to work. The Employment Goal Plan will replace the current Job Plan.

The Employment Goal Plan will be mutually agreed by provider and participant. Providers will be expected to work with job seekers to develop and maintain the Employment Goal Plan, providing active support and coaching, tailored to the individual's circumstances and aligned with available jobs in their local labour market. Recognising that people's circumstances change over time, the Employment Goa Plan should be updated regularly to reflect changes in personal circumstances and distance from the labour market. A simplified online Employment Goal Plan will be available in online services.

The introduction of a government pathway planning tool will allow job seeker information to follow people across providers and services. This supports the tell-it-once principle and improves service continuity.

As part of the 2026-27 Budget measures, the government is piloting the Employment Goal Plan in the early targeted rollout of the new intensive service. Insights from this testing will inform the final design and national rollout in the reformed employment service.

Questions

5. What elements will be important to capture in the Employment Goal Plan?
6. How to encourage effective use of the Employment Goal Plan by participants and providers to ensure it is meaningful, timely and relevant?

A new approach to mutual obligations

Mutual obligations in a reformed system

The reformed employment service will include changes to how mutual obligations are applied to better incentivise active job-seeking. Activities and requirements will look different depending on the service

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

stream and an individual's distance from the labour market. Requirements will be fair, proportionate and based on individual circumstances and will be scaled as people move closer to work. Requirements will be supported by meaningful engagement, ensuring participants stay connected to services and are steadily progressing towards employment.

Mutual obligations will be clearly connected to the steps outlined in a participant's Employment Goal Plan, with activities and supports to complement their servicing strategy and employment aspirations. A participant will undertake activities that are better suited to their circumstances, to directly address identified barriers to employment and lead towards work. As a person makes progress in their Employment Goal Plan, the types of activities associated with their mutual obligation will adjust to reflect this. A simplified Employment Goal Plan will be available to online services participants.

As mutual obligations are further designed and developed, the government will consider the appropriateness of application to other services in the employment services ecosystem.

Online Services

For those closer to the labour market, mutual obligations will be simpler with participants primarily focused on job search and other vocational activities set out in a simplified Employment Goal Plan. Participants will be actively monitored to ensure they are engaging with services, and progress will be used to identify early signs of disengagement and trigger timely intervention, including movement to a more appropriate level of support where required.

Targeted Provider Services

Mutual obligations for those in targeted provider services will be set out in a participant's Employment Goal Plan and focus on building their capacity for work by connecting them to in-demand skills and training opportunities and work-ready supports, combined with job-search activities. Mutual obligations will be scaled, with expectations and activities changing as a participant's employability improves.

Intensive Services

For those furthest from the labour market, mutual obligation settings will be calibrated to individual circumstances, focused on meaningful engagement and progressing a participant towards employment. Mutual obligation will be adjusted to a person's work-readiness, including participation in activities such as volunteering and work experience and with social enterprises.

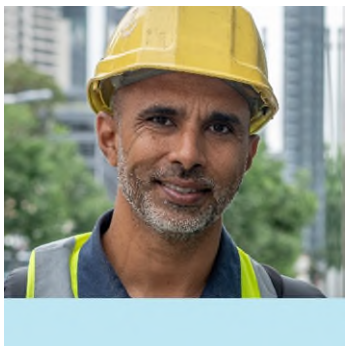
A new approach to compliance

The reformed service will adopt more contemporary regulatory approaches by shifting the focus towards encouraging participant engagement rather than enforcing reactive compliance measures. Appropriate safeguards will ensure compliance powers are exercised lawfully and fairly, supporting more effective employment services that better enable progress towards work.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Questions

7. 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?



New approach to employer engagement

The reformed employment services system will be designed to make it easier for employers to engage with the system, be more responsive to local labour market conditions and offer supports that better meet employer needs.

Currently, employers can access employment services through the posting vacancies on the Workforce Australia Online job board, as well as other complementary services and supports. Engaging with employers is central to an effective employment services system. It aligns services to real vacancies, improves job matching and retention, and lifts productivity by placing people into roles suited to both their skills and the needs of the business hiring them.

Employers are diverse in size, capability, location, and industry, and their willingness and capacity to engage with government-funded services can vary significantly. To improve employer engagement, international evidence suggests that integrating demand-side strategies into employment services, actively engaging employers as partners in jobs and skills pathways, is required to strengthen employer engagement, improve employment outcomes, and support more resilient and responsive local labour markets.

Strategic engagement of industry and large employers

The reformed employment service will be guided by a stronger national focus on building strategic partnerships with industry and large employers to create jobs and skills pathways for job seekers. This approach will support more structured and consistent engagement with industry and large employers.

Strategic partnerships will provide a foundation for aligning government, employer, and industry bodies to create clearer jobs and skills pathways, improve workforce diversity and inclusion, and simplify how employers access employment and skills supports.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434
s 22(1)

s 22(1)

Range of targeted supports

The reformed employment service will offer a range of supports targeted at employers to encourage them to hire and retain job seekers. The supports available will be tailored to job seeker need, with greater assistance for employers to engage those who are further from the labour market. Supports include pre- and post-placement support and financial assistance to support hiring and retention.

Local labour market coordination will reduce the friction that employers can face in trying to engage with employment services, fostering greater trust and a shared understanding of employer needs across services at the local level. Recognising the diverse needs of different economic regions is critical to effective service delivery. Local labour markets vary significantly in industry composition, workforce availability, and economic conditions. By considering local labour market conditions, the engagement, training and supports available to employers will be relevant, responsive, and effective.

It is proposed that there will continue to be support for job seekers to access training, equipment, and other supports needed to enter into employment, possibly through a flexible pool of funding similar to the existing provider-administered Employment Fund. Once in a job, participants and their employer will receive extended support to undertake onboarding, training, and workplace adjustments that foster lasting employment outcomes.

Wage subsidies will be reviewed. Wage subsidies function as a financial incentive to businesses to hire and retain specified participants under certain terms. They are intended to alleviate some of the initial onboarding, induction and training costs involved in recruiting new employees. There is an opportunity to simplify the current arrangements, ensure they are appropriately targeted to need, and better combine them with effective post-placement support to better provide flexible, targeted support to employers, with a focus on achieving sustainable employment.

Questions

8. How can employment services best partner with industry and large employers?
9. What supports do employers need to recruit and retain people?

Delivery of high-quality services

As outlined in Chapter 3, the current system does not consistently deliver high-quality services to individuals and employers, particularly for people with more complex needs who are further from the labour market. As outlined in core ideal 2, a reformed system will deliver services that are meaningful to participants and tailored to their needs and distance from the labour market. Hallmarks of a quality service include frontline staff (whether from the Australian Public Service or contracted providers) who deliver personalised services, the capability to respond to a diverse range of needs and strong connections to employers and other services.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)



Frontline staff capability

Meeting the diverse needs of people in employment services will require frontline staff with the right skills and capabilities to respond to the diverse needs of job seekers.

In a reformed system, frontline staff will play a more active role in guiding participants through employment services and connecting them with skills and training options, and other relevant supports. This may include requiring providers to build stronger connections to skills development, training, and pre-employment activities to improve sustainable employment outcomes. It may also involve providers more actively supporting participants to progress towards employment and while in employment.

The required frontline staff capabilities will better align with the different service intensity and circumstances of participants across all streams, including Australian Public Service call centre staff. Some ways this could be done include reflecting differences in the skills, qualifications, experience, cultural competence, the types of supports and how they are delivered, and the depth of engagement required by frontline staff across each stream. Where the Australian Public Service delivers services directly, it will operate in line with the government's vision for reform.

These changes are intended to address key limitations in the current system. They place a stronger focus on frontline capability and ensure providers are better equipped to respond to the diverse needs of participants. Their interactions with providers will be less transactional, with a stronger focus on progress towards employment goals.

Supporting diverse cohorts

As outlined earlier, the employment services caseload is highly diverse and includes many groups who experience lower employment outcomes relative to the average person seeking work.

Some groups, such as young people, may have different pathways into work and limited prior employment experience, and employment services have often taken a distinct approach to servicing this cohort. Distinct servicing to meet young people's needs include early and flexible investment, a focus on both education and employment, and strong links to education, training and apprenticeship pathways.

Other groups, including people from culturally and linguistically diverse backgrounds, may require support that focuses on building local work experience, networks, or English language proficiency. First Nations stakeholders often describe cultural safety as a key marker of service quality, with practical enablers including workforce capability and First Nations representation, accessible communication, and service settings and practices that uphold dignity and reduce disproportionate harm.

This short summary of only some of the groups in employment services highlights the importance of a responsive system that can effectively support the distinct needs of different cohorts. It reinforces the need for flexible, culturally capable and trauma-informed practices. A reformed service will need to consider how the needs of specific cohorts are best responded to, to ensure people receive inclusive and trauma informed supports that are relevant to their circumstances. It will also need to ensure providers

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

have the capability and expertise to effectively support the unique needs of different cohorts to ensure more equitable outcomes and a positive service experience for people accessing support..

Better connections to services and local labour markets

People engaging with employment services often have a range of needs. These may relate to education and skills, health, disability, housing, caring responsibilities, language, transport or social support, and are frequently interconnected. For some job seekers, progress towards employment depends on having multiple needs addressed at the same time, rather than through employment services in isolation.

Strong connections between employment services and other local services are therefore critical. There are inconsistencies in how providers currently support participants to navigate other services. Stronger links to the skills and training system will be critical in an effective employment services system, particularly for those who need additional support to find sustainable employment. For participants further from the labour market, coordinated access to local services can be critical to addressing vocational and non-vocational barriers and building confidence, capability and readiness for employment.

Providers will be expected and incentivised to play a more active role in guiding and supporting participants to connect and engage with relevant services. This includes not only referring participants to services, but actively supporting and coordinating their engagement with services, skills and training opportunities, and employers.

In reforming employment services, a key challenge will be striking the right balance between ensuring a consistent high-quality service for everyone that relies on employment services support across Australia and maintaining a flexible service that can be tailored to the needs of individuals, businesses and local labour market conditions. Experience from Workforce Australia and earlier employment service contracts shows that often local solutions, led by local service providers, engaging local businesses and community partners can achieve strong outcomes by tailoring services to local needs.

The reformed employment service will have an effective local labour market approach that can respond flexibly to the specific conditions, needs and opportunities of local communities. It will build on the approach and operational experiences from the current Local Jobs Program[4], to draw on the knowledge of local employers and communities to identify emerging trends and practical solutions. Clearer expectations, incentives and performance settings will also support providers to build and maintain strong local connections and respond to local labour market conditions.

Embedding a flexible local approach will also support rapid responses as local communities are reshaped by the broader changes to Australia's labour market, such as the transition to net zero and a growing care economy

Equity of access will also be critical, as not all participants can easily access the same array of supports. The reformed service must aim to consistently support those facing transport barriers, those in regional areas with fewer services nearby, and those unable to access online supports, for example.

[4] Jobs and Skills Australia, *Jobs and Skills Roadmap for Regional Australia – Phase 1*, Australian Government, 2025. jobsandskills.gov.au/publications/jobs-and-skills-roadmap-regional-australia-phase-1.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)

Questions

10. What qualifications and experience should be expected of frontline staff within each stream?
11. How could the future service accommodate the needs of diverse cohorts?
12. How can a nationally consistent service respond to local circumstances?



Redesigned system incentives for service providers

The reformed employment service will be designed to incentivise providers to deliver supports that meet the needs of all participants and employers.

A key challenge in ensuring all participants and employers receive the appropriate support for them is aligning service providers' goals and behaviours with the government's objectives for employment services. There are several frameworks which can incentivise or influence provider behaviour, including payments and performance frameworks. The design of settings within these frameworks, and the interplay of separate settings in conjunction with other administrative arrangements and contractual requirements, can influence the ways that providers operate and the choices they make in how they deliver their services.

Incentives for quality servicing and outcomes

Getting the balance of settings right to ensure that appropriate objectives are being met while minimising unintended consequences will be important to ensure participants and employers receive the high-quality services they deserve.

Under the reformed employment service, there will be a greater expectation on contracted providers to deliver high quality services that are tailored to the individual. For the targeted provider services and intensive services, the government can use several frameworks to influence provider behaviour, including payments and performance frameworks. Contractual arrangements will also make providers accountable for meeting this high standard, with options available to the government to amend or terminate provider contracts in the event of sustained underperformance.

Provider payments

Ensuring all participants receive active, personalised support that is proportionate to their needs and distance to the labour market is a core part of the government's vision for the reformed employment service. Payment settings which effectively reward providers for these behaviours will be critical in achieving this.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)

Different types of payments and payment structures can influence how providers deliver services. Types of payments used to incentives providers across different employment service models include:

- *upfront payments* when a person commences with a provider to ensure the provider has resources to support the person immediately
- *progress payments* when it can be demonstrated a job seeker's employment prospects have improved even if an employment outcome has not yet been achieved. These payments are intended to support ongoing servicing and support.
- *employment outcome payments* when a job seeker has commenced in a job and remains employed for a period of time. A range of time periods are often included in this type of payment, for example up to 26 week or 52 week payments, to incentivise providers placing people into sustainable employment.
- *bonuses or loadings* on top of the base level of a payment. These can be used to respond to circumstances such as more challenging labour market conditions or where a person has been in employment services for a long time.[5]

Different payment structures can offer different mixes of payment types to incentivise different behaviours. Getting the balance between payments right has been a challenge.

Local labour market conditions can impact provider and participant ability to achieve employment outcomes. This can include housing costs and shortages, local infrastructure, limited employment and training opportunities, and availability of social services. Providers delivering services in thin labour markets where there are lower volumes of job seekers and job vacancies also tend to have higher fixed costs relative to the number of participants on their caseload, with implications for provider viability and service continuity. Higher payment rates may be one way to reflect the regional challenges experienced in delivering high-quality services.

Performance measures

Monitoring service quality is a core government responsibility and reflects the Australian Public Service's stewardship role in assessing the effectiveness and quality of employment services. Strong performance measures help the government ensure services meet the needs of users and the labour market. Performance monitoring can also support early intervention where issues emerge.

Performance measures must set clear baseline expectations for service quality and the supports provided to participants and employers. At the same time, they can also reward providers that exceed minimum standards and achieve strong outcomes. Such an approach can help lift overall performance without encouraging compliance-only behaviour.

Under Workforce Australia, provider performance can directly influence a provider's ability to retain or extend their licence to deliver services. This increases the consequences of poor performance and rewards sustained quality delivery.

[5] Department of Employment and Workplace Relations (DEWR), *Workforce Australia Employment Services Provider – Payments*, Australian Government, 2025, accessed 11 May 2026. dewr.gov.au/workforce-australia/resources/workforce-australia-employment-services-provider-payments.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)

Some aspects of performance, such as progress towards employment, are challenging to measure consistently. Improvements in a participant's confidence, skills, or work readiness may not translate immediately into a job placement, which is much easier to measure. The performance framework needs to recognise these intermediate outcomes without weakening the focus on sustainable employment.

Different provider incentives for targeted provider services and intensive services

The contracted servicing streams will have different incentive settings reflecting they are supporting job seekers with different characteristics and support needs.

Targeted provider services incentives need to encourage tailored assistance and coaching, with short-to-medium term interventions and employment outcomes within shorter timeframes.

Intensive services incentives need to encourage intensive and ongoing support, with progress to employment often incremental and non-linear. Significant coordination with other services and specialist workforce skills will be required.

It will be important for final incentive frameworks and specific stream settings to reflect these different job seeker journeys, while maintaining fairness and a clear focus on supporting people to move closer to employment.

Questions

13. How should providers be incentivised to support participants into suitable, sustainable jobs, not just any job?
14. How should employment outcomes and progress towards employment be measured? How should this differ between targeted provider services and intensive services?

Improved commissioning and contracting

The government recognises the need to improve commissioning and contracting to lift provider diversity, capability, experience and local labour market connections. In the reformed employment service, commissioning will focus on engaging organisations best placed to support job seekers, with approaches varying by service stream. This includes placing greater weight on provider capability, local connections and the ability to deliver integrated and tailored support.

This represents a shift from the current system. Commissioning will move away from standardised models towards more flexible and targeted approaches that support a broader and more diverse provider market. This will include a stronger role for community-based organisations and First Nations

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434
74
s 22(1)

organisations, where appropriate, and will create opportunities for a wider range of organisations to participate in the system.

Traditional employment services providers will continue to play an important role, particularly for targeted provider services. However, commissioning will place a stronger emphasis on ensuring providers reflect the local communities they service and have appropriately skilled workforces and service delivery approaches.

For intensive services, commissioning will place a stronger focus on engaging community-based organisations with deep local connections, reflecting the need for services that are better aligned to participant needs and local labour market conditions. It will also create opportunities for different types of organisations to play a role in the system, including social enterprises. This may include engaging organisations that also deliver other social services in the local community or those with strong connections to such services where that leads to a better and more holistic experience for participants.

New approaches will be explored to broaden the range of organisations delivering employment services, including Aboriginal Community Controlled Organisations, drawing on lessons from programs such as the Reconnection, Employment and Learning (REAL) program, Parent Pathways, Inclusive Employment Assistance (IEA) and Remote Australia Employment Services (RAES).

Case Study

Broadening provider diversity and capability for the Reconnection, Employment and Learning (REAL) program

The REAL Program demonstrates how commissioning can support a more diverse and capable provider market by enabling Aboriginal Community Controlled Organisations and First Nations-led organisations to deliver employment services. Grants are offered on a longer-term basis, providing funding certainty that supports investment in workforce capability, governance and partnerships.

Providers are supported through clear guidance during commissioning and ongoing practical support once funded, including onboarding, engagement with departmental staff, and shared learning through a Community of Practice. These settings strengthen organisational capability over the life of the contract, consistent with Closing the Gap Priority Reform 2 and the Government's commitment to a strong and sustainable community-controlled sector.

Questions

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

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Driving continuous improvement

As outlined in Core Ideal 4, the reformed service will be designed to continuously improve in order to respond to users' needs and an evolving labour market. This will require mechanisms that encourage learning, innovation, and adaptation, as well as active monitoring of how the system is performing, identifying emergent issues, and responding to them.

The current employment service does not have the flexibility to quickly and effectively respond to changing individual needs, dynamic local labour market conditions, and emerging labour market trends. Contractual arrangements can act as a barrier to services adapting to changes, with lengthy contract review processes limiting government's ability to quickly address poor provider behaviour and longer contract periods limiting its ability to manage any unintended consequences arising from such arrangements. Weak feedback loops can also limit user input and scrutiny of services. The government has been taking steps to address this, including through the implementation of a new complaints dispute resolution process which investigates complaints and takes action with providers where appropriate. However, the ability of users to actively influence how the service works can still be improved.

Embedding continuous improvement will be achieved through stronger stewardship of the mainstream employment service, including through more active oversight and monitoring to identify potential gaps in jobs and skills pathways and to ensure providers are delivering quality services, improvements to complaints mechanisms and feedback loops to enable increased user input and influence of how the service works, and development and sharing of insights and best practice approaches to improve the capability of frontline staff to tailor supports to users.

Questions

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

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Chapter 6:
TBC

Just kept as a placeholder for the moment in case chapter 5 needs to be split into two chapters (e.g. Streams 1-3, and the rest)

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Australian Government
Department of Employment and Workplace Relations

Shaping the Future of Employment Services

Discussion Paper





Documents released under FOI - LEX 2434

Acknowledgement of country

The Department of Employment and Workplace Relations respectfully acknowledges the Traditional Owners and Custodians of Country throughout Australia, their continuing connection to land, water and community.

We pay our respects to the people, the cultures, and Elders past and present, including within the department, in our communities and those we engage and partner with to deliver our work.



With the exception of the Commonwealth Coat of Arms, the Department's logo, any material protected by a trade mark and where otherwise noted all material presented in this document is provided under a Creative Commons Attribution 4.0 International (https://creativecommons.org/licenses/by/4.0/) licence.

The details of the relevant licence conditions are available on the Creative Commons website (accessible using the links provided) as is the full legal code for the CC BY 4.0 International (https://creativecommons.org/licenses/by/4.0/legalcode)

The document must be attributed as the *Shaping the Future of Employment Services: Discussion Paper*.

Documents released under FOI - LEX 2434

Table of Contents

Minister's foreword 5

Executive Summary 6

Chapter 1: The consultation process 8

How to provide a submission 8

Broader employment services reform stakeholder engagement 9

Chapter 2: The current employment services system 10

Workforce Australia 10

Complementary services and programs 11

The broader ecosystem 12

Chapter 3: The case for change 13

Reforming to meet future challenges **Error! Bookmark not defined.**

Not everyone is benefiting from the favourable labour market 13

One-size-fits-all approach means some are falling through the cracks 15

Does not always connect people to the right supports 15

Not agile enough to respond to diverse needs 15

Mismatch between mutual obligation setting and individual need 16

Employer engagement remains low 16

Commissioning can better respond to need 17

Chapter 4: Overview of the reformed service 18

Vision for reform 18

Core ideals for the reformed service 18

Service streams to meet different needs 19

Service elements 20

Chapter 5: Key policy settings for the reformed service 21

Three service streams to respond to different need 21

Online Services – Stream 1 21

Targeted provider services – Stream 2 22

Intensive services – Stream 3 23

Quality initial assessments and triaging 24

Moving between service streams 24

Introducing an Employment Goal Plan 25

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

A new approach to mutual obligations 26

Mutual obligations in a reformed system **Error! Bookmark not defined.**

A new approach to compliance 27

New approach to employer engagement 27

Strategic engagement of industry and large employers 27

Range of targeted supports 28

Delivery of high-quality services 28

Frontline staff capability 29

Supporting diverse cohorts 29

Better connections to services and local labour markets 30

Redesigned system incentives for service providers 31

Incentives for quality servicing and outcomes 31

Different provider incentives for targeted provider services and intensive services 33

Improved commissioning and contracting 33

Driving continuous improvement 34

Chapter 6: TBC Error! Bookmark not defined.



Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Minister’s foreword

[PLACE HOLDER]

[This will reflect key aspects of the Minister’s National Press Club Speech, scheduled for 25 May 2026]

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Executive Summary

Reform vision and the case for change

The Australian Government is reforming mainstream employment services to better meet the needs of individuals, employers, communities and the economy. Based on extensive community feedback, the government has developed a vision and framework for the future employment services system. The future system aims to give people the best opportunity to secure a well-paid job.

The government is consulting on the design of key aspects of the future system. It encourages responses to the questions raised in this discussion paper and welcomes ideas to create a better system.

The current system, Workforce Australia was introduced in 2022, and while some aspects of the system work well, it is in need of reform. Due to its one-size-fits-all approach, it does not meet everyone's needs, with some participants falling through the cracks.

The labour market is also changing. Disadvantaged cohorts are finding it increasingly difficult to secure stable and well-paid work. Technologies are shifting rapidly, changing the nature of work and the capabilities that are valued in the workplace. The future system needs to be responsive to both the labour market of today and tomorrow.

Future service model

Underpinned by four core ideals, the new employment service is built around a clearer service model that matches the level and type of support to the circumstances of different job seekers. It will introduce three distinct service streams, reflecting the need to support people with differing characteristics and levels of need:

- **Online services** for people closest to the labour market.
- **Targeted provider services** for people moderately close to work.
- **Intensive services** for people furthest from the labour market, including people with complex barriers.

Key program settings, including service intensity, provider expertise, mutual obligations and incentives will differ across the streams to align with participant need. Targeted provider services will focus on job coaching, employability support, skills and training. Intensive services will focus on sustained engagement, mentoring and pathways that build confidence and work readiness. Social enterprises will play a strong role within intensive services as a pathway to open employment.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Key program settings

To realise this model, key program settings will be reformed.

Assessments and triaging processes will be redesigned to ensure participants are more consistently connected to the right support at the right time. Reassessments will ensure supports remain relevant.

The Employment Goal Plan will formalise pathway planning across all services, informing the activities and supports received by participants. This will replace the current Jobs Plan.

Mutual obligations will be redesigned to support engagement and progression towards work. Requirements will differ by stream to align to capacity and job readiness.

Employer engagement will be strengthened, as the current service does not consistently meet employer needs. The new employment service will use national industry partnerships, local employer engagement and tailored employer supports.

There will be a greater focus on the hallmarks that support high-quality servicing, including clearer expectations of frontline staff capability, more effective support for diverse cohorts, and better connections to local services and labour markets.

Provider incentives will be redesigned and will differ across service streams, recognising different pathways and time needed to move into employment. Incentives will place greater emphasis on active support, progress towards employment and sustainable employment.

Commissioning will also change. Traditional employment services providers will continue to play a role, particularly in targeted provider services. Commissioning for intensive services will place greater weight on community-based organisations with strong local relationships, labour market knowledge and relevant workforce capability.

Employers hiring people further from the labour market may need more support before and after placement. Wage subsidies will be reviewed to ensure they are simpler, better targeted and paired with effective post-placement support

The future system will set clearer expectations for personalised services. Frontline staff will need stronger capability in coaching, mentoring, cultural capability, trauma-informed practice and navigation of complementary services.

Taken together, these reforms will create a more responsive, effective and dignified system.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Chapter 1:

The consultation process

The Australian Government is committed to reforming employment services to better meet the needs of individuals, employers, communities and the economy.

This Discussion Paper presents the government's vision for the future mainstream employment service and the servicing streams and service elements that will achieve this vision. This vision has been informed by the Employment White Paper[1] and was expanded upon in the government response to the House Select Committee Inquiry into Workforce Australia Employment Services [2] The government is now inviting stakeholders to contribute to and shape the design of settings for this future service.

Reforms to the mainstream employment services system build on the steps already taken by government to reform the broader employment services ecosystem, including:

- the introduction of Inclusive Employment Australia (IEA), reforming the specialist disability employment services
- the introduction of Remote Australia Employment Service (RAES), reforming the operation of employment services in remote areas of Australia
- the introduction of ParentPathways program, reforming pre-employment support for parents of children under 6 years
- the introduction of the Reconnection, Employment, and Learning (REAL) program, reforming the support for First Nations people on remand or in prison to build pathways to employment, education and training.

How to provide a submission

Interested stakeholders are invited to submit their feedback on this paper, including in response to the questions listed. Stakeholders can provide a submission by visiting the Department of Employment and Workplace Relations' Consultation Hub at consultations.dewr.gov.au

The closing date for submissions is 5:00pm AEST on Day Month 2026.

[1] Department of the Treasury, *Working Future: The Australian Government's White Paper on Jobs and Opportunities*, Australian Government, 2023, p 224. treasury.gov.au/employment-whitepaper/final-report.
[2] Department of Employment and Workplace Relations (DEWR), *Australian Government Response to the House Select Committee on Workforce Australia Employment Services* reports, Australian Government, 2024. dewr.gov.au/employment-services-reform/resources/australian-government-response-house-select-committee-workforce-australia-employment-services.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434
s 22(1)

s 22(1)

If you have any questions about how to complete a submission, please email exampleemail@dewr.gov.au. Please note submissions will not be accepted by email, only via the Consultation Hub.

Submissions will be published on the Consultation Hub website. Please indicate when lodging your submission if you wish for your submission to not be published, or for it to be published anonymously.

Broader employment services reform stakeholder engagement

In addition to seeking stakeholder feedback through responses to this Discussion Paper, the government will be undertaking targeted stakeholder engagement on specific topics and cohort-based focus areas to inform the final design of the future mainstream service. This includes targeted engagement with users of employment services, First Nations people, communities and representative bodies, providers, employers, and other organisations.[3]

[placeholder for link to the ES Reform page on the DEWR website]

[3] For more details on these engagements see [placeholder link to the department's employment service reform landing page]

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434
s 22(1)

s 22(1)

Chapter 2:

The current employment services system

The core purpose of Australia's employment services is to assist people to find and keep a job, while supporting employers to find the workers they need to succeed.

Employment services help job seekers via a range of assistance, including help with job search, resumes, skills development, employer connections, and other non-vocational assistance. Most participants in the employment services system are required to participate as a condition of receiving financial support through the income support safety net.

Employment services also support employers to recruit staff, connecting them with suitable candidates from the employment services caseload. Employers can access a variety of free services, including assistance with job advertisements, candidate screening, and shortlisting. Wage subsidies[4] and other supports may also be available to employers to provide the additional initial support that some new workers require to meet the needs of the job and succeed in the long-term.

In Australia, the Australian Government's employment services system was first outsourced to contracted service providers in 1998, when the government-run Commonwealth Employment Service was replaced with *Job Network*, which featured a strong focus on employment outcomes and tailored assistance. *Job Services Australia*, introduced in 2009, grouped job seekers by levels of disadvantage, aiming to direct more intensive support to those with greater barriers to work. Introduced in 2015, *jobactive* placed greater emphasis on a work-first approach for job seekers, with a strong focus on mutual obligations, job search requirements and participation in mandatory activities.

Workforce Australia

Workforce Australia commenced on 4 July 2022 and was designed to prioritise investment in job seekers who need the most support, with government-run online servicing introduced for those who are most job ready. Provider delivered services were maintained for those who require more assistance, as well as a range of complementary services and programs.

The government invests around $2 billion each year to run Workforce Australia. It is currently used by around 720,000 Australians, the largest employment program administered by the Australian Government. It operates across 51 employment regions across metropolitan and regional areas of Australia, with XX providers operating out of XX sites.

[4] Wage subsidies are a policy mechanism to provide financial incentives to businesses to hire and retain specified participants under certain terms. They are intended to alleviate some of the initial onboarding, induction and training costs involved in recruiting new employees. Wage subsidies have been a staple of employment services since the 1970s and as such have been subject to various policy (including eligibility) changes over time.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)

Workforce Australia is a system of interconnected employment services and labour market programs comprised of 3 core services:

- **Workforce Australia Online**, a basic online service for the most job ready. This service includes an online platform for job seekers to self-manage their requirements, with a dedicated contact centre available for assistance.
- **Workforce Australia Services**, a traditional provider-led service for people needing additional help to prepare for and find work. It offers case management, training and other non-vocational assistance to help participants move into jobs.
- **Transition to Work**, a specialist service for disadvantaged youth aged 15 to 24 who need additional help moving into work or further education. It delivers intensive, pre-employment support to build skills, confidence and connect with job and education opportunities.

The largest of the 3 core services is Workforce Australia Services, with more than two thirds of the current caseload.

Complementary services and programs

A range of complementary services and programs have been introduced over time to respond to distinct cohort needs, or to provide targeted supports. These services and programs complement the service offerings under the 3 core services and include:

- **Parent Pathways**, a voluntary pre-employment support service for parents or carers of children under 6, preparing to enter or re-enter the workforce. This includes an Australian Public Service delivered pilot site
- **Reconnection, Employment, and Learning (REAL) program**, a voluntary program for First Nations people who are on remand or in prison to build pathways to employment, education, and training opportunities
- **Local Jobs Program**, a collaborative, place-based initiative focused on local labour markets, working in partnership with business and communities to support tailored, local approaches to skilling individuals to meet local workforce needs
- **Self-Employment Assistance**, support to develop, start and operate a small business
- **Career Transition Assistance**, support for people aged 45 years and over to build their skills and confidence to re-enter the workforce or change career
- **Employability Skills Training**, a program to help people explore career options, develop job search, workplace and industry specific skills to be more competitive in their local labour market
- **Work for the Dole**, a program that provides participants with work-like experience to contribute to their local community and build skills to help find secure work
- **Launch into Work**, a program supporting pre-employment projects to prepare participants for specific entry-level positions within a business
- **WorkFoundations**, a program delivering funding for social enterprises and businesses to deliver paid employment placements for up to 6 months
- **Real Jobs, Real Wages**, providing financial incentives and ongoing support to employers to hire a person experiencing long-term unemployment (those on Workforce Australia caseload for 2 or more years) into a permanent job

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

- **Place-based and regional employment service initiatives**, including the Dandenong Employment Hub and Thrive Hubs, and the Broome Employment Services, Yarrabah Employment Services, and Norfolk Island Employment Support Program.
- **Early access initiative**, providing immediate access to tailored support through Workforce Australia Services to retrenched workers and their partners.

The broader ecosystem

The Australian Government is responsible for the delivery of employment services, determining the policy settings, contractual arrangements, and funding of services across the country. The Australian Government's role is grounded in constitutional powers over social welfare, taxation and external affairs, which support national employment services and income support settings.

Workforce Australia is part of a broader employment services ecosystem. It sits alongside the new Inclusive Employment Australia (IEA) a specialist disability employment program that assists people with disability, injury or health conditions to prepare for, find, and maintain work and grow their career; and Remote Australia Employment Services (RAES) program that provides participants in remote communities with a flexible employment service that supports them to upskill, find pathways to work, and contribute to their community. Both IEA and RAES commenced in November 2025. People in Workforce Australia may also interact with other Australian Government systems, such as the broader human services, and the skills, training and education systems.

The employment services system is part of a broader labour market supports ecosystem. It operates alongside many other employment, skills and training programs, delivered by all levels of government.

State and territory governments may run employment programs, but these programs are generally not targeted towards people on income support who comprise the majority of the caseload for Australian Government employment services. State and territory governments also provide skills, training, youth programs, employer partnerships and place-based initiatives, which may complement Australian Government's employment services. State and territory programs often target priority industries, disadvantaged cohorts, local labour shortages and link in with health, housing, justice and social services.

Local governments have no formal responsibility for employment services, but often support local jobs through targeted employment programs, economic development, infrastructure projects, and local networks and partnerships.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Chapter 3:

The case for change

Workforce Australia has supported more than 1.6 million individuals since it commenced in July 2022. Of these, approximately 1 million were supported through Workforce Australia Services, with XX% achieving a sustainable employment outcome. Over 800,000 individuals have commenced in Workforce Australia Online, with XX% exiting employment services before the 12-month maximum time in service was met.[5] The introduction of permanent digital servicing for the most job-ready job seekers who can self-manage through Workforce Australia Online has created efficiencies in where funding can be targeted across the service.

However, consultations for the Employment White Paper and the House Select Committee Inquiry into Workforce Australia Employment Services identified deep-seated shortcomings with Workforce Australia that provides a strong impetus for reform. Addressing the issues discussed throughout this chapter will create a more personalised employment service that can better support the diverse circumstances of job seekers. At the same time, it would effectively respond to employer demands, adapt to local labour markets and meet the workforce needs of the future.

Not everyone is benefiting from the favourable labour market

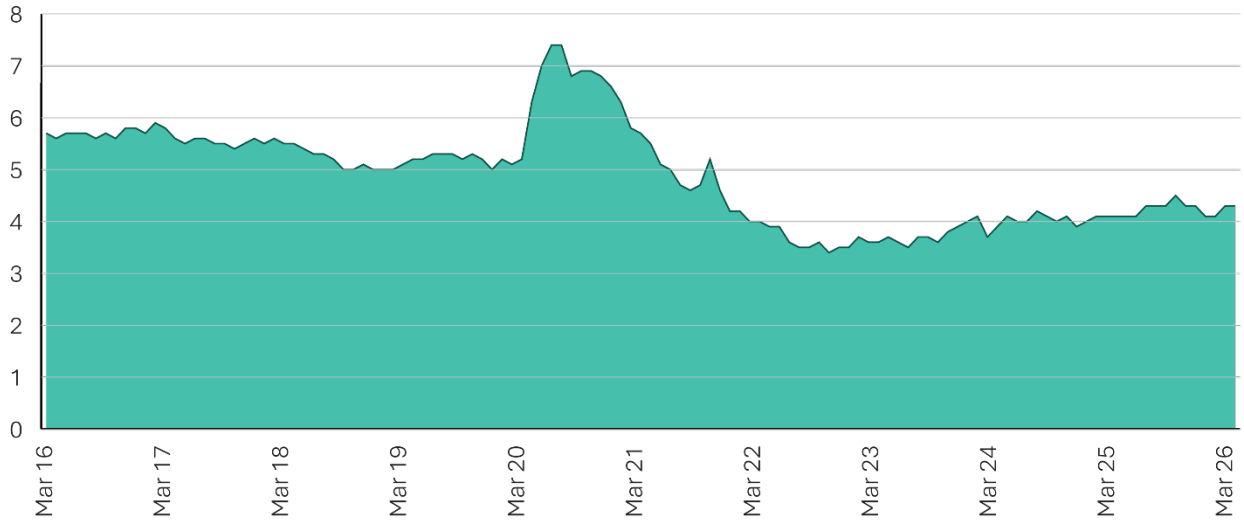
Labour market conditions have been good in recent years. While Workforce Australia has been operating (since July 2022), the unemployment rate has been low by historical standards. Additionally, the labour force participation rate has been around all-time highs, with a record number of Australians in work.

[5] DEWR administrative data, 31 March 2026.
N.B. 'XX% achieving a sustainable employment outcome' refers to the number of participants that achieved a 26-week outcome as a proportion of those that could have achieved one.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)

Figure 1: Unemployment rate



Source: ABS, Labour Force, Australia, March 2026, seasonally adjusted data.

However, not everyone is benefiting from the opportunities of a strong labour market. Some people face greater challenges in gaining employment, for example youth, mature aged people (particularly women), First Nations people, single parents, and people with disability. The Workforce Australia caseload includes a disproportionate representation of disadvantaged groups who experience employment outcomes below the national average, including people with disability (24.6%), First Nations people (15.9%), ex-offenders (12.7%), and people experiencing homelessness (11.0%).

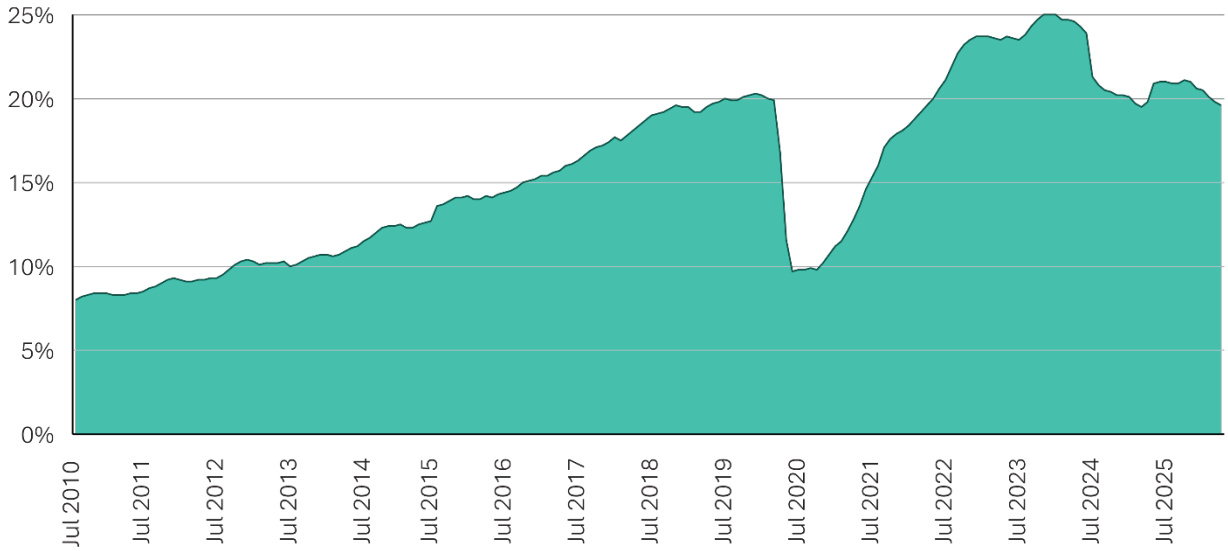
Whilst unemployment for First Nations people in the labour market has improved over the last 10 years, the proportion of First Nations people in mainstream employment services has actually been increasing from below 10% in 2015 to nearly 16% in 2026.

More effective assistance is required to ensure everyone has the opportunity to easily access work. This is becoming even more important as favourable economic conditions are giving way to a highly uncertain economic outlook arising from the conflict in the Middle East.

Employment services have a critical role to help people find sustained, meaningful employment. Despite strong labour market conditions in recent years, people closest to the labour market have not always found the online service to be effective at helping them move into work. A lack of tailored support is seeing around one in eight people reach the maximum time in allowed in online services and then be referred to a provider, impacting their confidence and moving them further away from a job. In addition to this, the proportion of people who are in employment services for five years or more is significantly higher than a decade ago. It is usually people with multiple and complex barriers who are making up this larger proportion of the caseload.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Figure 2: Proportion of caseload in service for 5+ years



Source: DEWR administrative data, 31 March 2026.
N.B. Data incorporates Job Services Australia (2010-2015), jobactive (2015-2022) and Workforce Australia (2022 onwards).

One-size-fits-all approach is not leading to sustainable outcomes for everyone

Does not always connect people to the right supports

The current assessment and triaging processes do not always reliably and quickly refer people to the service that is right for them. Assessment processes do not adequately support people to understand what their information will be used for and feel comfortable enough to disclose personal circumstances affecting their employment services needs. Triaging processes also heavily rely on numerical scoring to refer people to services. As a result, many people experience inappropriate referrals which can lead to poorer employment outcomes and disengagement from the service. The current system also fails to ensure that as people's circumstances change, they continue to receive the right service and supports for them.

Not agile enough to respond to diverse needs

The people who enter employment services have highly diverse circumstances and support needs. Some people are 'job ready' and need relatively little support to find employment. Others face barriers such as limited connections to the labour market or lower levels of education. Some experience complex personal circumstances, including multiple social or health issues, that means they are significantly distanced from the labour market and require more tailored supports.

Despite this diversity of needs, the current system has been designed and delivered in ways that result in a standardised servicing approach – 'one-size-fits-all'. It lacks any formal tools or servicing strategies that

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

set out a participants' pathway to work and this has contributed to inconsistent service quality and outcomes across the system.

While Workforce Australia Online works well for many job-ready job seekers, some people need minor additional support. These people are currently unable to get this support due to limitations in the digital platform functionality and constraints in the APS support available. Around one in nine people in online services choose to opt out and be referred to a provider, which may offer a lot more support than they need, including face to face support, while others remain in online services for a long time without finding work.

Current provider incentives tend to encourage rapid job placements, sometimes without enough regard for job suitability or quality. This can contribute to poor job fit and, for some participants, repeated movement in and out of employment services, with around one in five people who have exited Workforce Australia re-entering within a year. Limited recognition and reward for service quality, intermediate progress, and longer pathways encourages providers to disproportionately focus resources on participants that are more likely to get an employment outcome at the expense of those further from the labour market. These settings result in servicing that overlooks people's strengths, aspirations and individual barriers to sustainable employment, and limit meaningful progress and goal setting, which are key to effective active servicing. In addition, provider frontline staff may not always have the capability to respond to the full range of job seekers' needs, including delivering culturally capable and trauma-informed practice.

Taken together, these issues point to the need for a more agile service. A new service should better recognise and respond to differences in individual circumstances and connect people with the right mix of supports at the right time to support progression into sustainable employment.

Mismatch between mutual obligation settings and individual need

Mutual obligations reflect the longstanding community expectation that people who receive income support and are assessed as capable of working, have an obligation to actively look for work. Fair and proportionate mutual obligations are a key part of an effective employment service as they keep people engaged in the job search process.

The current mutual obligations system, however, is overly complex and compliance-driven, applying an approach that often does not account for individual circumstances or distance from the labour market. As a result, people are engaging in activities that are not relevant or effective in moving them closer to, and into employment. Imposing overly onerous requirements, not accompanied by high-quality support, can cause harm and lead to adverse effects as people disengage or leave income support without securing work.

Employer engagement remains low

Employer engagement with the current employment service remains persistently low. Employers often perceive employment services to have limited value and prefer to use other recruitment channels. The current employment service has not put sufficient focus on employers and the support they need to

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

identify how to utilise employment services to meet their workforce requirements, consider job design, recruit, train, and successfully retain new employees. Instead, employers find it confusing and difficult to navigate across multiple points of contact and many programs with different requirements. They report high administrative burden, large volumes of unsuitable applications, poor candidate matching, and limited post-placement support as barriers to using employment services.

Commissioning can better respond to need

The current commissioning approach has limited flexibility, contributing to services that do not always adapt well to different regional and local labour market conditions. The number of employment service providers has also declined significantly over time, leading to greater provider concentration and more standardised approaches to service delivery within each program. This limited provider diversity has contributed to capability gaps, with providers not always aligned to participants needs. In some cases, providers may also lack strong links to local communities or have workforces that do not reflect the cohorts they support. There are also opportunities to increase the role of Aboriginal Community Controlled Organisations in delivering employment services to provide trusted, culturally attuned support to First Nations job seekers.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Chapter 4:

Overview of the new employment service

This chapter provides an overview of the government's framework for reforming employment services, outlining its vision, core ideals, structure and service elements.

Vision for reform

The government's vision for employment services reform is to deliver a system that gives people the best opportunity to secure a well-paid job.

These reforms will create a more responsive, effective and dignified system. Three new service streams with different service offerings depending on an individual's distance from the labour market will be introduced, replacing the current model. The way people are matched to supports both from the start and while in employment services will be overhauled, to ensure they are connected to the right supports at the right time. Closer connections to employers, other local supports and the labour market will ensure participants more quickly benefit from the dignity of work.

Core ideals for the new service

To realise its vision for reform, the government will deliver an employment service built around four core ideals, guiding the approach to detailed design and implementation. These are:

1 **Core ideal 1**

Employment is the primary goal. Meaningful engagement moves participants into work or closer to jobs. Services help them become capable, confident, and qualified and the settings for mutual obligations are designed to enable this.

2 **Core ideal 2**

Supports are meaningful to the participant and are tailored and proportionate to a participant's needs and distance from the labour market.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)

3 **Core ideal 3**

The system is easy to navigate and provides a high-quality, consistent service offering that also has the flexibility to respond to individual needs, local labour market conditions and emerging labour market trends.

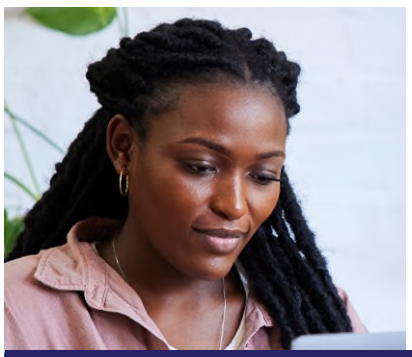
4 **Core ideal 4**

The system is designed and stewarded by the Australian Public Service to continuously improve in order to respond to users' needs and an evolving labour market.

Service streams to meet different needs

Underpinned by the core ideals, the new employment service will comprise three distinct service streams. The service streams will be calibrated to respond to a participant's distance from the labour market and how complex their barriers are. This recognises that people who use employment services need different types of support

Figure 6: The 3 Service streams



Online services – Stream 1

For those closest to the labour market



Targeted provider services – Stream 2

For those moderately close to the labour market



Intensive services – Stream 3

For those furthest from the labour market

In **online services**, job seekers are closer to the labour market and will receive targeted support and brief interventions, focused on rapid reconnection to employment.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434
96
s 22(1)

In **targeted provider services**, job seekers are moderately close to the labour market. For them, personalised servicing will focus on active job coaching, employability support and stronger connections to skills development and short-term training that align with local labour market demand.

In **intensive services**, job seekers have more complex employment barriers. More intensive servicing will place greater emphasis on sustained engagement, mentoring and staged pathways that support job seekers to build confidence, capability and readiness for employment over time.

Further detail on each service stream is set out in Chapter 5.

Service elements

A number of underpinning service elements will support the delivery of high-quality, tailored services as part of the new employment service.

These service elements include:

Improved initial assessment and triaging processes to ensure people's barriers to employment are clearly identified and better understood at the point of entering employment services, so that they are connected with the right service at the right time. Reforms will also include a more targeted reassessment processes to ensure that as individuals' circumstances change, they continue to get the right support.

A new Employment Goal Plan will set meaningful and individualised employment goals and outline a tailored servicing strategy and pathway. It will be central to a participant's experience and will inform the range of supports participants will have access to.

An effective and flexible approach to applying mutual obligations that encourages engagement to support people into work. Mutual obligation settings will be calibrated to an individual's distance from the labour market and designed to be more effective in getting them into an employment pathway.

A new approach to engagement with employers to meet workforce demands and lift recruitment and retention capabilities.

Clearer expectations on providers to deliver high-quality personalised services for participants, including empowering user choice and agency in the servicing supports they receive.

Redesigned provider incentive settings, including consideration of blended funding models to reflect caseload, risk and achievement of longer-term employment outcomes.

Improved commissioning to lift provider diversity, capability, experience, and local labour market connections. While there will continue to be a role for traditional employment services providers, there is a need to diversify the service delivery landscape.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Chapter 5:

Key policy settings for the new service

Realising the Government's vision for employment services will require detailed policy and program design of core elements of the new system. The sections that follow set out the core elements and key questions for stakeholder feedback on how to ensure the success of the new employment service. They also outline the investments made by government in the 2026-27 Budget to reform the current employment services system.

Three service streams to respond to different needs

As outlined in Chapter 4, the new model will be comprised of three distinct service streams calibrated to respond to a participant's distance from the labour market.



Online Services – Stream 1

The new employment service will introduce a new high-quality, participant-led online service that offers more personalised and targeted supports to make it easier for participants to move into sustainable employment without the need for a provider.

This service will be delivered by government via an enhanced digital platform and Australian Public Service led support, with uplifted capability to ensure participants receive timely, high-quality and tailored support to prevent disengagement.

In the 2026-27 Budget, the government made early investments of $205.5 million over 5 years to take first steps towards the new online service by:

- improving the accessibility, personalisation, and usability of the digital platform, including introducing new career mapping and guidance tools that draw on a person's employment history, skills and education to generate career pathway and skilling advice.
- shifting the Australian Public Service-delivered Digital Services Contact Centre towards providing proactive support for online participants, including increased capacity to meet demand and improved capability to provide personalised advice and brief interventions based on individual needs.
- trialling a fully virtual digital advisory service for parents to help build confidence, capability and connections to the labour market.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

In designing the future online service, government is considering how best to target online support. This includes distinguishing between people who may be able to self-manage their job search using digital tools with brief and targeted support, and those who may benefit from earlier access to more direct, provider delivered assistance. In periods of regional labour market transitions and higher overall unemployment than in recent years, providing a higher-quality online service will ensure those with recent work experience are able to get the support they need from employment services to find their next job quickly.

Another key consideration is how to balance efficiency, engagement and activation in a digital-first, self-managed service environment. This includes using the right mix of digital messaging, proactive contact and human support to sustain motivation and momentum, without creating unnecessary burden or complexity. Online services need to recognise and build on people's skills, experience and aspirations, and support agency. They also need to promote meaningful engagement focused on moving into employment quickly, rather than compliance-driven activity.



Targeted provider services – Stream 2

In the new employment service, targeted provider services will be delivered by a network of contracted service providers and support a narrower group of job seekers who are moderately close to the labour market. This includes people with employment gaps, lower educational attainment, or cycling patterns of work. Having a narrower group of job seekers allows for more focused servicing.

Participants will receive active coaching, employability support, skills development and training linked to in-demand jobs. Support will address skill gaps and connect participants with education and training that prepares them for vacancies. Servicing will reflect each person's circumstances and goals, with new pathway planning tools supporting clearer steps into work. Mutual obligation requirements will scale up as employability improves.

Provider settings will incentivise quality, job sustainability and employer engagement. Providers will be expected to prioritise activities that are proven at getting people into jobs and adopt best practice service methods. Providers will also need strong links with employers and training systems to match participants to local labour market needs rather than generic options.

In the new employment service, targeted provider services will also provide important support to retrenched workers and their eligible partners. Most people who lose their jobs will be able to re-enter the workforce quickly, including through the new online service. However, some workers will need additional support. Early access to targeted provider services will be available for these workers, regardless of their eligibility for income support. For example, people affected by major business closures or structural transitions who need additional help to identify how their existing skills transfer and what additional skills they may need to secure their next job quickly.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434



Intensive services – Stream 3

Intensive services will be a new service for people who are furthest from the labour market. It responds to gaps in the current system, where job seekers with the most complex needs are not receiving the level or type of support they need and are falling through the cracks. This reflects a one-size-fits-all approach that struggles to accommodate the diverse barriers different job seekers face.

The government is investing $52.6 million over 5 years to support the early targeted rollout of intensive services. Expected to commence in late 2026, the rollout will be delivered in selected locations across Australia. Testing the new intensive service ahead of full implementation will provide valuable evidence on what works best and support refinement of the final design of intensive services.

Intensive services are for people with complex and interconnected barriers to employment that often impact their confidence and capacity to look for work. Many will require coordinated supports that go beyond what employment services can provide. Intensive services will likely be delivered by community organisations with a strong local presence and established connections to local services, supports, employers and communities. This place-based approach will help participants to access the broader supports they need alongside employment assistance.

These reforms are intended to create a more responsive, effective and dignified service. Support in intensive services will be tailored to individual circumstances, needs and readiness to engage. Participant pathways to employment may not be linear, so services will recognise this and support them to reconnect and make sustained progress towards work. The Employment Goal Plan is one way in which tailored service delivery will be formalised. Frontline staff requirements will also reflect the need for skilled case managers with relevant qualifications and experience to deliver high quality services for those furthest from the labour market. Activities available in intensive services may include mentoring, work-like experience, volunteering, skills development, and support to navigate and engage with local services to address barriers to employment.

A key opportunity for the new system is to connect with social enterprises to provide people with an opportunity to gain work or work experience where there are wrap around supports both prior to and after placement into a job. Social enterprises will play an important role within intensive services to provide this opportunity, including the potential to deliver services directly. Social enterprises can provide a bridge between employment services, skills training, and the open labour market for people who need more support. They are well placed to offer flexible, wrap-around support such as supervision, mentoring and job design and many have strong connections to local communities and industries. These features support work-like experiences and help create pathways into employment that align with local demand.

Questions

1. What are the key factors that should place a person in online versus targeted provider services versus intensive services?
2. What types of support should be offered under each of the service streams?

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Quality initial assessments and triaging

Many people engaging with employment services are balancing caring responsibilities, health conditions, or other personal circumstances alongside searching for employment. A quality initial assessments and triaging process that considers the range of factors that influence a person's capacity to look for work and move closer to employment is crucial to ensuring people receive the appropriate support the moment they enter employment services.

A new approach to assessments will help people feel comfortable to share information about their circumstances and ensure those circumstances are better understood. The information collected through this process will inform the employment pathway in a participant's Employment Goal Plan.

The new assessments approach will apply across the whole employment services system, including those referred to Inclusive Employment Australia and Remote Australia Employment Services.

Targeted reassessment processes will also be introduced, to ensure that as individuals' circumstances change, their supports are updated.

In the 2026-27 Budget, the government is investing $27.5 million over four years to develop and trial a new initial assessment and triaging process. As an early step, this will include improvements to the current assessment processes and development of new assessment tools. The new tools will be designed to improve people's experience of entering the system through:

- ensuring people are quickly referred to the right service for their circumstances,
- simplifying the pathway from entry to services
- increasing responsiveness to individuals' circumstances and needs
- improving the capability of assessors
- increasing job seekers' understanding of the service, ensuring they can make informed choices in entering services
- collecting the appropriate information to inform a job seeker's Employment Goal Plan and servicing strategy.

Feedback is sought to help shape the detailed design and implementation of these new tools.

Moving between service streams

Participant's circumstances can change over time. In the new employment service, targeted reassessments will help ensure participants are in the right service or service stream most suited to their current needs. Participants may need reassessment for a range of reasons. For participants in online services, this could be the emergence of additional barriers to employment, such as housing instability, requiring additional support from a provider. For participants in targeted provider services, a reassessment could be required due to a significant deterioration in mental health. For participants in intensive services, this could be significant progression towards employment or the overcoming of complex barriers to employment.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

A reassessment may also result in a participant transitioning to other services across the whole employment services system, for example, Inclusive Employment Australia. The new employment service will carefully consider participant movement across streams and different employment services, to ensure a participant experiences a smooth transition with minimal disruptions to their servicing experience, and participant movement between services does not add additional complexity to system settings.

Imposing time limits on each service stream may be worth considering as a safety net, prompting a review of whether a job seeker needs different supports. A time limit can also act as a catalyst for engagement and progression. For example, in the Transition to Work program, most participants can receive up to 18 months of servicing, with a smaller cohort (those with more complex non-vocational barriers) able to receive up to 24 months of servicing.

Questions

3. What improvements to the triage and assessment process would you like to see?
4. What factors or circumstances should result in a participant moving between service streams?

Introducing an Employment Goal Plan

The new employment service includes a new Employment Goal Plan –an individualised pathway planning tool that sets out a clear servicing strategy and pathway to work, aligned with a participant's employment goals and the local labour market.

The Employment Goal Plan will bring together a person's employment goals, agreed activities and mutual obligation requirements into a clear and practical pathway to work. It will make explicit the steps and timeframes for servicing and how services, supports and activities will move a person into employment. This approach places stronger emphasis on employment goals and pathway planning in service delivery, and to ensure that people are connected to tailored supports help address barriers to work. The Employment Goal Plan will replace the current Job Plan.

The Employment Goal Plan will be mutually agreed by provider and participant. Providers will be expected to work with job seekers to develop and maintain the Employment Goal Plan. Recognising that people's circumstances change over time, the Employment Goal Plan should be updated regularly to reflect changes in personal circumstances and distance from the labour market. A simplified online Employment Goal Plan will be available in online services.

The introduction of a government pathway planning tool will allow job seeker information to follow people across providers and services. This supports the tell-it-once principle and improves service continuity.

As part of the 2026-27 Budget measures, the government is piloting the Employment Goal Plan in the early targeted rollout of the new intensive service. Insights from this testing will inform the final design and national rollout in the new employment service.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Questions

5. What elements will be important to capture in the Employment Goal Plan?
6. How can the system encourage effective use of the Employment Goal Plan by participants and providers to ensure it is meaningful, timely and relevant?

A new approach to mutual obligations

The new employment service will include changes to how mutual obligations are applied to better incentivise active job-seeking. Activities and requirements will look different depending on the service stream and an individual's distance from the labour market. Requirements will be fair, proportionate and based on individual circumstances and will be scaled as people move closer to work. Requirements will be supported by meaningful engagement, ensuring participants stay connected to services and are steadily progressing towards employment.

Mutual obligations will be clearly connected to the steps outlined in a participant's Employment Goal Plan, with activities and supports to complement their servicing strategy and employment aspirations. A participant will undertake activities that are better suited to their circumstances, to directly address identified barriers to employment and lead towards work. As a person makes progress in their Employment Goal Plan, the types of activities associated with their mutual obligation will adjust.

As mutual obligations are further designed and developed, the government will consider the appropriateness of application to other services in the employment services ecosystem.

Online services

For those closer to the labour market, mutual obligations will be simpler with participants primarily focused on job search and other vocational activities set out in a Employment Goal Plan. Participants will be actively monitored to ensure they are engaging with services, with early signs of disengagement triggering timely intervention, including movement to a more intensive level of support where required.

Targeted provider services

Mutual obligations for those in targeted provider services will be set out in a participant's Employment Goal Plan and focus on building their capacity for work by connecting them to in-demand skills and training opportunities and work-ready supports, combined with job-search activities. Mutual obligations will be scaled, with expectations and activities changing as a participant's employability improves.

Intensive services

For those furthest from the labour market, mutual obligation settings will be calibrated to individual circumstances, focused on meaningful engagement and progressing a participant towards employment. Mutual obligation will be adjusted to a person's work-readiness, including participation in activities such as volunteering and work experience and with social enterprises.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

A new approach to compliance

The new employment service will adopt more contemporary regulatory approaches by shifting the focus towards encouraging participant engagement rather than enforcing reactive compliance measures. Appropriate safeguards will ensure compliance powers are exercised lawfully and fairly, supporting more effective employment services that better enable progress towards work.

Question

7. 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?



New approach to employer engagement

The new employment service will be designed to make it easier for employers to engage with the system, be more responsive to local labour market conditions and offer supports that better meet employer needs.

Currently, employers can access employment services through the posting vacancies on the Workforce Australia Online job board, as well as other complementary services and supports. Engaging with employers is central to an effective employment services system. It aligns services to real vacancies, improves job matching and retention, and lifts productivity by placing people into roles suited to both their skills and the needs of the business hiring them.

Employers are diverse in size, capability, location, and industry, and their willingness and capacity to engage with government-funded services can vary significantly. To improve employer engagement, international evidence suggests that integrating demand-side strategies into employment services, actively engaging employers as partners in jobs and skills pathways, is required to strengthen employer engagement, improve employment outcomes, and support more resilient and responsive local labour markets.

Strategic engagement of industry and large employers

The new employment service will be guided by a stronger national focus on building strategic partnerships with industry and large employers to create jobs and skills pathways for job seekers. This approach will support more structured and consistent engagement with industry and large employers.

Strategic partnerships will provide a foundation for aligning government, employer, and industry bodies to create clearer jobs and skills pathways, improve workforce diversity and inclusion, and simplify how employers access employment and skills supports.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Range of targeted supports

The new employment service will offer a range of supports targeted at employers to encourage them to hire and retain job seekers. The supports available will be tailored to job seeker need, with greater assistance for employers to engage those who are further from the labour market. Supports include pre- and post-placement support and financial assistance to support hiring and retention.

Local labour market coordination will reduce the friction that employers can face in trying to engage with employment services, fostering greater trust and a shared understanding of employer needs across services at the local level. Recognising the diverse needs of different economic regions is critical to effective service delivery. Local labour markets vary significantly in industry composition, workforce availability, and economic conditions. By considering local labour market conditions, the engagement, training and supports available to employers will be relevant, responsive, and effective.

It is proposed that there will continue to be support for job seekers to access training, equipment, and other supports needed to enter into employment, possibly through a flexible pool of funding similar to the existing provider-administered Employment Fund. Once in a job, participants and their employer will receive extended support to undertake onboarding, training, and workplace adjustments that foster lasting employment outcomes.

Wage subsidies will be reviewed. Wage subsidies function as a financial incentive to businesses to hire and retain specified participants under certain terms. They are intended to alleviate some of the initial onboarding, induction and training costs involved in recruiting new employees. There is an opportunity to simplify the current arrangements, ensure they are appropriately targeted to need, and better combine them with effective post-placement support to better provide flexible, targeted support to employers, with a focus on achieving sustainable employment.

Questions

8. How can employment services best partner with industry and large employers?
9. What supports do employers need to recruit and retain people?

Delivery of high-quality services

As outlined in Chapter 3, the current system does not consistently deliver high-quality services to individuals and employers, particularly for people with more complex needs who are further from the labour market. As outlined in core ideal 2, the new employment service will deliver services that are meaningful to participants and tailored to their needs and distance from the labour market. Hallmarks of a quality service include frontline staff (whether from the Australian Public Service or contracted providers) who deliver personalised services, the capability to respond to a diverse range of needs and strong connections to employers and other services.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)



Frontline staff capability

Meeting the diverse needs of people in employment services will require frontline staff with the right skills and capabilities to respond to the diverse needs of job seekers.

In the new employment service, frontline staff will play a more active role in guiding participants through employment services and connecting them with skills and training options, and other relevant supports. This may include requiring providers to build stronger connections to skills development, training, and pre-employment activities to improve sustainable employment outcomes. It may also involve providers more actively supporting participants to progress towards employment and while in employment.

The required frontline staff capabilities will better align with the different service intensity and circumstances of participants across all streams, including Australian Public Service call centre staff. Some ways this could be done include reflecting differences in the skills, qualifications, experience, cultural competence, the types of supports and how they are delivered, and the depth of engagement required by frontline staff across each stream. Where the Australian Public Service delivers services directly, it will operate in line with the government's vision for reform.

These changes are intended to address key limitations in the current system. They place a stronger focus on frontline capability and ensure providers are better equipped to respond to the diverse needs of participants. Their interactions with providers will be less transactional, with a stronger focus on progress towards employment goals.

Supporting diverse cohorts

As outlined earlier, the employment services caseload is highly diverse and includes many groups who experience lower employment outcomes relative to the average person seeking work.

Some groups, such as young people, may have different pathways into work and limited prior employment experience, and employment services have often taken a distinct approach to servicing this cohort. Distinct servicing to meet young people's needs include early and flexible investment, a focus on both education and employment, and strong links to education, training and apprenticeship pathways.

Other groups, including people from culturally and linguistically diverse backgrounds, may require support that focuses on building local work experience, networks, or English language proficiency. First Nations stakeholders often describe cultural safety as a key marker of service quality, with practical enablers including workforce capability and First Nations representation, accessible communication, and service settings and practices that uphold dignity and reduce disproportionate harm.

This short summary of only some of the groups in employment services highlights the importance of a responsive system that can effectively support the distinct needs of different cohorts. It reinforces the need for flexible, culturally capable and trauma-informed practices. The new employment service will need to consider how the needs of specific cohorts are best responded to, to ensure people receive inclusive and trauma informed supports that are relevant to their circumstances. It will also need to ensure providers have the capability and expertise to effectively support the unique needs of different

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

cohorts to ensure more equitable outcomes and a positive service experience for people accessing support.

Better connections to services and local labour markets

People engaging with employment services often have a range of needs. These may relate to education and skills, health, disability, housing, caring responsibilities, language, transport or social support, and are frequently interconnected. For some job seekers, progress towards employment depends on having multiple needs addressed at the same time, rather than through employment services in isolation.

Strong connections between employment services and other local services are therefore critical. There are inconsistencies in how providers currently support participants to navigate other services. Stronger links to the skills and training system will be critical in an effective employment services system, particularly for those who need additional support to find sustainable employment. For participants further from the labour market, coordinated access to local services can be critical to addressing vocational and non-vocational barriers and building confidence, capability and readiness for employment.

Providers will be expected and incentivised to play a more active role in guiding and supporting participants to connect and engage with relevant services. This includes not only referring participants to services, but actively supporting and coordinating their engagement with services, skills and training opportunities, and employers.

In reforming employment services, a key challenge will be striking the right balance between ensuring a consistent high-quality service for everyone that relies on employment services support across Australia and maintaining a flexible service that can be tailored to the needs of individuals, businesses and local labour market conditions. Experience from Workforce Australia and earlier employment service contracts shows that often local solutions, led by local service providers, engaging local businesses and community partners can achieve strong outcomes by tailoring services to local needs.

The new employment service will have an effective local labour market approach that can respond flexibly to the specific conditions, needs and opportunities of local communities. It will build on the approach and operational experiences from the current Local Jobs Program[6], to draw on the knowledge of local employers and communities to identify emerging trends and practical solutions. Clearer expectations, incentives and performance settings will also support providers to build and maintain strong local connections and respond to local labour market conditions.

Embedding a flexible local approach will also support rapid responses as local communities are reshaped by the broader changes to Australia's labour market, such as the transition to net zero and a growing care economy.

Equity of access will also be critical, as not all participants can easily access the same array of supports. The new employment service must aim to consistently support those facing transport barriers, those in regional areas with fewer services nearby, and those unable to access online supports, for example.

[6] Jobs and Skills Australia, *Jobs and Skills Roadmap for Regional Australia – Phase 1*, Australian Government, 2025. jobsandskills.gov.au/publications/jobs-and-skills-roadmap-regional-australia-phase-1.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Questions

10. What qualifications and experience should be expected of frontline staff within each stream?
11. How could the future service accommodate the needs of diverse cohorts?
12. How can a nationally consistent service respond to local circumstances?



Redesigned system incentives for service providers

The new employment service will be designed to incentivise providers to deliver supports that meet the needs of all participants and employers.

A key challenge in ensuring all participants and employers receive the appropriate support for them is aligning service providers' goals and behaviours with the government's objectives for employment services. There are several frameworks which can incentivise or influence provider behaviour, including payments and performance frameworks. The design of settings within these frameworks, and the interplay of separate settings in conjunction with other administrative arrangements and contractual requirements, can influence the ways that providers operate and the choices they make in how they deliver their services.

Incentives for quality servicing and outcomes

Getting the balance of settings right to ensure that appropriate objectives are being met while minimising unintended consequences will be important to ensure participants and employers receive the high-quality services they deserve.

Under the new employment service, there will be a greater expectation on contracted providers to deliver high quality services that are tailored to the individual. For the targeted provider services and intensive services, the government can use several frameworks to influence provider behaviour, including payments and performance frameworks. Contractual arrangements will also make providers accountable for meeting this high standard, with options available to the government to amend or terminate provider contracts in the event of sustained underperformance.

Provider payments

Ensuring all participants receive active, personalised support that is proportionate to their needs and distance to the labour market is a core part of the government's vision for the new employment service. Payment settings which effectively reward providers for these behaviours will be critical in achieving this.

Different types of payments and payment structures can influence how providers deliver services. Types of payments used to incentives providers across different employment service models include:

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434
s 22(1)

- *upfront payments* when a person commences with a provider to ensure the provider has resources to support the person immediately
- *progress payments* when it can be demonstrated a job seeker's employment prospects have improved even if an employment outcome has not yet been achieved. These payments are intended to support ongoing servicing and support.
- *employment outcome payments* when a job seeker has commenced in a job and remains employed for a period of time. A range of time periods are often included in this type of payment, for example up to 26 week or 52 week payments, to incentivise providers placing people into sustainable employment.
- *bonuses or loadings* on top of the base level of a payment. These can be used to respond to circumstances such as more challenging labour market conditions or where a person has been in employment services for a long time.[7]

Different payment structures can offer different mixes of payment types to incentivise different behaviours. Getting the balance between payments right has been a challenge.

Local labour market conditions can impact provider and participant ability to achieve employment outcomes. This can include housing costs and shortages, local infrastructure, limited employment and training opportunities, and availability of social services. Providers delivering services in thin labour markets where there are lower volumes of job seekers and job vacancies also tend to have higher fixed costs relative to the number of participants on their caseload, with implications for provider viability and service continuity. Higher payment rates may be one way to reflect the regional challenges experienced in delivering high-quality services.

Performance measures

Monitoring service quality is a core government responsibility and reflects the Australian Public Service's stewardship role in assessing the effectiveness and quality of employment services. Strong performance measures help the government ensure services meet the needs of users and the labour market. Performance monitoring can also support early intervention where issues emerge.

Performance measures must set clear baseline expectations for service quality and the supports provided to participants and employers. At the same time, they can also reward providers that exceed minimum standards and achieve strong outcomes. Such an approach can help lift overall performance without encouraging compliance-only behaviour.

Under Workforce Australia, provider performance can directly influence a provider's ability to retain or extend their licence to deliver services. This increases the consequences of poor performance and rewards sustained quality delivery.

Some aspects of performance, such as progress towards employment, are challenging to measure consistently. Improvements in a participant's confidence, skills, or work readiness may not translate

[7] Department of Employment and Workplace Relations (DEWR), *Workforce Australia Employment Services Provider – Payments*, Australian Government, 2025, accessed 11 May 2026. dewr.gov.au/workforce-australia/resources/workforce-australia-employment-services-provider-payments.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

immediately into a job placement, which is much easier to measure. The performance framework needs to recognise these intermediate outcomes without weakening the focus on sustainable employment.

Different provider incentives for targeted provider services and intensive services

The contracted servicing streams will have different incentive settings reflecting they are supporting job seekers with different characteristics and support needs.

Targeted provider services incentives need to encourage tailored assistance and coaching, with short-to-medium term interventions and employment outcomes within shorter timeframes.

Intensive services incentives need to encourage intensive and ongoing support, with progress to employment often incremental and non-linear. Significant coordination with other services and specialist workforce skills will be required. Employment outcomes still need to be a key goal.

It will be important for final incentive frameworks and specific stream settings to reflect these different job seeker journeys, while maintaining fairness and a clear focus on supporting people to move closer to employment.

Questions

13. How should providers be incentivised to support participants into suitable, sustainable jobs, not just any job across both provider-led service streams?
14. How should employment outcomes and progress towards employment be measured? How should this differ between targeted provider services and intensive services?

Improved commissioning and contracting

The government recognises the need to improve commissioning and contracting to lift provider diversity, capability, experience and local labour market connections. In the new employment service, commissioning will focus on engaging organisations best placed to support job seekers, with approaches varying by service stream. This includes placing greater weight on provider capability, local connections and the ability to deliver integrated and tailored support.

This represents a shift from the current system. Commissioning will move away from standardised models towards more flexible and targeted approaches that support a broader and more diverse provider market. This will include a stronger role for community-based organisations and First Nations organisations, where appropriate, and will create opportunities for a wider range of organisations to participate in the system. Traditional employment services providers will continue to play an important role, particularly for targeted provider services. However, commissioning will place a stronger emphasis on ensuring providers reflect the local communities they service and have appropriately skilled workforces and service delivery approaches.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)

For intensive services, commissioning will place a stronger focus on engaging community-based organisations with deep local connections, reflecting the need for services that are better aligned to participant needs and local labour market conditions. It will also create opportunities for different types of organisations to play a role in the system, including social enterprises. This may include engaging organisations that also deliver other social services in the local community or those with strong connections to such services where that leads to a better and more holistic experience for participants.

New approaches will be explored to broaden the range of organisations delivering employment services, including Aboriginal Community Controlled Organisations, drawing on lessons from programs such as the Reconnection, Employment and Learning (REAL) program, Parent Pathways, Inclusive Employment Assistance (IEA) and Remote Australia Employment Services (RAES).

Case Study

Broadening provider diversity and capability for the Reconnection, Employment and Learning (REAL) program

The REAL Program demonstrates how commissioning can support a more diverse and capable provider market by enabling Aboriginal Community Controlled Organisations and First Nations-led organisations to deliver employment services. Grants are offered on a longer-term basis, providing funding certainty that supports investment in workforce capability, governance and partnerships.

Providers are supported through clear guidance during commissioning and ongoing practical support once funded, including onboarding, engagement with departmental staff, and shared learning through a Community of Practice. These settings strengthen organisational capability over the life of the contract, consistent with Closing the Gap Priority Reform 2 and the Government's commitment to a strong and sustainable community-controlled sector.

Question

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

Driving continuous improvement

As outlined in Core Ideal 4, the new employment service will be designed to continuously improve in order to respond to users' needs and an evolving labour market. This will require mechanisms that encourage learning, innovation, and adaptation, as well as active monitoring of how the system is performing, identifying emergent issues, and responding to them.

The current employment service does not have the flexibility to quickly and effectively respond to changing individual needs, dynamic local labour market conditions, and emerging labour market trends.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Contractual arrangements can act as a barrier to services adapting to changes, with lengthy contract review processes limiting government's ability to quickly address poor provider behaviour and longer contract periods limiting its ability to manage any unintended consequences arising from such arrangements. Weak feedback loops can also limit user input and scrutiny of services. The government has been taking steps to address this, including through the implementation of a new complaints dispute resolution process which investigates complaints and takes action with providers where appropriate. However, the ability of users to actively influence how the service works can still be improved.

Embedding continuous improvement will be achieved through stronger stewardship of the mainstream employment service, including through more active oversight and monitoring to identify potential gaps in jobs and skills pathways and to ensure providers are delivering quality services, improvements to complaints mechanisms and feedback loops to enable increased user input and influence of how the service works, and development and sharing of insights and best practice approaches to improve the capability of frontline staff to tailor supports to users.

Questions

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

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Australian Government
Department of Employment and Workplace Relations

Shaping the Future of Employment Services

Discussion Paper





Documents released under FOI - LEX 2434

Acknowledgement of country

The Department of Employment and Workplace Relations respectfully acknowledges the Traditional Owners and Custodians of Country throughout Australia, their continuing connection to land, water and community.

We pay our respects to the people, the cultures, and Elders past and present, including within the department, in our communities and those we engage and partner with to deliver our work.



With the exception of the Commonwealth Coat of Arms, the Department's logo, any material protected by a trade mark and where otherwise noted all material presented in this document is provided under a Creative Commons Attribution 4.0 International (https://creativecommons.org/licenses/by/4.0/) licence.

The details of the relevant licence conditions are available on the Creative Commons website (accessible using the links provided) as is the full legal code for the CC BY 4.0 International (https://creativecommons.org/licenses/by/4.0/legalcode)

The document must be attributed as the *Shaping the Future of Employment Services: Discussion Paper*.

Table of Contents

Minister's foreword 5

Executive Summary 6

Reform vision and the case for change 6
Future service model 6
Key service settings 7

Chapter 1: The consultation process 9

How to provide a submission 9
Broader employment services reform stakeholder engagement 10

Chapter 2: The current employment services system 11

Workforce Australia 11
Complementary services and programs 12
The broader ecosystem 13

Chapter 3: The case for change 14

Not everyone is benefiting from the favourable labour market 14
One-size-fits-all approach is not leading to sustainable outcomes for everyone 16
1. Does not always connect people to the right supports 16
2. Not agile enough to respond to diverse needs 16
3. Mismatch between mutual obligation settings and distance from the labour market 17
4. Employer engagement remains low 18
5. Commissioning can better respond to need 18

Chapter 4: Overview of the new employment service 19

Vision for reform 19
Core ideals for the new service 19
Service streams to meet different needs 20
Service elements 21

Chapter 5: Key policy settings for the new service 22

Three service streams to respond to different needs 22
Online and brief intervention services – Stream 1 22
Targeted provider services – Stream 2 23
Intensive services – Stream 3 24

Quality initial assessments and triaging 25

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)

Moving between service streams 25

Introducing an Employment Goal Plan 26

A new approach to mutual obligations 27

A new approach to compliance 28

New approach to employer engagement 28

Strategic engagement of industry and large employers 28

Local labour market approach for small and medium enterprises 29

Connecting employer vacancies with job seekers 29

Range of targeted supports 29

Delivery of high-quality services 30

Frontline staff capability 30

Supporting diverse cohorts 31

Better connections to other services 31

Providing local solutions 32

Redesigned system incentives for service providers 32

Incentives for quality servicing and outcomes 33

Different provider incentives for targeted provider services and intensive services 34

Improved commissioning and contracting 35

Driving continuous improvement 35

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)

Minister’s foreword

[PLACE HOLDER]

[This will reflect key aspects of the Minister’s National Press Club Speech, scheduled for 25 May 2026]

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Executive Summary

Reform vision and the case for change

The Australian Government is reforming mainstream employment services to better meet the needs of individuals, employers, communities and the economy. Based on extensive community feedback, the government has developed a vision and framework for the future employment services system. The future system aims to give people the best opportunity to secure a meaningful well-paid job.

The government is consulting on the design of key aspects of the new system consistent with the reform directions set out in this discussion paper. Questions in relevant sections of this paper invite feedback on particular aspects of the design of a new employment services system.

Successive governments have made changes to employment services over the last 30 years, with the current system, Workforce Australia, being introduced in 2022. While the current system works for some, others are spending more time than necessary on employment services or falling through the cracks. Each iteration of employment services over the last 30 years has shared the same key feature of applying a one-size-fits-all approach to support a caseload of diverse needs and varying distances from the labour market.

Disadvantaged cohorts are finding it increasingly difficult to secure stable and well-paid work and people accessing online services do not have access to any tailored support. Mutual obligation requirements are disconnected from practical steps that participants with vastly different degrees of job-readiness need to take to secure suitable work. Additionally, the current system is not well-geared to ensuring that those who lose their job due to economic or other circumstances are able to move quickly into their next suitable job opportunity. The future system will need to be more responsive to both the labour market of today and tomorrow.

Future service model

Underpinned by 4 core ideals, the new employment service will be built around a service model that matches the level and type of support to the circumstances of different job seekers. It will introduce 3 new, distinct service streams, reflecting the need to support people with differing characteristics and distance from the labour market:

- **Online and brief intervention services** for people closest to the labour market.
- **Targeted provider services** for people moderately close to work.
- **Intensive services** for people furthest from the labour market, including people with complex barriers.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Key service settings, including service intensity, provider expertise, mutual obligations, and incentives, will differ across the streams to align with participant need. Targeted provider services will focus on job coaching, employability support, skills and training, while intensive services will focus on sustained engagement, mentoring, and pathways that build confidence and work readiness. Social enterprises will play a strong role within intensive services as a pathway to open employment.

Key service settings

To realise this model, key service settings will be reformed.

Assessments and triaging processes will be redesigned to ensure participants are connected to the right support at the right time. Reassessments will ensure supports remain relevant.

A new Employment Goal Plan will formalise pathway planning across all services, informing the activities and supports received by participants to directly address their barriers to employment. This will replace the current Jobs Plan.

Mutual obligations will be redesigned to support engagement and progression towards and into work. Requirements will differ by stream to align with capacity and job readiness.

Employer engagement will be strengthened, as the current service does not consistently meet employer needs. The new employment service will use national industry partnerships, local employer engagement, and tailored services to provide better support for employers. Supports for employers to hire and retain job seekers will also be reviewed. Wage subsidies will be reviewed to ensure they are simpler, better targeted, and paired with effective post-placement support

There will be a greater focus on improving the drivers of high-quality servicing, including clearer expectations of frontline staff capability, more effective support for diverse cohorts, and better connections to local services and labour markets.

Provider incentives will be redesigned and will differ across service streams, recognising different pathways and time needed to move into employment. Incentives will place greater emphasis on active support, progress towards employment and sustainable employment.

Commissioning will also change. Traditional employment services providers will continue to play a role, particularly in targeted provider services. Commissioning for intensive services will place greater weight on community-based organisations with strong local relationships, labour market knowledge, and relevant workforce capability.

The new employment service will embed continuous improvement, including through active monitoring, enhanced feedback loops, and the sharing of insights to improve service quality and responsiveness.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)

s 22(1)

Taken together, these reforms will create a more responsive, effective system that helps people benefit from the dignity of work.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434
s 22(1)

s 22(1)

Chapter 1:

The consultation process

The Australian Government is committed to reforming employment services to better meet the needs of individuals, employers, communities and the economy.

This discussion paper presents the government's vision and framework for the future mainstream employment service that will be achieved through the introduction of 3 new service streams and underpinning service elements. This consultation builds on previous input to the Employment White Paper[1] and the House Select Committee Inquiry into Workforce Australia Employment Services [2] The government is now inviting stakeholders to contribute to the detailed design of settings for this future service within its vision and framework.

Reforms to mainstream employment services build on the steps already taken by government to reform the broader employment services ecosystem, including:

- the introduction of Inclusive Employment Australia (IEA), reforming specialist disability employment services
- the introduction of Remote Australia Employment Service (RAES), reforming the operation of employment services in remote areas of Australia
- the introduction of the Parent Pathways program, reforming pre-employment support for parents of children under 6 years
- the introduction of the Reconnection, Employment, and Learning (REAL) program, reforming the support for First Nations people on remand or in prison to build pathways to employment, education and training.

How to provide a submission

Interested stakeholders are invited to submit their feedback on this paper, including in response to the questions listed. Stakeholders can provide a submission by visiting the Department of Employment and Workplace Relations' Consultation Hub at consultations.dewr.gov.au

The closing date for submissions is 5:00pm AEST on 31 July 2026.

[1] Department of the Treasury, *Working Future: The Australian Government's White Paper on Jobs and Opportunities*, Australian Government, 2023, p 224. treasury.gov.au/employment-whitepaper/final-report.
[2] Department of Employment and Workplace Relations (DEWR), *Australian Government Response to the House Select Committee on Workforce Australia Employment Services* reports, Australian Government, 2024. dewr.gov.au/employment-services-reform/resources/australian-government-response-house-select-committee-workforce-australia-employment-services.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434
s 22(1)

Further information about how to make a submission is available at the Consultation Hub consultations.dewr.gov.au.

Submissions will be published on the Consultation Hub website. Please indicate when lodging your submission if you wish for your submission to not be published, or for it to be published anonymously.

Broader employment services reform stakeholder engagement

In addition to seeking stakeholder feedback through responses to this discussion paper, the government will be undertaking targeted stakeholder engagement on specific topics and cohort-based focus areas to inform the final design of the future mainstream service. This includes targeted engagement with users of employment services, First Nations people, communities and representative bodies, providers, employers, and other organisations.[3]

[placeholder for link to the ES Reform page on the DEWR website]

[3] For more details on these engagements see [placeholder link to the department's employment service reform landing page]

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Chapter 2:

The current employment services system

The core purpose of Australia's employment services is to assist people to find and keep a job, while supporting employers to find the workers that meet their workforce needs.

Employment services help job seekers via a range of assistance, including help with job search, resumes, skills development, employer connections, and other non-vocational assistance. Most people in employment services are required to participate in it and meet mutual obligation requirements as a condition of receiving financial support through the income support safety net.

Employment services also support employers to recruit staff, connecting them with suitable candidates from the employment services caseload. Employers can access a variety of free services, including assistance with job advertisements, candidate screening, and shortlisting. Wage subsidies[4] and other supports may also be available to employers to provide the additional initial support that some new workers require to meet the needs of the job and succeed in the long-term.

The Australian Government's employment services system was first outsourced to contracted service providers in 1998, when the government-run Commonwealth Employment Service was replaced with *Job Network*, which featured a strong focus on job search and mutual obligation requirements and different levels of service depending on need. *Job Services Australia*, introduced in 2009, sought to address job seeker disadvantage through increased skills development. Introduced in 2015, *jobactive* placed greater emphasis on a work-first approach for job seekers, with a strong focus on mutual obligations, job search requirements and participation in mandatory activities.

Workforce Australia

Workforce Australia commenced on 4 July 2022 and was designed to prioritise investment in job seekers who need the most support. The introduction of government-run online servicing for those who are most job ready provided an opportunity to reduce the cost of supporting people who are mostly job-ready, while provider delivered services were maintained for those who require more assistance, as well as a range of complementary services and programs.

The government invests around $2 billion each year to run Workforce Australia. It is currently used by around 720,000 Australians, the largest employment program administered by the Australian

[4] Wage subsidies are a policy mechanism to provide financial incentives to businesses to hire and retain specified participants under certain terms. They are intended to alleviate some of the initial onboarding, induction and training costs involved in recruiting new employees. Wage subsidies have been a staple of employment services since the 1970s and as such have been subject to various policy (including eligibility) changes over time.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)

s 22(1)

Government. It operates across 51 employment regions across metropolitan and regional areas of Australia, with XX providers operating out of XX sites.

Workforce Australia comprises a largely standardised core service model, alongside a range of complementary services and programs that provide more tailored supports for specific cohorts. The key services within Workforce Australia model are:

Workforce Australia Online, a basic online service for the most job ready. This service includes an online platform for job seekers to self-manage their requirements, with a dedicated contact centre available for assistance.

Workforce Australia Services, a traditional provider-led service for people needing additional help to prepare for and find work. It offers case management, training and other non-vocational assistance to help participants move into jobs.

Complementary services and programs

The additional complementary services and programs aimed at responding to distinct cohort needs, or to provide targeted supports include:

- **Transition to Work,** the Australian Government's youth specialist employment service. Transition to Work is a specialist service for disadvantaged youth aged 15 to 24 who need additional help moving into work or further education. It delivers intensive, pre-employment support to build skills, confidence and connect with job and education opportunities.
- **Parent Pathways**, a voluntary pre-employment support service for parents or carers of children under 6, preparing to enter or re-enter the workforce. This includes an Australian Public Service delivered pilot site
- **Reconnection, Employment, and Learning (REAL) program**, a voluntary program for First Nations people who are on remand or in prison to build pathways to employment, education, and training opportunities
- **Local Jobs Program**, a collaborative, place-based initiative focused on local labour markets, working in partnership with business and communities to support tailored, local approaches to skilling individuals to meet local workforce needs
- **Self-Employment Assistance**, support to develop, start and operate a small business
- **Career Transition Assistance**, support for people aged 45 years and over to build their skills and confidence to re-enter the workforce or change career
- **Employability Skills Training**, a program to help people explore career options, develop job search, workplace and industry specific skills to be more competitive in their local labour market
- **Work for the Dole**, a program that provides participants with work-like experience to contribute to their local community and build skills to help find secure work
- **Launch into Work**, a program supporting pre-employment projects to prepare participants for specific entry-level positions within a business
- **WorkFoundations**, a program delivering funding for social enterprises and businesses to deliver paid employment placements for up to 6 months

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434
s 22(1)

- **Real Jobs, Real Wages**, providing financial incentives and ongoing support to employers to hire a person experiencing long-term unemployment (those on Workforce Australia caseload for 2 or more years) into a permanent job
- **Place-based and regional employment service initiatives**, including the Dandenong Employment Hub and Thrive Hubs, and the Broome Employment Services, Yarrabah Employment Services, and Norfolk Island Employment Support Program.
- **Early access initiative**, providing immediate access to tailored support through Workforce Australia Services to retrenched workers and their partners.

The broader ecosystem

The Australian Government is responsible for the delivery of employment services, determining the policy settings, contractual arrangements, and funding of services across the country. The Australian Government's role is grounded in constitutional powers over social welfare, taxation and external affairs, which support national employment services and income support settings.

Workforce Australia is part of a broader employment services ecosystem. It sits alongside the new Inclusive Employment Australia (IEA) a specialist disability employment program that assists people with disability, injury or health conditions to prepare for, find, and maintain work and grow their career; and Remote Australia Employment Services (RAES) program that provides participants in remote communities with a flexible employment service that supports them to upskill, find pathways to work, and contribute to their community. Both IEA and RAES commenced in November 2025. People in Workforce Australia may also interact with other Australian Government systems, such as the broader human services, and the skills, training and education systems.

The employment services system is part of a broader labour market supports ecosystem. It operates alongside many other employment, skills and training programs, delivered by all levels of government.

State and territory governments may run employment programs, but these programs are generally not targeted towards people on income support who comprise the majority of the caseload for Australian Government employment services. State and territory governments also provide skills, training, youth programs, employer partnerships and place-based initiatives, which may complement Australian Government's employment services. State and territory programs often target priority industries, disadvantaged cohorts, local labour shortages and link in with health, housing, justice and social services.

Local governments have no formal responsibility for employment services, but often support local jobs through targeted employment programs, economic development, infrastructure projects, and local networks and partnerships.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Chapter 3:

The case for change

Workforce Australia has supported more than 1.6 million individuals since it commenced in July 2022. Of these, approximately 1 million were supported through Workforce Australia Services, with XX% achieving a sustainable employment outcome (26 weeks or more). Over 800,000 individuals have commenced in Workforce Australia Online, with XX% exiting employment services before the 12-month maximum time in service was met.[5] However, while the current employment services system has workforce for some, it is not working as well as it should for the individual participants, employees or the broader economy.

Consultations for the Employment White Paper and the House Select Committee Inquiry into Workforce Australia Employment Services identified deep-seated shortcomings with Workforce Australia that provides a strong impetus for reform. Addressing the issues discussed throughout this chapter will create a more personalised and responsive employment service that can better support job seekers depending on their distance from the labour market. At the same time, it would effectively respond to employer demands, adapt to local labour markets and meet the workforce needs of the future.

Not everyone is benefiting from the favourable labour market

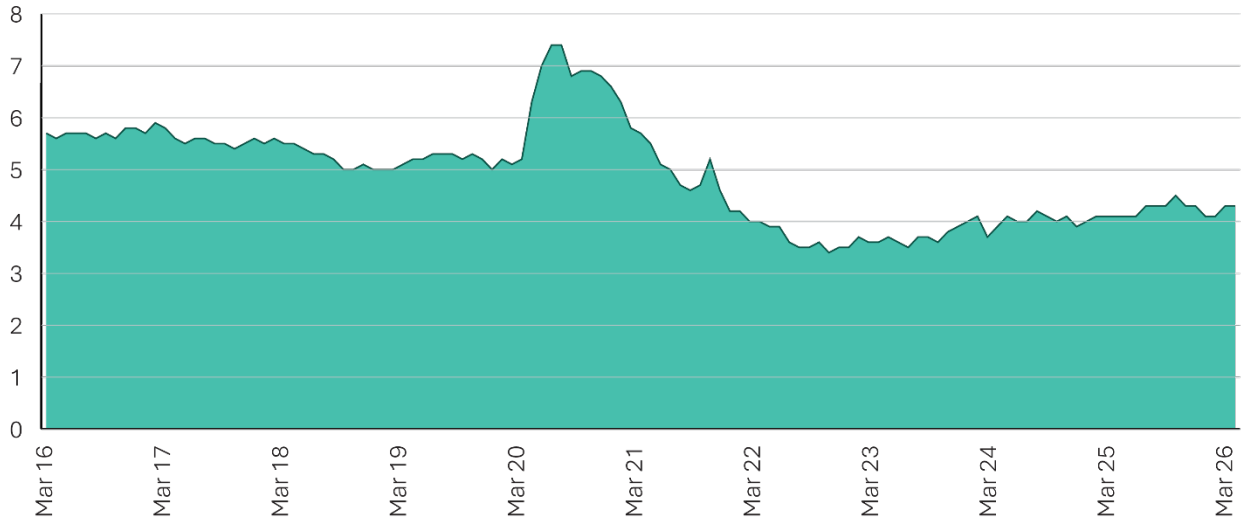
Labour market conditions have been good in recent years. While Workforce Australia has been operating (since July 2022), the unemployment rate has been low by historical standards. Additionally, the labour force participation rate has been around all-time highs, with a record number of Australians in work.

[5] DEWR administrative data, 31 March 2026.
N.B. 'XX% achieving a sustainable employment outcome' refers to the number of participants that achieved a 26-week outcome as a proportion of those that could have achieved one.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)

Figure 1: Unemployment rate



Source: ABS, Labour Force, Australia, March 2026, seasonally adjusted data.

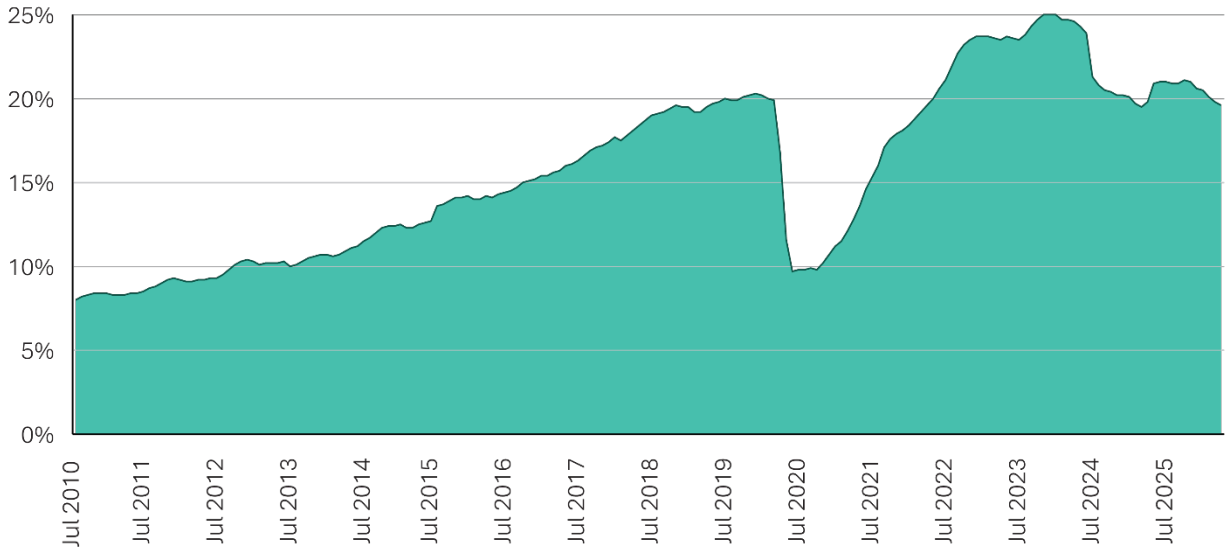
However, not everyone is benefiting from the opportunities of a strong labour market. Some people face greater challenges in gaining employment, for example youth, mature aged people (particularly women), First Nations people, single parents, and people with disability. The Workforce Australia caseload includes a disproportionate representation of disadvantaged groups who experience employment outcomes below the national average, including people with disability (24.6%), First Nations people (15.9%), ex-offenders (12.7%), and people experiencing homelessness (11.0%).

Employment services have a critical role to help people find sustained, meaningful employment. Despite strong labour market conditions in recent years, people closest to the labour market have not always found the online service to be effective at helping them move into work. A lack of tailored support is seeing around 1 in 8 people reach the maximum time in allowed in online services and then be referred to a provider, impacting their confidence and moving them further away from a job. In addition to this, the proportion of people who are in employment services for 5 years or more is significantly higher than a decade ago. It is usually people with multiple and complex barriers who are making up this larger proportion of the caseload.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)

Figure 2: Proportion of caseload in service for 5+ years



Source: DEWR administrative data, 31 March 2026.
N.B. Data incorporates Job Services Australia (2010-2015), jobactive (2015-2022) and Workforce Australia (2022 onwards).

One-size-fits-all approach is not leading to sustainable outcomes for everyone

These concerns were highlighted in the government's Employment White Paper and echoed in the final report by the House Select Committee on Workforce Australia Employment Services, drawing on the evidence of hundreds of submissions and witnesses. The Employment White Paper and Final Report of the Select Committee found that from the moment someone enters the employment services system, they are faced with a blunt, one-size-fits-all approach. This is driven by the 5 fundamental shortcomings described below.

1. Does not always connect people to the right supports

The current assessment and triaging processes do not always reliably and quickly refer people to the service that is right for them. Assessment processes do not adequately support people to understand what their information will be used for and feel comfortable enough to disclose personal circumstances affecting their employment services needs. Triaging processes also heavily rely on numerical scoring to refer people to services. As a result, many people experience inappropriate referrals which can lead to poorer employment outcomes and disengagement from the service. The current system also fails to ensure that as people's circumstances change, they continue to receive the right service and supports for them.

2. Not agile enough to respond to diverse needs

The people who enter employment services have highly diverse circumstances and support needs. Some people are 'job ready' and need relatively little support to find employment. Others face barriers such as

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

limited connections to the labour market or lower levels of education. Some experience complex personal circumstances, including multiple social or health issues, that means they are significantly distanced from the labour market and require more tailored supports.

Despite this diversity of needs, the current system has been designed and delivered in ways that result in a standardised servicing approach – 'one-size-fits-all'. It lacks any formal tools or servicing strategies that set out a participants' pathway to work and this has contributed to inconsistent service quality and outcomes across the system.

While Workforce Australia Online works well for many job-ready job seekers, some people need important but relatively modest additional support. These people are currently unable to get this support due to limitations in the digital platform functionality and constraints in the APS support available. Around 1 in 9 people in online services choose to opt out and be referred to a provider, which may offer a lot more support than they need, including face to face support, while others remain in online services for a long time without finding work.

Current provider incentives tend to encourage rapid job placements, sometimes without enough regard for job suitability or quality. This can contribute to poor job fit and, for some participants, repeated movement in and out of employment services, with around 1 in 5 people who have exited Workforce Australia re-entering within a year. [placeholder – has the 1 in 5 statistic been increasing over time?] Higher re-entry rates to employment services may indicate many participants are not being supported into suitable or sustainable employment. This is a poor outcome for job seekers and increases costs for government.

Limited recognition and reward for service quality, intermediate progress, and longer pathways encourages providers to disproportionately focus resources on participants that are more likely to get an employment outcome at the expense of those further from the labour market. These settings result in servicing that overlooks people's strengths, aspirations and individual barriers to sustainable employment, and limit meaningful progress and goal setting, which are key to effective active servicing. In addition, provider frontline staff may not always have the capability to respond to the full range of job seekers' needs, including delivering culturally capable and trauma-informed practice.

Taken together, these issues point to the need for a more tailored and agile service. A new service should better recognise and respond to differences in individual circumstances and connect people with the right mix of supports at the right time to support progression into sustainable employment.

3. Mismatch between mutual obligation settings and distance from the labour market

Mutual obligations reflect the longstanding community expectation that people who receive income support and are assessed as capable of working, have an obligation to actively look for work. Fair and proportionate mutual obligations are a key part of an effective employment service as they keep people engaged in the job search process.

The current mutual obligations system, however, is overly complex and compliance-driven, applying an approach that often does not account for individual circumstances or distance from the labour market. As

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

a result, people are engaging in activities that are not relevant or effective in moving them closer to, and into employment. Imposing overly onerous requirements, not accompanied by high-quality support, can cause harm and lead to adverse effects as people disengage or leave income support without securing work.

4. Employer engagement remains low

Employer engagement with the current employment service remains persistently low. Employers often perceive employment services to have limited value and prefer to use other recruitment channels. The current employment service has not put sufficient focus on employers and the support they need to identify how to utilise employment services to meet their workforce requirements, consider job design, recruit, train, and successfully retain new employees. Instead, employers find it confusing and difficult to navigate across multiple points of contact and many programs with different requirements. They report high administrative burden, large volumes of unsuitable applications, poor candidate matching, and limited post-placement support as barriers to using employment services.

5. Commissioning can better respond to need

The current commissioning approach has limited flexibility, contributing to services that do not always adapt well to different regional and local labour market conditions. The number of employment service providers has also declined significantly over time, leading to greater provider concentration and more standardised approaches to service delivery within each program. This limited provider diversity has contributed to capability gaps, with providers not always aligned to participants needs. In some cases, providers may also lack strong links to local communities or have workforces that do not reflect the cohorts they support. There are also opportunities to increase the role of Aboriginal Community Controlled Organisations in delivering employment services to provide trusted, culturally attuned support to First Nations job seekers.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)

Chapter 4:

Overview of the new employment service

This chapter provides an overview of the government's framework for reforming employment services, outlining its vision, core ideals, structure and service elements.

Vision for reform

The government's vision for employment services reform is to deliver a system that gives people the best opportunity to secure a well-paid job.

These reforms will create a more responsive, effective and dignified system. Three new service streams with different service offerings depending on an individual's distance from the labour market will be introduced, replacing the current model. The way people are matched to supports both from the start and while in employment services will be overhauled, to ensure they are connected to the right supports at the right time. Closer connections to employers, other local supports and the labour market will ensure participants more quickly benefit from the dignity of work.

Core ideals for the new service

To realise its vision for reform, the government will deliver an employment service built around 4 core ideals, guiding the approach to detailed design and implementation. These are:

1 **Core ideal 1**

Employment is the primary goal. Meaningful engagement moves participants into work or closer to jobs. Services help them become capable, confident, and qualified and the settings for mutual obligations are designed to enable this.

2 **Core ideal 2**

Supports are meaningful to the participant and are tailored and proportionate to a participant's needs and distance from the labour market.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434
131
s 22(1)

3 **Core ideal 3**

The system is easy to navigate and provides a high-quality, consistent service offering that also has the flexibility to respond to individual needs, local labour market conditions and emerging labour market trends.

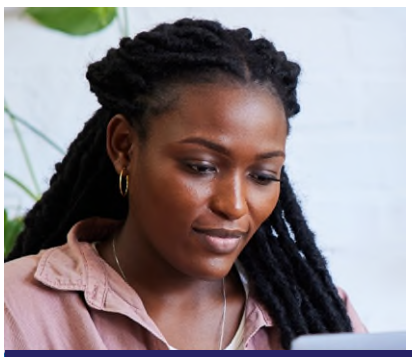
4 **Core ideal 4**

The system is designed and stewarded by the Australian Public Service to continuously improve in order to respond to users' needs and an evolving labour market.

Service streams to meet different needs

Underpinned by the core ideals, the new employment service will comprise 3 distinct service streams. The service streams will be calibrated to respond to a participant's distance from the labour market and how complex their barriers are. This recognises that people who use employment services need different types and different intensities of support.

Figure 6: The 3 service streams



Online and brief intervention services – Stream 1

For those closest to the labour market



Targeted provider services – Stream 2

For those moderately close to the labour market



Intensive services – Stream 3

For those furthest from the labour market

In **online and brief intervention services**, job seekers are closer to the labour market and will receive targeted support and brief interventions, focused on rapid reconnection to employment.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

In **targeted provider services**, job seekers are moderately close to the labour market. For them, personalised servicing will focus on active job coaching, employability support and stronger connections to skills development and short-term training that align with local labour market demand.

In **intensive services**, job seekers have more complex employment barriers. More intensive servicing will place greater emphasis on sustained engagement, mentoring and staged pathways that support job seekers to build confidence, capability and readiness for employment over time.

Further detail on each service stream is set out in Chapter 5.

Service elements

A number of underpinning service elements will support the delivery of high-quality, tailored services as part of the new employment service.

These service elements include:

Improved initial assessment and triaging processes to ensure people's barriers to employment are clearly identified and better understood at the point of entering employment services, so that they are connected with the right service at the right time. Reforms will also include a more targeted reassessment processes to ensure that as individuals' circumstances change, they continue to get the right support.

A new Employment Goal Plan will set meaningful and individualised employment goals and outline a tailored servicing strategy and pathway. It will be central to a participant's experience and will inform the range of supports participants will have access to.

An effective and more targeted approach to applying mutual obligations that encourages engagement to support people into work. Mutual obligation settings will be calibrated to an individual's distance from the labour market and designed to be more effective in getting them into an employment pathway.

A new approach to engagement with employers to meet workforce demands and lift recruitment and retention capabilities.

Clearer expectations on providers to deliver high-quality personalised services for participants, including empowering user choice and agency in the servicing supports they receive.

Redesigned provider incentive settings, including consideration of blended funding models to reflect caseload, risk and achievement of longer-term employment outcomes.

Improved commissioning to lift provider diversity, capability, experience, and local labour market connections. While there will continue to be a role for traditional employment services providers, there is a need to diversify the service delivery landscape.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Chapter 5:

Key policy settings for the new service

Realising the Government's vision for employment services will require detailed policy and program design of core elements of the new system. The sections that follow set out the core elements and key questions for stakeholder feedback on how to ensure the success of the new employment service. They also outline the investments made by government in the 2026-27 Budget to undertake design work and develop some of the key features that will underpin the new employment services system.

Three service streams to respond to different needs

As outlined in Chapter 4, the new model will be comprised of 3 distinct service streams calibrated to respond to a participant's distance from the labour market.



Online and brief intervention services – Stream 1

The new employment service system will introduce a new high-quality, participant-led online and brief intervention service that offers more personalised and targeted supports to make it easier for participants to move into sustainable employment without the need for a provider.

This service will be predominantly delivered by government via an enhanced digital platform and Australian Public Service led support, with uplifted capability to ensure participants receive timely, high-quality and tailored support to prevent disengagement. Mutual obligations requirements will be simpler, with participants focusing on searching for jobs and undertaking other vocational activities.

In the 2026-27 Budget, the government made early investments of $205.5 million over 5 years to take first steps towards the new online and brief intervention service by:

- improving the accessibility, personalisation, and usability of the digital platform, including introducing new career mapping and guidance tools that draw on a person's employment history, skills and education to generate career pathways and skilling advice.
- shifting the Australian Public Service-delivered Digital Services Contact Centre towards providing proactive support for online participants, including increased capacity to meet demand and improved capability to provide personalised advice and brief interventions based on individual needs.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

- trialling a fully virtual digital advisory service for parents to help build confidence, capability and connections to the labour market.

In designing the future online and brief intervention service, government is considering how best to target online support. This includes distinguishing between people who may be able to self-manage their job search using digital tools with brief and targeted support, and those who may benefit from earlier access to more direct, provider delivered assistance. In periods of regional labour market transitions and higher overall unemployment than in recent years, providing a higher-quality online and brief intervention service will ensure those with recent work experience are able to get the support they need from employment services to find their next job quickly.

Another key consideration is how to balance efficiency, engagement and activation in a digital-first, self-managed service environment. This includes using the right mix of digital messaging, proactive contact and human support to sustain motivation and momentum, without creating unnecessary burden or complexity. the new online and brief intervention service needs to recognise and build on people's skills, experience and aspirations, and support agency. It also needs to promote meaningful engagement focused on moving into employment quickly, rather than compliance-driven activity.



Targeted provider services – Stream 2

In the new employment service, targeted provider services will be delivered by a network of contracted service providers and support a narrower group of job seekers who are moderately close to the labour market. This includes people with employment gaps, lower educational attainment, or cycling patterns of work. Having a narrower group of job seekers allows for more focused servicing.

Participants will receive active coaching, employability support, skills development and training linked to in-demand jobs. Support will address skill gaps and connect participants with education and training that prepares them for vacancies. Servicing will reflect each person's circumstances and goals, with new pathway planning tools supporting clearer steps into work. Mutual obligation requirements will prioritise job search as employability improves.

The government is considering how provider settings can incentivise quality, job suitability and employer engagement. Providers will be expected to prioritise activities that are proven at getting people into jobs and adopt best practice service methods. Providers will also need strong links with employers and training systems to match participants to local labour market needs rather than generic options.

In the new employment service, another key consideration is how targeted provider services can also provide important support to retrenched workers and their eligible partners. Most people who lose their jobs will be able to re-enter the workforce quickly, including through the new online and brief intervention service. However, some workers will need additional support. Early access to targeted provider services will be available for these workers, regardless of their eligibility for income support. For example, people affected by major business closures or structural transitions who need additional help to identify how their existing skills transfer and what additional skills they may need to secure their next job quickly.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434



Intensive services – Stream 3

Intensive services will be a new service for people who are furthest from the labour market. It responds to gaps in the current system that takes a one size fits all approach, where job seekers with the most complex needs are not receiving the level or type of support they need and are falling through the cracks.

The government is investing $52.6 million over 5 years to support the early targeted rollout of intensive services. Expected to commence in late 2026, the rollout will be delivered in selected locations across Australia. Testing the new intensive service ahead of national implementation will provide valuable evidence on what works best and support refinement of the final design of intensive services.

Intensive services are for people with complex and interconnected barriers to employment that often impact their confidence and capacity to look for work. Many will require coordinated supports that go beyond what employment services can provide. Intensive services will likely be delivered by community organisations with a strong local presence and established connections to local services, supports, employers and communities. This place-based approach will help participants to access the broader supports they need alongside employment assistance.

Support in intensive services will be tailored to individual circumstances, needs and readiness to engage. Activities available in intensive services may include mentoring, work-like experience, volunteering, skills development, and support to navigate and engage with local services to address barriers to employment.

Participant pathways to employment may not be linear, so services will recognise this and support them to reconnect and make sustained progress towards work. Mutual obligations will focus on meaningful engagement, with requirements adjusted to reflect each participant's capacity and distance from the labour market.

Frontline staff requirements will also reflect the need for skilled case managers with relevant qualifications and experience to deliver high quality services for those furthest from the labour market.

A key opportunity for the new system is to connect with social enterprises to provide people with an opportunity to gain work or work experience where there are wrap around supports both prior to and after placement into a job. Social enterprises will play an important role within intensive services to provide this opportunity, including the potential to deliver services directly. Social enterprises can provide a bridge between employment services, skills training, and the open labour market for people who need more support. They are well placed to offer flexible, wrap-around support such as supervision, mentoring and job design and many have strong connections to local communities and industries. These features support work-like experiences and help create pathways into employment that align with local demand.

Questions

1. What are the key factors that should place a person in online versus targeted provider services versus intensive services?
2. What types of support should be offered under each of the service streams?

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Quality initial assessments and triaging

Many people engaging with employment services are balancing caring responsibilities, health conditions, or other personal circumstances alongside searching for employment. A quality initial assessments and triaging process that considers the range of factors that influence a person's capacity to look for work and move closer to employment is crucial to ensuring people receive the appropriate support from the moment they enter employment services.

A new approach to assessments will help people feel comfortable to share information about their circumstances and ensure those circumstances are better understood. The information collected through this process will inform the employment pathway in a participant's Employment Goal Plan.

The new assessments approach will apply across the whole employment services system, including those referred to Inclusive Employment Australia and Remote Australia Employment Services.

Targeted reassessment processes will also be introduced, to ensure that as individuals' circumstances change, their supports are updated.

In the 2026-27 Budget, the government is investing $27.5 million over 4 years to develop and trial a new initial assessment and triaging process. As an early step, this will include improvements to the current assessment processes and development of new assessment tools. The new tools will be designed to improve people's experience of entering the system through:

- ensuring people are quickly referred to the right service for their circumstances
- simplifying the pathway from entry to services
- increasing responsiveness to individuals' circumstances and needs
- improving the capability of assessors
- increasing job seekers' understanding of the service, ensuring they can make informed choices in entering services
- collecting the appropriate information to inform a job seeker's Employment Goal Plan and servicing strategy.
- allowing job seeker information to follow people across providers and services supporting the 'tell it once' principle

Feedback is sought to help shape the detailed design and implementation of these new tools.

Moving between service streams

Participants' circumstances can change over time. In the new employment service, the government is considering how targeted reassessments can help ensure participants are in the right service or service stream most suited to their current needs. Participants may need reassessment for a range of reasons. For participants in the new online and brief intervention service, this could be the emergence of additional barriers to employment, such as housing instability, requiring additional support from a provider. For participants in targeted provider services, a reassessment could be required due to a significant deterioration in mental health. For participants in intensive services, this could be significant progression towards employment or the overcoming of complex barriers to employment.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

A reassessment may also result in a participant transitioning to other services across the whole employment services system, for example, Inclusive Employment Australia. The new employment service will carefully consider participant movement across streams and different employment services, to ensure a participant experiences a smooth transition with minimal disruptions to their servicing experience, and participant movement between services does not add additional complexity to system settings.

Imposing time limits on each service stream may be worth considering as a safety net, prompting a review of whether a job seeker needs different supports. A time limit can also act as a catalyst for engagement and progression. For example, in the Transition to Work program, most participants can receive up to 18 months of servicing, with a smaller cohort (those with more complex non-vocational barriers) able to receive up to 24 months of servicing.

Questions

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

Introducing an Employment Goal Plan

The new employment service includes a new Employment Goal Plan – an individualised pathway planning tool that sets out a clear servicing strategy and pathway to work, aligned with a participant's employment goals and the local labour market.

The Employment Goal Plan will bring together a person's employment goals, agreed activities and mutual obligation requirements into a clear and practical pathway to work. It will make explicit the steps and timeframes for servicing and how services, supports and activities will move a person into employment. This approach places stronger emphasis on employment goals and pathway planning in service delivery, and to ensure that people are connected to tailored supports help address barriers to work. The Employment Goal Plan will replace the current Job Plan.

The Employment Goal Plan will be mutually agreed by provider and participant. Providers will be expected to work with job seekers to develop and maintain the Employment Goal Plan. Recognising that people's circumstances change over time, the Employment Goal Plan should be updated regularly to reflect changes in personal circumstances and distance from the labour market. A simplified online Employment Goal Plan will be available in online and brief intervention services.

The introduction of a government pathway planning tool will allow job seeker information to follow people across providers and services. This supports the tell-it-once principle and improves service continuity.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

As part of the 2026-27 Budget measures, the government is piloting the Employment Goal Plan in the early targeted rollout of the new intensive service. Insights from this testing will inform the final design and national rollout in the new employment service.

Questions

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

A new approach to mutual obligations

The government is considering how the new employment service can change how mutual obligations are applied to better incentivise progress towards employment and activities that directly link to a participant reaching their employment goals. Activities and requirements will look different depending on the service stream and an individual's distance from the labour market. Requirements will be fair, proportionate and based on individual circumstances and will be scaled as people move closer to work.

Mutual obligations will be clearly connected to the steps outlined in a participant's Employment Goal Plan, with activities and supports to complement their servicing strategy and employment aspirations. A participant will undertake activities that are better suited to their circumstances, to directly address identified barriers to employment and lead towards work. As a person makes progress in their Employment Goal Plan, the types of activities associated with their mutual obligation requirements will adjust to reflect this.

As mutual obligations are further designed and developed, the government will consider the appropriateness of application to other services in the employment services ecosystem.

Online and brief intervention services

For those closer to the labour market, the government is considering how mutual obligations can be simpler for participants with requirements primarily focused on job search and other vocational activities set out in an Employment Goal Plan. Participants will be actively monitored to ensure they are engaging with services, with early signs of disengagement triggering timely intervention, including movement to a more intensive level of support where required.

Targeted provider services

For those in targeted provider services, the government is considering how mutual obligations can focus on building their capacity for work by connecting them to in-demand skills and training opportunities and work-ready supports, combined with job-search activities. Mutual obligations will be set out in a participant's Employment Goal Plan and will be scaled, with expectations and activities changing as a participant's employability improves.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)

Intensive services

For those furthest from the labour market, the government is considering how mutual obligations can be calibrated to individual circumstances, focused on meaningful engagement and progressing a participant towards employment. Mutual obligations will be adjusted in alignment with a person's work-readiness, including participation in activities such as volunteering and work experience and with social enterprises.

A new approach to compliance

Another key consideration is how the new employment service will adopt more contemporary regulatory approaches by shifting the focus towards encouraging active participant engagement rather than enforcing reactive compliance measures. Appropriate safeguards will ensure compliance powers are exercised lawfully and fairly, supporting more effective employment services that better enable progress towards work.

Question

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?



New approach to employer engagement

The government is considering how the new employment service can make it easier for employers to engage with the system, be more responsive to local labour market conditions and offer supports that better meet employer needs.

Engaging with employers is central to an effective employment services system. It aligns services to real vacancies, improves job matching and retention, and lifts productivity by placing people into roles suited to both their skills and the needs of the business hiring them.

Employers are diverse in size, capability, location, and industry, and their willingness and capacity to engage with government-funded services can vary significantly. International evidence suggests that integrating demand-side strategies into employment services by actively engaging employers as partners in jobs and skills pathways is required to strengthen employer engagement.

Strategic engagement of industry and large employers

The new employment service will be guided by a stronger national focus on building strategic partnerships with industry and large employers to create jobs and skills pathways for job seekers. This approach will support more structured and consistent engagement with industry and large employers.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)

Strategic partnerships will provide a foundation for aligning government, employer, and industry bodies to create clearer jobs and skills pathways, improve workforce diversity and inclusion, and simplify how employers access employment and skills supports.

Local labour market approach for small and medium enterprises

Local labour market coordination will reduce the friction that employers, especially small and medium businesses, can face in trying to engage with employment services, fostering greater trust and a shared understanding of employer needs across services at the local level. Recognising the diverse needs of different economic regions is critical to effective service delivery. Local labour markets vary significantly in industry composition, workforce availability, and economic conditions. By considering local labour market conditions, the engagement, training and supports available to employers will be relevant, responsive, and effective.

The government is also considering how place-based mechanisms can implement local labour market coordination. These mechanisms will enable strong local involvement from employers, providers, skills organisations, and community stakeholders, supported by regional coordination. The place-based mechanisms will also reduce duplication of supports, strengthen intelligence sharing, and enable faster, more coordinated responses to emerging workforce opportunities, structural change or economic disruption.

Connecting employer vacancies with job seekers

Advertising vacancies on online jobs platforms is the main way employers connect with a large, diverse pool of job seekers. In the current system, employers can use the Workforce Australia Online job board. The platform offers features such as candidate matching and shortlisting tools to provide a streamlined way for employers to attract and engage suitable job seekers. However, employer engagement with this service is low, with many job vacancies sourced from private sector platforms. Given there are many similar services offered by the private sector, the need for a government jobs matching platform will be examined as part of reform to ensure employers have efficient and effective ways to connect with people in mainstream employment services.

Range of targeted supports

To develop an employment service that meets the expectations of employers in a broad range of industries and locations, the current suite of supports will be reviewed and better targeted. These include pre- and post-placement support and financial assistance to support hiring and retention. Supports available should be tailored to job seeker need, with greater assistance for employers to engage those who are further from the labour market.

Employers remain concerned that job seekers may not have the skills they are seeking. The new service will need to consider how to continue supporting job seekers to access training, equipment, and other supports needed to enter into employment. Once in a job, participants and their employer will receive better targeted support to undertake onboarding, training, and workplace adjustments that foster lasting employment outcomes.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Wage subsidies will be reviewed. Wage subsidies function as a financial incentive to businesses to hire and retain specified participants under certain terms. They are intended to alleviate some of the initial onboarding, induction and training costs involved in recruiting new employees. There is an opportunity to simplify the current arrangements, ensure they are appropriately targeted to need, and better combine them with effective post-placement support to better provide support to employers.

Questions

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?

Delivery of high-quality services

As outlined in Chapter 3, the current system does not consistently deliver high-quality services to individuals and employers, particularly for people with more complex needs who are further from the labour market. Hallmarks of a quality service include frontline staff (whether from the Australian Public Service or contracted providers) who deliver personalised services, the capability to respond to a diverse range of needs, and strong connections to employers and other services.



Frontline staff capability

Meeting the diverse needs of people in employment services will require frontline staff with the right skills and capabilities to respond to the diverse needs of job seekers.

In the new employment service, across all service streams, the government is considering how frontline staff can play a more active role in guiding participants through employment services and connecting them with skills and training options, and other relevant supports. This may include requiring providers to build stronger connections to skills development, training, and pre-employment activities to improve sustainable employment outcomes. It may also involve providers more actively supporting participants on progress towards employment goals.

Another key consideration is how the required capabilities of frontline staff can better align with the different service intensity and circumstances of participants across all streams, including those services delivered by the Australian Public Service. Some ways this could be done include reflecting differences in the skills, qualifications, experience, cultural competence, the types of supports and how they are delivered, and the depth of engagement required by frontline staff across each stream.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Supporting diverse cohorts

The employment services caseload is highly diverse and includes many groups who experience lower employment outcomes relative to the average person seeking work.

Some groups, such as young people, may have different pathways into work and limited prior employment experience, and employment services have often taken a distinct approach to servicing this cohort. Distinct servicing to meet young people's needs include early and flexible investment, a focus on both education and employment, and strong links to education, training and apprenticeship pathways.

Other groups, including people from culturally and linguistically diverse backgrounds, may require support that focuses on building local work experience, networks, or English language proficiency. First Nations stakeholders often describe cultural safety as a key marker of service quality, with practical enablers including workforce capability and First Nations representation, accessible communication, and service settings and practices that uphold dignity and reduce disproportionate harm.

This short summary of only some of the groups in employment services highlights the importance of a responsive system that can effectively support the distinct needs of different cohorts. It reinforces the need for flexible, culturally capable and trauma-informed practices. The new employment service will need to consider how the needs of specific cohorts are best responded to, to ensure people receive inclusive and trauma informed supports that are relevant to their circumstances. It will also need to ensure providers have the capability and expertise to effectively support the unique needs of different cohorts to ensure more equitable outcomes and a positive service experience for people accessing support.

Better connections to other services

People engaging with employment services often have a range of needs. These may relate to education and skills, health, disability, housing, caring responsibilities, language, transport or social needs, and are frequently interconnected. For some job seekers, progress towards employment depends on having multiple needs addressed at the same time, rather than through employment services in isolation.

Strong connections between employment services and other local services are therefore critical. There are inconsistencies in how providers currently support participants to navigate other services. Providers will be expected and incentivised to play a more active role in guiding and supporting participants to connect and engage with relevant services. This includes not only referring participants to services, but actively supporting and coordinating their engagement with services, skills and training opportunities, and employers.

The government is exploring stronger links to the skills and training system which will be critical in an effective employment services system, particularly for those who need additional support. For these participants, coordinated access to local services can be critical to addressing vocational and non-vocational barriers and building confidence, capability and readiness for employment.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Providing local solutions

In reforming employment services, a key challenge is striking the right balance between ensuring a consistent high-quality service for everyone that relies on employment services support across Australia and maintaining a flexible service that can be tailored to the needs of individuals, businesses and local labour market conditions. Experience from Workforce Australia and earlier employment service contracts shows that often local solutions, led by local service providers, engaging local businesses and community partners can achieve strong outcomes by tailoring services to local needs.

The government will consider how the new employment service can have an effective local labour market approach that responds flexibly to the specific conditions, needs and opportunities of local communities. It will build on the approach and operational experiences from the current Local Jobs Program[6], to draw on the knowledge of local employers and communities to identify emerging trends and practical solutions.

Embedding a flexible local approach will also support rapid responses as local communities are reshaped by the broader changes to Australia's labour market, such as the transition to net zero and a growing care economy.

Equity of access will also be critical, as not all participants can easily access the same array of supports. The new employment service must aim to consistently support those facing transport barriers, those in regional areas with fewer services nearby, and those unable to access online supports, for example.

Questions

13. What qualifications and experience should be expected of frontline staff within each stream?
14. How could the future service accommodate the needs of diverse cohorts, including better linkages to other services?
15. How can a nationally consistent service respond to local circumstances?



Redesigned system incentives for service providers

The government is considering how the new employment service will be designed to incentivise providers to deliver supports that meet the needs of all participants and employers.

A key challenge in ensuring all participants and employers receive the appropriate support for them is aligning service providers' goals and behaviours with the government's objectives for employment services. There are several frameworks which can incentivise or influence provider behaviour, including payments and performance frameworks. The design of settings within these frameworks, and the

[6] Jobs and Skills Australia, *Jobs and Skills Roadmap for Regional Australia – Phase 1*, Australian Government, 2025. jobsandskills.gov.au/publications/jobs-and-skills-roadmap-regional-australia-phase-1.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434
s 22(1)

interplay of separate settings in conjunction with other administrative arrangements and contractual requirements, can influence the ways that providers operate and the choices they make in how they deliver their services.

Incentives for quality servicing and outcomes

Getting the balance of settings right to ensure that appropriate objectives are being met while minimising unintended consequences will be important to ensure participants and employers receive the high-quality services they deserve.

Under the new employment service, there will be a greater expectation on contracted providers to deliver high quality services that are tailored to supporting an individual to reach their employment goals. For the targeted provider services and intensive services, the government can use several frameworks to influence provider behaviour, including payments and performance frameworks. Contractual arrangements will also make providers accountable for meeting this high standard, with options available to the government to amend or terminate provider contracts in the event of sustained underperformance.

Provider payments

Ensuring all participants receive active, personalised support that is proportionate to their needs and distance to the labour market is a core part of the government's vision for the new employment service. Payment settings which effectively reward providers for these behaviours will be critical in achieving this.

Different types of payments and payment structures can influence how providers deliver services. Types of payments used to incentives providers across different employment service models include:

- *upfront payments* when a person commences with a provider to ensure the provider has resources to support the person immediately
- *progress payments* when it can be demonstrated a job seeker's employment prospects have improved even if an employment outcome has not yet been achieved. These payments are intended to support ongoing servicing and support.
- *employment outcome payments* when a job seeker has commenced in a job and remains employed for a period of time. A range of time periods are often included in this type of payment, for example up to 26 week or 52 week payments, to incentivise providers placing people into sustainable employment.
- *bonuses or loadings* on top of the base level of a payment. These can be used to respond to circumstances such as more challenging labour market conditions or where a person has been in employment services for a long time.[7]

Different payment structures can offer different mixes of payment types to incentivise different behaviours. Getting the balance between payments right has been a challenge in previous iterations of employment services.

[7] Department of Employment and Workplace Relations (DEWR), *Workforce Australia Employment Services Provider – Payments*, Australian Government, 2025, accessed 11 May 2026. dewr.gov.au/workforce-australia/resources/workforce-australia-employment-services-provider-payments.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)

Local labour market conditions can impact provider and participant ability to achieve employment outcomes. This can include housing costs and shortages, local infrastructure, limited employment and training opportunities, and availability of social services. Providers delivering services in thin labour markets where there are lower volumes of job seekers and job vacancies also tend to have higher fixed costs relative to the number of participants on their caseload, with implications for provider viability and service continuity. Higher payment rates may be one way to reflect the regional challenges experienced in delivering high-quality services.

Performance measures

Monitoring service quality is a core government responsibility and reflects the Australian Public Service's stewardship role in assessing the effectiveness and quality of employment services. Strong performance measures help the government ensure services meet the needs of users and the labour market. Performance monitoring can also support early intervention where issues emerge.

Performance measures must set clear baseline expectations for service quality and the supports provided to participants and employers. At the same time, they can also reward providers that exceed minimum standards and achieve strong outcomes. Such an approach can help lift overall performance without encouraging compliance-only behaviour.

Under Workforce Australia, provider performance can directly influence a provider's ability to retain or extend their licence to deliver services. This increases the consequences of poor performance and rewards sustained quality delivery.

Some aspects of performance, such as progress towards employment, are challenging to measure consistently. Improvements in a participant's confidence, skills, or work readiness may not translate immediately into a job placement, which is much easier to measure. The performance framework needs to recognise these intermediate outcomes without weakening the focus on sustainable employment outcomes.

Different provider incentives for targeted provider services and intensive services

The contracted servicing streams will have different incentive settings reflecting they are supporting job seekers with different characteristics and support needs.

Targeted provider services incentives need to encourage tailored assistance and coaching, with short-to-medium term interventions and employment outcomes within shorter timeframes.

Intensive services incentives need to encourage intensive and wrap around support, with progress to employment often incremental and non-linear. Significant coordination with other services and specialist workforce skills will be required. Employment outcomes still need to be a key goal.

It will be important for final incentive frameworks and specific stream settings to reflect the diversity of a job seekers pathway to employment, while maintaining fairness and a clear focus on supporting people to move into suitable employment.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Questions

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?

Improved commissioning and contracting

The government recognises the need to improve commissioning and contracting to lift provider diversity, capability, experience and local labour market connections. In the new employment service, commissioning will focus on engaging organisations best placed to support job seekers, with approaches varying by service stream. This includes placing greater weight on provider capability, local connections and the ability to deliver integrated and tailored support.

This represents a shift from the current system. Commissioning will move away from standardised models towards more flexible and targeted approaches that support a broader and more diverse provider market. This will include a stronger role for community-based organisations and First Nations organisations, where appropriate, and will create opportunities for a wider range of organisations to participate in the system. Traditional employment services providers will continue to play an important role, particularly for targeted provider services. However, commissioning will place a stronger emphasis on ensuring providers reflect the local communities they service and have appropriately skilled workforces and service delivery approaches.

For intensive services, commissioning will place a stronger focus on engaging community-based organisations with deep local connections, reflecting the need for services that are better aligned to participant needs and local labour market conditions. It will also create opportunities for different types of organisations to play a role in the system, including social enterprises. This may include engaging organisations that also deliver other social services in the local community or those with strong connections to such services where that leads to a better and more holistic experience for participants.

Question

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

Driving continuous improvement

As outlined in Core Ideal 4, the new employment service will be designed to continuously improve in order to respond to users' needs and an evolving labour market. This will require mechanisms that

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)

encourage learning, innovation, and adaptation, as well as active monitoring of how the system is performing, identifying emergent issues, and responding to them.

The current employment service does not have the flexibility to quickly and effectively respond to changing individual needs, dynamic local labour market conditions, and emerging labour market trends.Contractual arrangements can act as a barrier to services adapting to changes, with lengthy contract review processes limiting government's ability to quickly address poor provider behaviour and longer contract periods limiting its ability to manage any unintended consequences arising from such arrangements. Weak feedback loops can also limit user input and scrutiny of services. The government has been taking steps to address this, including through the implementation of a new complaints dispute resolution process which investigates complaints and takes action with providers where appropriate. However, the ability of users to actively influence how the service works can still be improved.

Embedding continuous improvement will be achieved through stronger stewardship of the mainstream employment service. This will include more active oversight and monitoring to ensure providers are delivering quality services and to identify potential gaps in jobs and skills pathways, improvements to complaints mechanisms and feedback loops to enable increased user input and influence of how the service works, and development and sharing of insights and best practice approaches to improve the capability of frontline staff to tailor supports to users.

Questions

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

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Australian Government
Department of Employment and Workplace Relations

Shaping the Future of Employment Services

Discussion Paper





Documents released under FOI - LEX 2434

Acknowledgement of country

The Department of Employment and Workplace Relations respectfully acknowledges the Traditional Owners and Custodians of Country throughout Australia, their continuing connection to land, water and community.

We pay our respects to the people, the cultures, and Elders past and present, including within the department, in our communities and those we engage and partner with to deliver our work.



With the exception of the Commonwealth Coat of Arms, the Department's logo, any material protected by a trade mark and where otherwise noted all material presented in this document is provided under a Creative Commons Attribution 4.0 International (https://creativecommons.org/licenses/by/4.0/) licence.

The details of the relevant licence conditions are available on the Creative Commons website (accessible using the links provided) as is the full legal code for the CC BY 4.0 International (https://creativecommons.org/licenses/by/4.0/legalcode)

The document must be attributed as the *Shaping the Future of Employment Services: Discussion Paper*.

Table of Contents

Minister's foreword 4

Executive Summary 5

Reform vision and the case for change 5
Future service model 5
Key service settings 6

Chapter 1: The consultation process 7

How to provide a submission 7

Chapter 2: The current employment services system 9

Workforce Australia 9
Complementary services and programs 10
The broader ecosystem 11

Chapter 3: The case for change 12

Not everyone is benefiting from the favourable labour market 12
One-size-fits-all approach is not leading to sustainable outcomes for everyone 14

Chapter 4: Overview of the new employment service 17

Vision for reform 17
Core ideals for the new service 17
Service streams to meet different needs 18
Service elements 19

Chapter 5: Key policy settings for the new service 20

Three service streams to respond to different needs 20
Quality initial assessments and triaging 23
Introducing an Employment Goal Plan 24
A new approach to mutual obligations 25
New approach to employer engagement 26
Delivery of high-quality services 28
Redesigned system incentives for service providers 31
Improved commissioning and contracting 33
Driving continuous improvement 34

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)

Minister’s foreword

[PLACE HOLDER]

[This will reflect key aspects of the Minister’s National Press Club Speech, scheduled for 27 May 2026]

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)

Executive Summary

Reform vision and the case for change

The Australian Government is reforming mainstream employment services to better meet the needs of individuals, employers, communities and the economy. Based on extensive community feedback, the government has developed a vision and framework for the future employment services system. The future system aims to give people the best opportunity to secure a meaningful well-paid job.

The government is consulting on the design of key aspects of the new system consistent with the reform directions set out in this discussion paper. Questions in relevant sections of this paper invite feedback on particular aspects of the design of a new employment services system.

Successive governments have made changes to employment services over the last 30 years, with the current system, Workforce Australia, being introduced in 2022. While the current system works for some, others are spending more time than necessary on employment services or falling through the cracks. Each iteration of employment services over the last 30 years has shared the same key feature of applying a one-size-fits-all approach to support a caseload of diverse needs and varying distances from the labour market.

Disadvantaged cohorts are finding it increasingly difficult to secure stable and well-paid work and people accessing online services do not have access to any tailored support. Mutual obligation requirements are disconnected from practical steps that participants with vastly different degrees of job-readiness need to take to secure suitable work. Additionally, the current system is not well-geared to ensuring that those who lose their job due to economic or other circumstances are able to move quickly into their next suitable job opportunity. The future system will need to be more responsive to both the labour market of today and tomorrow.

Future service model

Underpinned by 4 core ideals, the new employment service will be built around a service model that matches the level and type of support to the circumstances of different job seekers. It will introduce 3 new, distinct service streams, reflecting the need to support people with differing characteristics and distance from the labour market:

- **Online and brief intervention services** for people closest to the labour market.
- **Targeted provider services** for people moderately close to work.
- **Intensive services** for people furthest from the labour market, including people with complex barriers.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Key service settings, including service intensity, provider expertise, mutual obligations, and incentives, will differ across the streams to align with participant need. Targeted provider services will focus on job coaching, employability support, skills and training, while intensive services will focus on sustained engagement, mentoring, and pathways that build confidence and work readiness. Social enterprises will play a strong role within intensive services as a pathway to open employment.

Key service settings

To realise this model, key service settings will be reformed.

Assessments and triaging processes will be redesigned to ensure participants are connected to the right support at the right time. Reassessments will ensure supports remain relevant.

A new Employment Goal Plan will formalise pathway planning across all services, informing the activities and supports received by participants to directly address their barriers to employment. This will replace the current Jobs Plan.

Mutual obligations will be redesigned to support engagement and progression towards and into work. Requirements will differ by stream to align with capacity and job readiness.

Employer engagement will be strengthened, as the current service does not consistently meet employer needs. The new employment service will use national industry partnerships, local employer engagement, and tailored services to provide better support for employers. Supports for employers to hire and retain job seekers will also be reviewed. Wage subsidies will be reviewed to ensure they are simpler, better targeted, and paired with effective post-placement support

There will be a greater focus on improving the drivers of high-quality servicing, including clearer expectations of frontline staff capability, more effective support for diverse cohorts, and better connections to local services and labour markets.

Provider incentives will be redesigned and will differ across service streams, recognising different pathways and time needed to move into employment. Incentives will place greater emphasis on active support, progress towards employment and sustainable employment.

Commissioning will also change. Traditional employment services providers will continue to play a role, particularly in targeted provider services. Commissioning for intensive services will place greater weight on community-based organisations with strong local relationships, labour market knowledge, and relevant workforce capability.

The new employment service will embed continuous improvement, including through active monitoring, enhanced feedback loops, and the sharing of insights to improve service quality and responsiveness.

Taken together, these reforms will create a more responsive, effective system that helps people benefit from the dignity of work.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Chapter 1:

The consultation process

The Australian Government is committed to reforming employment services to better meet the needs of individuals, employers, communities, and the economy.

This discussion paper presents the government's vision and framework for the future mainstream employment service that will be achieved through the introduction of 3 new service streams and underpinning service elements. This consultation builds on previous input to the Employment White Paper[1] and the House Select Committee Inquiry into Workforce Australia Employment Services[2]. The government is now inviting stakeholders to contribute to the detailed design of settings for this future service within its vision and framework.

Reforms to mainstream employment services will build on the steps already taken by government to reform the broader employment services ecosystem, including:

- the introduction of Inclusive Employment Australia (IEA), reforming specialist disability employment services
- the introduction of Remote Australia Employment Service (RAES), reforming the operation of employment services in remote areas of Australia
- the introduction of the Parent Pathways program, reforming pre-employment support for parents of children under 6 years
- the introduction of the Reconnection, Employment, and Learning (REAL) program, reforming the support for First Nations people on remand or in prison to build pathways to employment, education and training.

How to provide a submission

Interested stakeholders are invited to submit their feedback on this paper, including in response to the questions listed. Stakeholders can provide a submission by visiting the Department of Employment and Workplace Relations' Consultation Hub at consultations.dewr.gov.au

The closing date for submissions is 5:00pm AEST on 31 July 2026.

[1] Department of the Treasury, *Working Future: The Australian Government's White Paper on Jobs and Opportunities*, Australian Government, 2023, p 224. treasury.gov.au/employment-whitepaper/final-report.
[2] Department of Employment and Workplace Relations (DEWR), *Australian Government Response to the House Select Committee on Workforce Australia Employment Services* reports, Australian Government, 2024. dewr.gov.au/employment-services-reform/resources/australian-government-response-house-select-committee-workforce-australia-employment-services.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434
s 22(1)

Further information about how to make a submission is available at the Consultation Hub: consultations.dewr.gov.au

Submissions will be published on the Consultation Hub website. Please indicate when lodging your submission if you wish for your submission to not be published, or for it to be published anonymously.

Broader employment services reform stakeholder engagement

In addition to seeking stakeholder feedback through responses to this discussion paper, the government will be undertaking targeted stakeholder engagement on specific topics and cohort-based focus areas to inform the final design of the future mainstream service. This includes targeted engagement with users of employment services, First Nations people, communities and representative bodies, providers, employers, and other organisations.[3]

[3] For more details on these engagements see dewr.gov.au/employment-services-reform.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)

Chapter 2:

The current employment services system

The core purpose of Australia's employment services is to assist people to find and keep a job, while supporting employers to find the workers that meet their workforce needs.

Employment services help job seekers via a range of assistance, including help with job search, resumes, skills development, employer connections, and other non-vocational assistance. Most people in employment services are required to participate in it and meet mutual obligation requirements as a condition of receiving financial support through the income support safety net.

Employment services also support employers to recruit staff, connecting them with suitable candidates from the employment services caseload. Employers can access a variety of free services, including assistance with job advertisements, candidate screening, and shortlisting. Wage subsidies[4] and other supports may also be available to employers to provide the additional initial support that some new workers require to meet the needs of the job and succeed in the long-term.

The Australian Government's employment services system was first outsourced to contracted service providers in 1998, when the government-run Commonwealth Employment Service was replaced with *Job Network*, which featured a strong focus on job search and mutual obligation requirements and different levels of service depending on need. *Job Services Australia*, introduced in 2009, sought to address job seeker disadvantage through increased skills development. Introduced in 2015, *jobactive* placed greater emphasis on a work-first approach for job seekers, with a strong focus on mutual obligations, job search requirements and participation in mandatory activities.

Workforce Australia

Workforce Australia commenced on 4 July 2022. Participants in Workforce Australia are supported in two ways. Some receive support by a provider. Others self-manage their job search activities and mutual obligation requirements through a basic online service, with assistance available through a contact centre. The introduction of an online service for those who are most job ready provided an opportunity to reduce the cost of the employment services system, while provider delivered services were maintained for those who require more assistance.

The government invests around $2 billion each year to run Workforce Australia. It is currently used by around 720,000 Australians, the largest employment program administered by the Australian

[4] Wage subsidies involve providing financial incentives to businesses to hire and retain specified participants under certain terms. They are intended to alleviate some of the initial onboarding, induction and training costs involved in recruiting new employees. Wage subsidies have been a staple of employment services since the 1970s and as such have been subject to various policy (including eligibility) changes over time.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)

Government. It operates across 51 employment regions across metropolitan and regional areas of Australia, with 56 providers operating out of 1866 sites.[5]

Workforce Australia comprises a largely standardised core service model, alongside a range of complementary services and programs that provide more tailored supports for specific cohorts. The key services within Workforce Australia model are:

Workforce Australia Online, a basic online digital platform for the most job ready job seekers to self-manage their mutual obligation requirements, with a dedicated contact centre available for assistance.

Workforce Australia Services, a traditional provider-led service for people needing additional help to prepare for and find work. It offers case management, training and other non-vocational assistance to help participants move into jobs.

Complementary services and programs

The additional complementary services and programs aimed at responding to distinct cohort needs, or to provide targeted supports include:

- **Transition to Work**, a specialist service for disadvantaged youth aged 15 to 24 who need additional help moving into work or further education. It delivers intensive, pre-employment support to build skills, confidence and connect with job and education opportunities.
- **Parent Pathways**, a voluntary pre-employment support service for parents or carers of children under 6, preparing to enter or re-enter the workforce. This includes an Australian Public Service delivered pilot site
- **Reconnection, Employment, and Learning (REAL) program**, a voluntary program for First Nations people who are on remand or in prison to build pathways to employment, education, and training opportunities
- **Local Jobs Program**, a collaborative, place-based initiative focused on local labour markets, working in partnership with business and communities to support tailored, local approaches to skilling individuals to meet local workforce needs
- **Self-Employment Assistance**, support to develop, start and operate a small business
- **Career Transition Assistance**, support for people aged 45 years and over to build their skills and confidence to re-enter the workforce or change career
- **Employability Skills Training**, a program to help people explore career options, develop job search, workplace and industry specific skills to be more competitive in their local labour market
- **Work for the Dole**, a program that provides participants with work-like experience to contribute to their local community and build skills to help find secure work
- **Launch into Work**, a program supporting pre-employment projects to prepare participants for specific entry-level positions within a business
- **WorkFoundations**, a program delivering funding for social enterprises and businesses to deliver paid employment placements for up to 6 months

[5] Includes Workforce Australia Services, Transition to Work and Broome, Yarrabah and Norfolk Island employment services. Multiple services can be delivered from the same physical site.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)

- **Real Jobs, Real Wages**, providing financial incentives and ongoing support to employers to hire a person experiencing long-term unemployment (those on Workforce Australia caseload for 2 or more years) into a permanent job
- **Place-based and regional employment service initiatives**, including the Dandenong Employment Hub and Thrive Hubs, and the Broome Employment Services, Yarrabah Employment Services, and Norfolk Island Employment Support Program.
- **Early access initiative**, providing immediate access to tailored support through Workforce Australia Services to retrenched workers and their partners.

The broader ecosystem

The Australian Government is responsible for the delivery of employment services, determining the policy settings, contractual arrangements, and funding of services across the country. The Australian Government's role is grounded in constitutional powers over social welfare, taxation and external affairs, which support national employment services and income support settings.

Workforce Australia is part of a broader employment services ecosystem. It sits alongside the new Inclusive Employment Australia (IEA) a specialist disability employment program that assists people with disability, injury or health conditions to prepare for, find, and maintain work and grow their career; and Remote Australia Employment Service (RAES) program that provides participants in remote communities with a flexible employment service that supports them to upskill, find pathways to work, and contribute to their community. Both IEA and RAES commenced in November 2025. People in Workforce Australia may also interact with other Australian Government systems, such as the broader human services, and the skills, training and education systems.

The employment services system is part of a broader labour market supports ecosystem. It operates alongside many other employment, skills and training programs, delivered by all levels of government.

State and territory governments may run employment programs, but these programs are generally not targeted towards people on income support who comprise the majority of the caseload for Australian Government employment services. State and territory governments also provide skills, training, youth programs, employer partnerships and place-based initiatives, which may complement Australian Government's employment services. State and territory programs often target priority industries, disadvantaged cohorts, local labour shortages and link in with health, housing, justice and social services.

Local governments have no formal responsibility for employment services, but often support local jobs through targeted employment programs, economic development, infrastructure projects, and local networks and partnerships.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Chapter 3:

The case for change

Workforce Australia has supported more than 1.6 million individuals since it commenced in July 2022. Of these, approximately 1 million were supported through Workforce Australia Services, with 22.7% achieving a sustainable employment outcome (26 weeks or more). Over 800,000 individuals have commenced in Workforce Australia Online, with 79.7% exiting employment services before the 12-month maximum time in service was met.[6] However, while the current employment services system has worked for some, it is not working as well as it should for all participants on the caseload, employees or the broader economy.

Consultations for the Employment White Paper and the House Select Committee Inquiry into Workforce Australia Employment Services identified deep-seated shortcomings with Workforce Australia that provides a strong impetus for reform. Addressing the issues discussed throughout this chapter will create a more personalised and responsive employment service that can better support job seekers depending on their distance from the labour market. At the same time, it would effectively respond to employer demands, adapt to local labour markets and meet the workforce needs of the future.

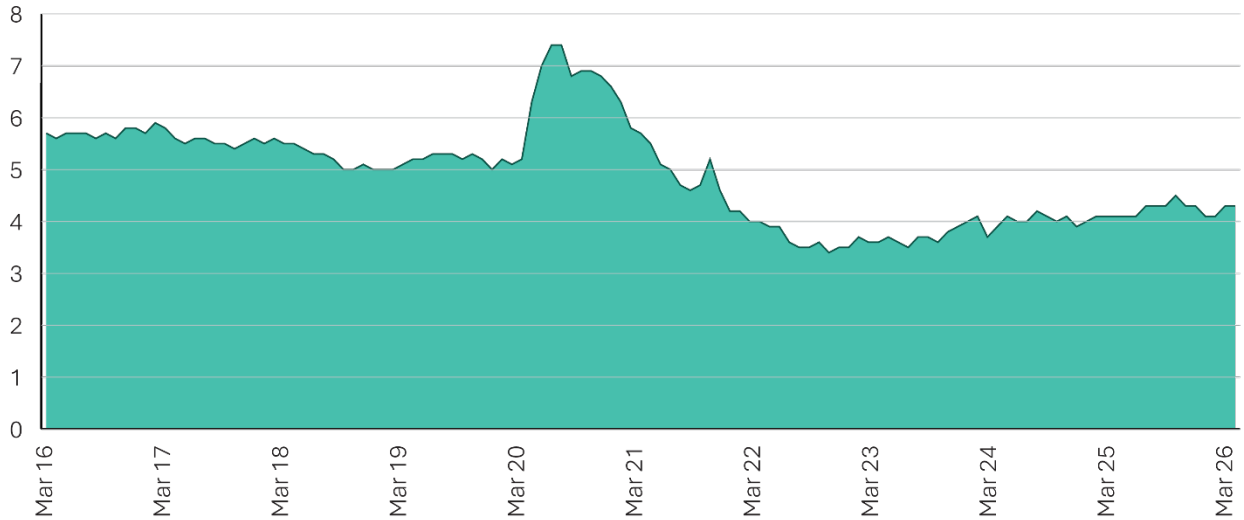
Not everyone is benefiting from the favourable labour market

Labour market conditions have been good in recent years. While Workforce Australia has been operating (since July 2022), the unemployment rate has been low by historical standards. Additionally, the labour force participation rate has been around all-time highs, with a record number of Australians in work.

[6] DEWR administrative data, 30 April 2026.
N.B. '22.7% achieving a sustainable employment outcome' refers to the number of participants that achieved a 26-week outcome as a proportion of those that could have achieved one.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Figure 1: Unemployment rate



Source: ABS, Labour Force, Australia, March 2026, seasonally adjusted data.

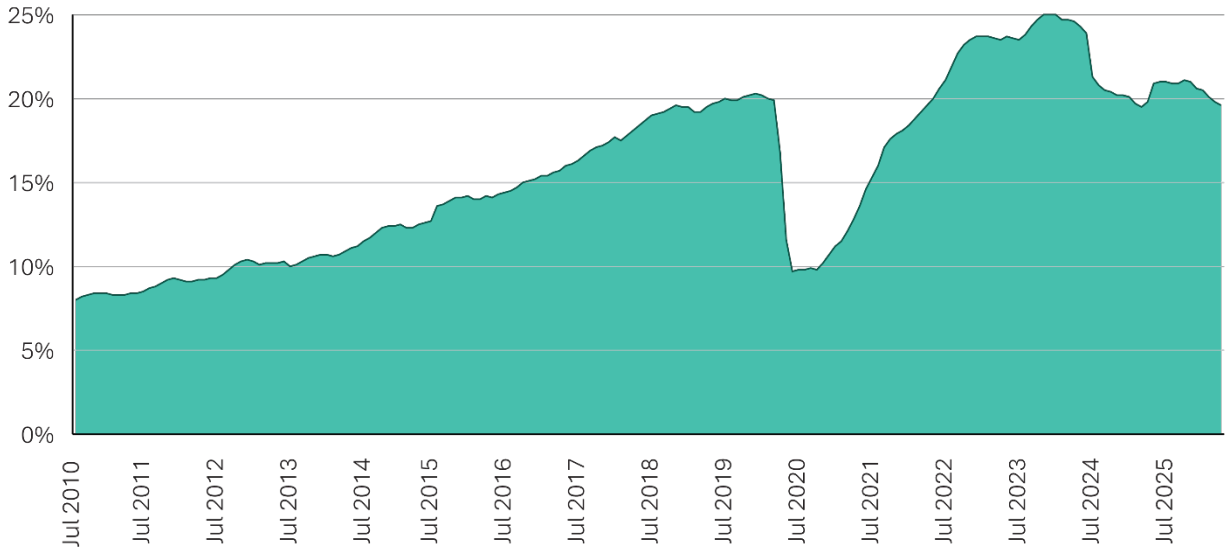
However, not everyone is benefiting from the opportunities of a strong labour market. Some people face greater challenges in gaining employment, for example youth, mature aged people (particularly women), First Nations people, single parents, and people with disability. The Workforce Australia caseload includes a disproportionate representation of disadvantaged groups who experience employment outcomes below the national average, including people with disability (24.7%), First Nations people (16.0%), ex-offenders (12.7%), and people experiencing homelessness (11.0%).[7]

Employment services have a critical role to help people find sustained, meaningful employment. Despite strong labour market conditions in recent years, people closest to the labour market have not always found the online service to be effective at helping them move into work. A lack of tailored support is seeing around 1 in 8 people reach the maximum time allowed in online services and then be referred to a provider, impacting their confidence and moving them further away from a job[8]. In addition to this, the proportion of people who are in employment services for 5 years or more is significantly higher than a decade ago. It is usually people with multiple and complex barriers who are making up this larger proportion of the caseload.

[7] DEWR administrative data, 30 April 2026.
[8] DEWR administrative data, 30 April 2026.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Figure 2: Proportion of caseload in service for 5+ years



Source: DEWR administrative data, 31 March 2026.
N.B. Data incorporates Job Services Australia (2010-2015), jobactive (2015-2022) and Workforce Australia (2022 onwards).

One-size-fits-all approach is not leading to sustainable outcomes for everyone

These concerns were highlighted in the government's Employment White Paper and echoed in the final report by the House Select Committee on Workforce Australia Employment Services, drawing on the evidence of hundreds of submissions and witnesses. The Employment White Paper and Final Report of the Select Committee found that from the moment someone enters the employment services system, they are faced with a blunt, one-size-fits-all approach. This is driven by the 5 fundamental shortcomings described below.

1. Does not always connect people to the right supports

The current assessment and triaging processes do not always reliably and quickly refer people to the service that is right for them. Assessment processes do not adequately support people to understand what their information will be used for and feel comfortable enough to disclose personal circumstances affecting their employment services needs. Triaging processes also heavily rely on numerical scoring to refer people to services. As a result, many people experience inappropriate referrals which can lead to poorer employment outcomes and disengagement from the service. The current system also fails to ensure that as people's circumstances change, they continue to receive the right service and supports for them.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

2. Not agile enough to respond to diverse needs

The people who enter employment services have highly diverse circumstances and support needs. Some people are 'job ready' and need relatively little support to find employment. Others face barriers such as limited connections to the labour market or lower levels of education. Some experience complex personal circumstances, including multiple social or health issues, that means they are significantly distanced from the labour market and require more tailored supports.

Despite this diversity of needs, the current system has been designed and delivered in ways that result in a standardised servicing approach – 'one-size-fits-all'. It lacks any formal tools or servicing strategies that set out a participant's pathway to work and this has contributed to inconsistent service quality and outcomes across the system.

While Workforce Australia Online works well for many job-ready job seekers, some people need important but relatively modest additional support. These people are currently unable to get this support due to limitations in the digital platform functionality and constraints in the APS support available. Around 1 in 9 people in online services choose to opt out and be referred to a provider, which may offer a lot more support than they need, including face to face support, while others remain in online services for a long time without finding work.[9]

Current provider incentives tend to encourage rapid job placements, sometimes without enough regard for job suitability or quality. This can contribute to poor job fit and, for some participants, repeated movement in and out of employment services, with around 1 in 6 people who have exited Workforce Australia Services re-entering within a year.[10] Higher re-entry rates to employment services may indicate many participants are not being supported into suitable or sustainable employment. This is a poor outcome for job seekers and increases costs for government.

Limited recognition and reward for service quality, intermediate progress, and longer pathways encourages providers to disproportionately focus resources on participants that are more likely to get an employment outcome at the expense of those further from the labour market. These settings result in servicing that overlooks people's strengths, aspirations and individual barriers to sustainable employment, and limit meaningful progress and goal setting, which are key to effective active servicing. In addition, provider frontline staff may not always have the capability to respond to the full range of job seekers' needs, including delivering culturally capable and trauma-informed practice.

Taken together, these issues point to the need for a more tailored and agile service. A new service should better recognise and respond to differences in individual circumstances and connect people with the right mix of supports at the right time to support progression into sustainable employment.

[9] DEWR administrative data, 30 April 2026.
[10] DEWR administrative data, 30 April 2026.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

3. Mismatch between mutual obligation settings and distance from the labour market

Mutual obligations reflect the longstanding community expectation that people who receive income support and are assessed as capable of working, have an obligation to actively look for work. Fair and proportionate mutual obligations are a key part of an effective employment service as they keep people engaged in the job search process.

The current mutual obligations system, however, is overly complex and compliance-driven, applying an approach that often does not account for individual circumstances or distance from the labour market. As a result, people are engaging in activities that are not relevant or effective in moving them closer to, and into employment. Imposing overly onerous requirements, not accompanied by high-quality support, can cause harm and lead to adverse effects as people disengage or leave income support without securing work.

4. Employer engagement remains low

Employer engagement with the current employment service remains persistently low. Employers often perceive employment services to have limited value and prefer to use other recruitment channels. The current employment service has not put sufficient focus on employers and the support they need to identify how to utilise employment services to meet their workforce requirements, consider job design, recruit, train, and successfully retain new employees. Instead, employers find it confusing and difficult to navigate across multiple points of contact and many programs with different requirements. They report high administrative burden, large volumes of unsuitable applications, poor candidate matching, and limited post-placement support as barriers to using employment services.

5. Commissioning can better respond to need

The current commissioning approach has limited flexibility, contributing to services that do not always adapt well to different regional and local labour market conditions. The number of employment service providers has also declined significantly over time, leading to greater provider concentration and more standardised approaches to service delivery within each program. This limited provider diversity has contributed to capability gaps, with providers not always aligned to participants needs. In some cases, providers may also lack strong links to local communities or have workforces that do not reflect the cohorts they support. There are also opportunities to increase the role of Aboriginal Community Controlled Organisations in delivering employment services to provide trusted, culturally attuned support to First Nations job seekers.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Chapter 4:

Overview of the new employment service

This chapter provides an overview of the government's framework for reforming employment services, outlining its vision, core ideals, structure and service elements.

Vision for reform

The government's vision for employment services reform is to deliver a system that gives people the best opportunity to secure a well-paid job.

These reforms will create a more responsive, effective and dignified system. Three new service streams with different service offerings depending on an individual's distance from the labour market will be introduced, replacing the current model. The way people are matched to supports both from the start and while in employment services will be overhauled, to ensure they are connected to the right supports at the right time. Closer connections to employers, other local supports and the labour market will ensure participants more quickly benefit from the dignity of work.

Core ideals for the new service

To realise its vision for reform, the government will deliver an employment service built around 4 core ideals, guiding the approach to detailed design and implementation. These are:

1 **Core ideal 1**

Employment is the primary goal. Meaningful engagement moves participants into work or closer to jobs. Services help them become capable, confident, and qualified and the settings for mutual obligations are designed to enable this.

2 **Core ideal 2**

Supports are meaningful to the participant and are tailored and proportionate to a participant's needs and distance from the labour market.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)

3 **Core ideal 3**

The system is easy to navigate and provides a high-quality, consistent service offering that also has the flexibility to respond to individual needs, local labour market conditions and emerging labour market trends.

4 **Core ideal 4**

The system is designed and stewarded by the Australian Public Service to continuously improve in order to respond to users' needs and an evolving labour market.

Service streams to meet different needs

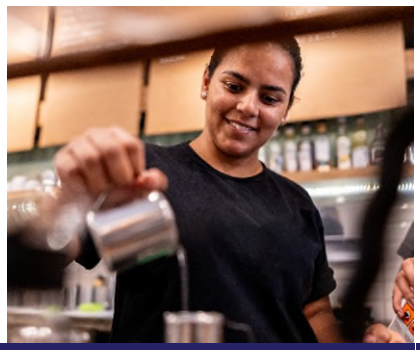
Underpinned by the core ideals, the new employment service will comprise 3 distinct service streams. The service streams will be calibrated to respond to a participant's distance from the labour market and how complex their barriers are. This recognises that people who use employment services need different types and different intensities of support.

Figure 3: The 3 service streams



Online and brief intervention services – Stream 1

For those closest to the labour market



Targeted provider services – Stream 2

For those moderately close to the labour market



Intensive services – Stream 3

For those furthest from the labour market

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434
s 22(1)

In **online and brief intervention services**, job seekers are closer to the labour market and will receive targeted support and brief interventions, focused on rapid reconnection to employment.

In **targeted provider services**, job seekers are moderately close to the labour market. For them, personalised servicing will focus on active job coaching, employability support and stronger connections to skills development and short-term training that align with local labour market demand.

In **intensive services**, job seekers have more complex employment barriers. More intensive servicing will place greater emphasis on sustained engagement, mentoring and staged pathways that support job seekers to build confidence, capability and readiness for employment over time.

Further detail on each service stream is set out in Chapter 5.

Service elements

A number of underpinning service elements will support the delivery of high-quality, tailored services as part of the new employment service.

These service elements include:

Improved initial assessment and triaging processes to ensure people's barriers to employment are clearly identified and better understood at the point of entering employment services, so that they are connected with the right service at the right time. Reforms will also include a more targeted reassessment processes to ensure that as individuals' circumstances change, they continue to get the right support.

A new Employment Goal Plan will set meaningful and individualised employment goals and outline a tailored servicing strategy and pathway. It will be central to a participant's experience and will inform the range of supports participants will have access to.

An effective and more targeted approach to applying mutual obligations that encourages engagement to support people into work. Mutual obligation settings will be calibrated to an individual's distance from the labour market and designed to be more effective in getting them into an employment pathway.

A new approach to engagement with employers to meet workforce demands and lift recruitment and retention capabilities.

Clearer expectations on providers to deliver high-quality personalised services for participants, including empowering user choice and agency in the servicing supports they receive.

Redesigned provider incentive settings, including consideration of blended funding models to reflect caseload, risk and achievement of longer-term employment outcomes.

Improved commissioning to lift provider diversity, capability, experience, and local labour market connections. While there will continue to be a role for traditional employment services providers, there is a need to diversify the service delivery landscape.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Chapter 5:

Key policy settings for the new service

Realising the government's vision for employment services will require detailed policy and program design of core elements of the new system. The sections that follow set out the core elements and key questions for stakeholder feedback on how to ensure the success of the new employment service. They also outline the investments made by government in the 2026-27 Budget to undertake design work and develop some of the key features that will underpin the new employment services system.

Three service streams to respond to different needs

As outlined in Chapter 4, the new model will be comprised of 3 distinct service streams calibrated to respond to a participant's distance from the labour market.



Online and brief intervention services – Stream 1

The new employment service system will introduce a new high-quality, participant-led online and brief intervention service that offers more personalised and targeted supports to make it easier for participants to move into sustainable employment without the need for a provider.

This service will be predominantly delivered by government via an enhanced digital platform and Australian Public Service led support, with uplifted capability to ensure participants receive timely, high-quality and tailored support to prevent disengagement. Mutual obligations requirements will be simpler, with participants focusing on searching for jobs and undertaking other vocational activities.

In the 2026-27 Budget, the government made early investments of $205.5 million over 5 years to take first steps towards the new online and brief intervention service by:

- improving the accessibility, personalisation, and usability of the digital platform, including introducing new career mapping and guidance tools that draw on a person's employment history, skills and education to generate career pathways and skilling advice.
- shifting the Australian Public Service-delivered Digital Services Contact Centre towards providing proactive support for online participants, including increased capacity to meet demand and improved capability to provide personalised advice and brief interventions based on individual needs.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

- trialling a fully virtual digital advisory service for parents to help build confidence, capability and connections to the labour market.

In designing the future online and brief intervention service, government is considering how best to target online support. This includes distinguishing between people who may be able to self-manage their job search using digital tools with brief and targeted support, and those who may benefit from earlier access to more direct, provider delivered assistance. In periods of regional labour market transitions and higher overall unemployment than in recent years, providing a higher-quality online and brief intervention service will ensure those with recent work experience are able to get the support they need from employment services to find their next job quickly.

Another key consideration is how to balance efficiency, engagement and activation in a digital-first, self-managed service environment. This includes using the right mix of digital messaging, proactive contact and human support to sustain motivation and momentum, without creating unnecessary burden or complexity. The new online and brief intervention service needs to recognise and build on people's skills, experience and aspirations, and support agency. It also needs to promote meaningful engagement focused on moving into employment quickly, rather than compliance-driven activity.



Targeted provider services – Stream 2

In the new employment service, targeted provider services will be delivered by a network of contracted service providers and support a narrower group of job seekers who are moderately close to the labour market. This includes people with employment gaps, lower educational attainment, or cycling patterns of work. Having a narrower group of job seekers allows for more focused servicing.

Participants will receive active coaching, employability support, skills development and training linked to in-demand jobs. Support will address skill gaps and connect participants with education and training that prepares them for vacancies. Servicing will reflect each person's circumstances and goals, with new pathway planning tools supporting clearer steps into work. Mutual obligation requirements will prioritise job search as employability improves.

The government is considering how provider settings can incentivise quality, job suitability and employer engagement. Providers will be expected to prioritise activities that are proven at getting people into jobs and adopt best practice service methods. Providers will also need strong links with employers and training systems to match participants to local labour market needs rather than generic options.

In the new employment service, another key consideration is how targeted provider services can also provide important support to retrenched workers and their eligible partners. Most people who lose their jobs will be able to re-enter the workforce quickly, including through the new online and brief intervention service. However, some workers will need additional support. Early access to targeted provider services will be available for these workers, regardless of their eligibility for income support. For example, people affected by major business closures or structural transitions who need additional help to identify how their existing skills transfer and what additional skills they may need to secure their next job quickly.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434



Intensive services – Stream 3

Intensive services will be a new service for people who are furthest from the labour market. It responds to gaps in the current system that takes a one size fits all approach, where job seekers with the most complex needs are not receiving the level or type of support they need and are falling through the cracks.

The government is investing $52.6 million over 5 years to support the early targeted rollout of intensive services. Expected to commence in late 2026, the rollout will be delivered in selected locations across Australia. Testing the new intensive service ahead of national implementation will provide valuable evidence on what works best and support refinement of the final design of intensive services.

Intensive services are for people with complex and interconnected barriers to employment that often impact their confidence and capacity to look for work. Many will require coordinated supports that go beyond what employment services can provide. Intensive services will likely be delivered by community organisations with a strong local presence and established connections to local services, supports, employers and communities. This place-based approach will help participants to access the broader supports they need alongside employment assistance.

Support in intensive services will be tailored to individual circumstances, needs and readiness to engage. Activities available in intensive services may include mentoring, work-like experience, volunteering, skills development, and support to navigate and engage with local services to address barriers to employment.

Participant pathways to employment may not be linear, so services will recognise this and support them to reconnect and make sustained progress towards work. Mutual obligations will focus on meaningful engagement, with requirements adjusted to reflect each participant's capacity and distance from the labour market.

Frontline staff requirements will also reflect the need for skilled case managers with relevant qualifications and experience to deliver high quality services for those furthest from the labour market.

A key opportunity for the new system is to connect with social enterprises to provide people with an opportunity to gain work or work experience where there are wrap around supports both prior to and after placement into a job. Social enterprises will play an important role within intensive services to provide this opportunity, including the potential to deliver services directly. Social enterprises can provide a bridge between employment services, skills training, and the open labour market for people who need more support. They are well placed to offer flexible, wrap-around support such as supervision, mentoring and job design and many have strong connections to local communities and industries. These features support work-like experiences and help create pathways into employment that align with local demand.

Questions

1. What are the key factors that should place a person in online and brief intervention services versus targeted provider services versus intensive services?
2. What types of support should be offered under each of the service streams?

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Quality initial assessments and triaging

Many people engaging with employment services are balancing caring responsibilities, health conditions, or other personal circumstances alongside searching for employment. A quality initial assessments and triaging process that considers the range of factors that influence a person's capacity to look for work and move closer to employment is crucial to ensuring people receive the appropriate support from the moment they enter employment services.

A new approach to assessments will help people feel comfortable to share information about their circumstances and ensure those circumstances are better understood. The information collected through this process will inform the employment pathway in a participant's Employment Goal Plan.

The new assessments approach will apply across the whole employment services system, including those referred to Inclusive Employment Australia and Remote Australia Employment Service.

Targeted reassessment processes will also be introduced, to ensure that as individuals' circumstances change, their supports are updated.

In the 2026-27 Budget, the government is investing $27.5 million over 4 years to develop and trial a new initial assessment and triaging process. As an early step, this will include improvements to the current assessment processes and development of new assessment tools. The new tools will be designed to improve people's experience of entering the system through:

- ensuring people are quickly referred to the right service for their circumstances
- simplifying the pathway from entry to services
- increasing responsiveness to individuals' circumstances and needs
- improving the capability of assessors
- increasing job seekers' understanding of the service, ensuring they can make informed choices in entering services
- collecting the appropriate information to inform a job seeker's Employment Goal Plan and servicing strategy.
- allowing job seeker information to follow people across providers and services supporting the 'tell it once' principle

Feedback is sought to help shape the detailed design and implementation of these new tools.

Moving between service streams

Participants' circumstances can change over time. In the new employment service, the government is considering how targeted reassessments can help ensure participants are in the right service or service stream most suited to their current needs. Participants may need reassessment for a range of reasons. For participants in the new online and brief intervention service, this could be the emergence of additional barriers to employment, such as housing instability, requiring additional support from a provider. For participants in targeted provider services, a reassessment could be required due to a significant deterioration in mental health. For participants in intensive services, this could be significant progression towards employment or the overcoming of complex barriers to employment.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

A reassessment may also result in a participant transitioning to other services across the whole employment services system, for example, Inclusive Employment Australia. The new employment service will carefully consider participant movement across streams and different employment services, to ensure a participant experiences a smooth transition with minimal disruptions to their servicing experience, and participant movement between services does not add additional complexity to system settings.

Imposing time limits on each service stream may be worth considering as a safety net, prompting a review of whether a job seeker needs different supports. A time limit can also act as a catalyst for engagement and progression. For example, in the Transition to Work program, most participants can receive up to 18 months of servicing, with a smaller cohort (those with more complex non-vocational barriers) able to receive up to 24 months of servicing.

Questions

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

Introducing an Employment Goal Plan

The new employment service includes a new Employment Goal Plan – an individualised pathway planning tool that sets out a clear servicing strategy and pathway to work, aligned with a participant's employment goals and the local labour market.

The Employment Goal Plan will bring together a person's employment goals, agreed activities and mutual obligation requirements into a clear and practical pathway to work. It will make explicit the steps and timeframes for servicing and how services, supports and activities will move a person into employment. This approach places stronger emphasis on employment goals and pathway planning in service delivery, and to ensure that people are connected to tailored supports to help address barriers to work. The Employment Goal Plan will replace the current Job Plan.

The Employment Goal Plan will be mutually agreed by provider and participant. Providers will be expected to work with job seekers to develop and maintain the Employment Goal Plan. Recognising that people's circumstances change over time, the Employment Goal Plan should be updated regularly to reflect changes in personal circumstances and distance from the labour market. A simplified online Employment Goal Plan will be available in online and brief intervention services.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

The introduction of a government pathway planning tool will allow job seeker information to follow people across providers and services. This supports the tell-it-once principle and improves service continuity.

As part of the 2026-27 Budget measures, the government is piloting the Employment Goal Plan in the early targeted rollout of the new intensive service. Insights from this testing will inform the final design and national rollout in the new employment service.

Questions

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

A new approach to mutual obligations

The government is considering how the new employment service can change how mutual obligations are applied to better incentivise progress towards employment and activities that directly link to a participant reaching their employment goals. Activities and requirements will look different depending on the service stream and an individual's distance from the labour market. Requirements will be fair, proportionate and based on individual circumstances and will be scaled as people move closer to work.

Mutual obligations will be clearly connected to the steps outlined in a participant's Employment Goal Plan, with activities and supports to complement their servicing strategy and employment aspirations. A participant will undertake activities that are better suited to their circumstances, to directly address identified barriers to employment and lead towards work. As a person makes progress in their Employment Goal Plan, the types of activities associated with their mutual obligation requirements will adjust to reflect this.

As mutual obligations are further designed and developed, the government will consider the appropriateness of application to other services in the employment services ecosystem.

Different mutual obligations for each stream

Online and brief intervention services

For those closer to the labour market, the government is considering how mutual obligations can be simpler for participants with requirements primarily focused on job search and other vocational activities set out in an Employment Goal Plan. Participants will be actively monitored to ensure they are engaging with services, with early signs of disengagement triggering timely intervention, including movement to a more intensive level of support where required.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)

Targeted provider services

For those in targeted provider services, the government is considering how mutual obligations can focus on building their capacity for work by connecting them to in-demand skills and training opportunities and work-ready supports, combined with job-search activities. Mutual obligations will be set out in a participant's Employment Goal Plan and expectations and activities will change as a participant's employability improves.

Intensive services

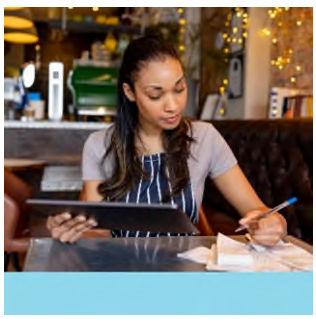
For those furthest from the labour market, the government is considering how mutual obligations can be calibrated to individual circumstances, focused on meaningful engagement and progressing a participant towards employment. Mutual obligations will be adjusted in alignment with a person's work-readiness, including participation in activities such as volunteering and work experience and with social enterprises.

A new approach to compliance

Another key consideration is how the new employment service will adopt more contemporary regulatory approaches by shifting the focus towards encouraging active participant engagement rather than enforcing reactive compliance measures. Appropriate safeguards will ensure compliance powers are exercised lawfully and fairly, supporting more effective employment services that better enable progress towards work.

Question

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?



New approach to employer engagement

The government is considering how the new employment service can make it easier for employers to engage with the system, be more responsive to local labour market conditions and offer supports that better meet employer needs.

Engaging with employers is central to an effective employment services system. It aligns services to real vacancies, improves job matching and retention, and lifts productivity by placing people into roles suited to both their skills and the needs of the business hiring them.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434
s 22(1)

Employers are diverse in size, capability, location, and industry, and their willingness and capacity to engage with government-funded services can vary significantly. International evidence suggests that integrating demand-side strategies into employment services by actively engaging employers as partners in jobs and skills pathways is required to strengthen employer engagement.

Strategic engagement of industry and large employers

The new employment service will be guided by a stronger national focus on building strategic partnerships with industry and large employers to create jobs and skills pathways for job seekers. This approach will support more structured and consistent engagement with industry and large employers.

Strategic partnerships will provide a foundation for aligning government, employer, and industry bodies to create clearer jobs and skills pathways, improve workforce diversity and inclusion, and simplify how employers access employment and skills supports.

Local labour market approach for small and medium enterprises

Local labour market coordination can reduce the friction that employers, especially small and medium businesses, can face in trying to engage with employment services, fostering greater trust and a shared understanding of employer needs across services at the local level. Recognising the diverse needs of different economic regions is critical to effective service delivery. Local labour markets vary significantly in industry composition, workforce availability, and economic conditions. By considering local labour market conditions, the engagement, training and supports available to employers will be relevant, responsive, and effective.

The government is also considering how place-based mechanisms can implement local labour market coordination. These mechanisms will enable strong local involvement from employers, providers, skills organisations, and community stakeholders, supported by regional coordination. The place-based mechanisms will also reduce duplication of supports, strengthen intelligence sharing, and enable faster, more coordinated responses to emerging workforce opportunities, structural change or economic disruption.

Connecting employer vacancies with job seekers

Advertising vacancies on online jobs platforms is the main way employers connect with a large, diverse pool of job seekers. In the current system, employers can use the Workforce Australia Online job board. The platform offers features such as candidate matching and shortlisting tools to provide a streamlined way for employers to attract and engage suitable job seekers. However, employer engagement with this service is low, with many job vacancies sourced from private sector platforms. Given there are many similar services offered by the private sector, the need for a government jobs matching platform will be examined as part of reform to ensure employers have efficient and effective ways to connect with people in mainstream employment services.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Range of targeted supports

To develop an employment service that meets the expectations of employers in a broad range of industries and locations, the current suite of supports will be reviewed and better targeted. These include pre- and post-placement support and financial assistance to support hiring and retention. Supports available should be tailored to job seeker need, with greater assistance for employers to engage those who are further from the labour market.

Employers remain concerned that job seekers may not have the skills they are seeking. The new service will need to consider how to continue supporting job seekers to access training, equipment, and other supports needed to enter into employment. Once in a job, participants and their employer will receive better targeted support to undertake onboarding, training, and workplace adjustments that foster lasting employment outcomes.

Wage subsidies will be reviewed. Wage subsidies function as a financial incentive to businesses to hire and retain specified participants under certain terms. They are intended to alleviate some of the initial onboarding, induction and training costs involved in recruiting new employees. There is an opportunity to simplify the current arrangements, ensure they are appropriately targeted to need, and better combine them with effective post-placement support to better provide support to employers.

Questions

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?

Delivery of high-quality services

As outlined in Chapter 3, the current system does not consistently deliver high-quality services to individuals and employers, particularly for people with more complex needs who are further from the labour market. Hallmarks of a quality service include frontline staff (whether from the Australian Public Service or contracted providers) who deliver personalised services, the capability to respond to a diverse range of needs, and strong connections to employers and other services.



Frontline staff capability

Meeting the diverse needs of people in employment services will require frontline staff with the right skills and capabilities to respond to the diverse needs of job seekers.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

In the new employment service, across all service streams, the government is considering how frontline staff can play a more active role in guiding participants through employment services and connecting them with skills and training options, and other relevant supports. This may include requiring providers to build stronger connections to skills development, training, and pre-employment activities to improve sustainable employment outcomes. It may also involve providers more actively supporting participants on progress towards employment goals.

Another key consideration is how the required capabilities of frontline staff can better align with the different service intensity and circumstances of participants across all streams, including those services delivered by the Australian Public Service. Some ways this could be done include reflecting differences in the skills, qualifications, experience, cultural competence, the types of supports and how they are delivered, and the depth of engagement required by frontline staff across each stream.

Supporting diverse cohorts

The employment services caseload is highly diverse and includes many groups who experience lower employment outcomes relative to the average person seeking work.

Some groups, such as young people, may have different pathways into work and limited prior employment experience, and employment services have often taken a distinct approach to servicing this cohort. Distinct servicing to meet young people's needs include early and flexible investment, a focus on both education and employment, and strong links to education, training and apprenticeship pathways.

Other groups, including people from culturally and linguistically diverse backgrounds, may require support that focuses on building local work experience, networks, or English language proficiency. First Nations stakeholders often describe cultural safety as a key marker of service quality, with practical enablers including workforce capability and First Nations representation, accessible communication, and service settings and practices that uphold dignity and reduce disproportionate harm.

This short summary of only some of the groups in employment services highlights the importance of a responsive system that can effectively support the distinct needs of different cohorts. It reinforces the need for flexible, culturally capable and trauma-informed practices. The new employment service will need to consider how the needs of specific cohorts are best responded to, to ensure people receive inclusive and trauma informed supports that are relevant to their circumstances. It will also need to ensure providers have the capability and expertise to effectively support the unique needs of different cohorts to ensure more equitable outcomes and a positive service experience for people accessing support.

Better connections to other services

People engaging with employment services often have a range of needs. These may relate to education and skills, health, disability, housing, caring responsibilities, language, transport or social needs, and are frequently interconnected. For some job seekers, progress towards employment depends on having multiple needs addressed at the same time, rather than through employment services in isolation.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Strong connections between employment services and other local services are therefore critical. There are inconsistencies in how providers currently support participants to navigate other services. Providers will be expected and incentivised to play a more active role in guiding and supporting participants to connect and engage with relevant services. This includes not only referring participants to services, but actively supporting and coordinating their engagement with services, skills and training opportunities, and employers.

The government is exploring stronger links to the skills and training system which will be critical in an effective employment services system, particularly for those who need additional support. For these participants, coordinated access to local services can be critical to addressing vocational and non-vocational barriers and building confidence, capability and readiness for employment.

Providing local solutions

In reforming employment services, a key challenge is striking the right balance between ensuring a consistent high-quality service for everyone that relies on employment services support across Australia and maintaining a flexible service that can be tailored to the needs of individuals, businesses and local labour market conditions. Experience from Workforce Australia and earlier employment service contracts shows that often local solutions, led by local service providers, engaging local businesses and community partners can achieve strong outcomes by tailoring services to local needs.

The government will consider how the new employment service can have an effective local labour market approach that responds flexibly to the specific conditions, needs and opportunities of local communities. It will build on the approach and operational experiences from the current Local Jobs Program[11], to draw on the knowledge of local employers and communities to identify emerging trends and practical solutions.

Embedding a flexible local approach will also support rapid responses as local communities are reshaped by the broader changes to Australia's labour market, such as the transition to net zero and a growing care economy.

Equity of access will also be critical, as not all participants can easily access the same array of supports. The new employment service must aim to consistently support those facing transport barriers, those in regional areas with fewer services nearby, and those unable to access online supports, for example.

Questions

13. What qualifications and experience should be expected of frontline staff within each stream?
14. How could the future service accommodate the needs of diverse cohorts, including better linkages to other services?
15. How can a nationally consistent service respond to local circumstances?

[11] Jobs and Skills Australia, *Jobs and Skills Roadmap for Regional Australia – Phase 1*, Australian Government, 2025. jobsandskills.gov.au/publications/jobs-and-skills-roadmap-regional-australia-phase-1.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434



Redesigned system incentives for service providers

The government is considering how the new employment service will be designed to incentivise providers to deliver supports that meet the needs of all participants and employers.

A key challenge in ensuring all participants and employers receive the appropriate support for them is aligning service providers' goals and behaviours with the government's objectives for employment services. There are several frameworks which can incentivise or influence provider behaviour, including payments and performance frameworks. The design of settings within these frameworks, and the interplay of separate settings in conjunction with other administrative arrangements and contractual requirements, can influence the ways that providers operate and the choices they make in how they deliver their services.

Incentives for quality servicing and outcomes

Getting the balance of settings right to ensure that appropriate objectives are being met while minimising unintended consequences will be important to ensure participants and employers receive the high-quality services they deserve.

Under the new employment service, there will be a greater expectation on contracted providers to deliver high quality services that are tailored to supporting an individual to reach their employment goals. For the targeted provider services and intensive services, the government can use several frameworks to influence provider behaviour, including payments and performance frameworks. Contractual arrangements will also make providers accountable for meeting this high standard, with options available to the government to amend or terminate provider contracts in the event of sustained underperformance.

Provider payments

Ensuring all participants receive active, personalised support that is proportionate to their needs and distance to the labour market is a core part of the government's vision for the new employment service. Payment settings which effectively reward providers for these behaviours will be critical in achieving this.

Different types of payments and payment structures can influence how providers deliver services. Types of payments used to incentives providers across different employment service models include:

- *upfront payments* when a person commences with a provider to ensure the provider has resources to support the person immediately
- *progress payments* when it can be demonstrated a job seeker's employment prospects have improved even if an employment outcome has not yet been achieved. These payments are intended to support ongoing servicing and support.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434
s 22(1)

s 22(1)

- *employment outcome payments* when a job seeker has commenced in a job and remains employed for a period of time. A range of time periods are often included in this type of payment, for example up to 26 week or 52 week payments, to incentivise providers placing people into sustainable employment.
- *bonuses or loadings* on top of the base level of a payment. These can be used to respond to circumstances such as more challenging labour market conditions or where a person has been in employment services for a long time.[12]

Different payment structures can offer different mixes of payment types to incentivise different behaviours. Getting the balance between payments right has been a challenge in previous iterations of employment services.

Local labour market conditions can impact provider and participant ability to achieve employment outcomes. This can include housing costs and shortages, local infrastructure, limited employment and training opportunities, and availability of social services. Providers delivering services in thin labour markets where there are lower volumes of job seekers and job vacancies also tend to have higher fixed costs relative to the number of participants on their caseload, with implications for provider viability and service continuity. Higher payment rates may be one way to reflect the regional challenges experienced in delivering high-quality services.

Performance measures

Monitoring service quality is a core government responsibility and reflects the Australian Public Service's stewardship role in assessing the effectiveness and quality of employment services. Strong performance measures help the government ensure services meet the needs of users and the labour market. Performance monitoring can also support early intervention where issues emerge.

Performance measures must set clear baseline expectations for service quality and the supports provided to participants and employers. At the same time, they can also reward providers that exceed minimum standards and achieve strong outcomes. Such an approach can help lift overall performance without encouraging compliance-only behaviour.

Under Workforce Australia, provider performance can directly influence a provider's ability to retain or extend their licence to deliver services. This increases the consequences of poor performance and rewards sustained quality delivery.

Some aspects of performance, such as progress towards employment, are challenging to measure consistently. Improvements in a participant's confidence, skills, or work readiness may not translate immediately into a job placement, which is much easier to measure. The performance framework needs to recognise these intermediate outcomes without weakening the focus on sustainable employment outcomes.

[12] Department of Employment and Workplace Relations (DEWR), *Workforce Australia Employment Services Provider – Payments*, Australian Government, 2025, accessed 11 May 2026. dewr.gov.au/workforce-australia/resources/workforce-australia-employment-services-provider-payments.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434
s 22(1)

Different provider incentives for targeted provider services and intensive services

The contracted servicing streams will have different incentive settings reflecting they are supporting job seekers with different characteristics and support needs.

Targeted provider services incentives need to encourage tailored assistance and coaching, with short-to-medium term interventions and employment outcomes within shorter timeframes.

Intensive services incentives need to encourage intensive and wrap around support, with progress to employment often incremental and non-linear. Significant coordination with other services and specialist workforce skills will be required. Employment outcomes still need to be a key goal.

It will be important for final incentive frameworks and specific stream settings to reflect the diversity of a job seekers pathway to employment, while maintaining fairness and a clear focus on supporting people to move into suitable employment.

Questions

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?

Improved commissioning and contracting

The government recognises the need to improve commissioning and contracting to lift provider diversity, capability, experience and local labour market connections. In the new employment service, commissioning will focus on engaging organisations best placed to support job seekers, with approaches varying by service stream. This includes placing greater weight on provider capability, local connections and the ability to deliver integrated and tailored support.

This represents a shift from the current system. Commissioning will move away from standardised models towards more flexible and targeted approaches that support a broader and more diverse provider market. This will include a stronger role for community-based organisations and First Nations organisations, where appropriate, and will create opportunities for a wider range of organisations to participate in the system. Traditional employment services providers will continue to play an important role, particularly for targeted provider services. However, commissioning will place a stronger emphasis on ensuring providers reflect the local communities they service and have appropriately skilled workforces and service delivery approaches.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)

s 22(1)

For intensive services, commissioning will place a stronger focus on engaging community-based organisations with deep local connections, reflecting the need for services that are better aligned to participant needs and local labour market conditions. It will also create opportunities for different types of organisations to play a role in the system, including social enterprises. This may include engaging organisations that also deliver other social services in the local community or those with strong connections to such services where that leads to a better and more holistic experience for participants.

Question

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

Driving continuous improvement

As outlined in Core Ideal 4, the new employment service will be designed to continuously improve in order to respond to users' needs and an evolving labour market. This will require mechanisms that encourage learning, innovation, and adaptation, as well as active monitoring of how the system is performing, identifying emergent issues, and responding to them.

The current employment service does not have the flexibility to quickly and effectively respond to changing individual needs, dynamic local labour market conditions, and emerging labour market trends. Contractual arrangements can act as a barrier to services adapting to changes, with lengthy contract review processes limiting government's ability to quickly address poor provider behaviour and longer contract periods limiting its ability to manage any unintended consequences arising from such arrangements. Weak feedback loops can also limit user input and scrutiny of services. The government has been taking steps to address this, including through the implementation of a new complaints dispute resolution process which investigates complaints and takes action with providers where appropriate. However, the ability of users to actively influence how the service works can still be improved.

Embedding continuous improvement will be achieved through stronger stewardship of the mainstream employment service. This will include more active oversight and monitoring to ensure providers are delivering quality services and to identify potential gaps in jobs and skills pathways, improvements to complaints mechanisms and feedback loops to enable increased user input and influence over how the service works, and development and sharing of insights and best practice approaches to improve the capability of frontline staff to tailor supports to users.

Questions

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

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)

Australian Government
Department of Employment and Workplace Relations

Shaping the Future of Employment Services

Discussion Paper





Acknowledgement of country

The Department of Employment and Workplace Relations respectfully acknowledges the Traditional Owners and Custodians of Country throughout Australia, their continuing connection to land, water and community.

We pay our respects to the people, the cultures, and Elders past and present, including within the department, in our communities and those we engage and partner with to deliver our work.



With the exception of the Commonwealth Coat of Arms, the Department's logo, any material protected by a trade mark and where otherwise noted all material presented in this document is provided under a Creative Commons Attribution 4.0 International (https://creativecommons.org/licenses/by/4.0/) licence.

The details of the relevant licence conditions are available on the Creative Commons website (accessible using the links provided) as is the full legal code for the CC BY 4.0 International (https://creativecommons.org/licenses/by/4.0/legalcode)

The document must be attributed as the *Shaping the Future of Employment Services: Discussion Paper*.

s 22(1)

Table of Contents

Minister's foreword 4

Executive Summary 6

Reform vision and the case for change 6
Future service model 6
Key service settings 7

Chapter 1: The consultation process 8

How to provide a submission 8

Chapter 2: The current employment services system 10

Workforce Australia 10
Complementary services and programs 11
The broader ecosystem 12

Chapter 3: The case for change 13

Not everyone is benefiting from the favourable labour market 13
One-size-fits-all approach is not leading to sustainable outcomes for everyone 15

Chapter 4: Overview of the new employment service 18

Vision for reform 18
Core ideals for the new service 18
Service streams to meet different needs 19
Service elements 20

Chapter 5: Key policy settings for the new service 21

Three service streams to respond to different needs 21
Quality initial assessments and triaging 24
Introducing an Employment Goal Plan 25
A new approach to mutual obligations 26
New approach to employer engagement 27
Delivery of high-quality services 29
Redesigned system incentives for service providers 32
Improved commissioning and contracting 34
Driving continuous improvement 35

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)

Minister's foreword

Work gives people more than an income. It provides confidence, connection and purpose. It helps people participate in their communities and share in Australia's prosperity. As Minister for Employment and Workplace Relations, my job is to make sure as many Australians as possible can access the benefits and dignity of work.

Australia's labour market has been strong in recent years. Unemployment is low by historical standards and participation has been high. But not everyone is benefiting equally from these opportunities. Too many Australians still struggle to find and keep secure, meaningful work. Some have been out of the labour market because of caring responsibilities, illness or other personal circumstances. Some face discrimination because of age or disability. Some have limited digital skills, lower educational attainment, or lack the confidence to take the next step. Others may be retrenched after many years in the same job and need help to transfer their skills into new work.

Our employment services system should help people overcome these barriers. It should give people the right support at the right time. It should also work closely with employers, communities and training providers to connect people with real jobs.

But the current system is not working as well as it should. Too often, it takes a one-size-fits-all approach to people with very different circumstances. Some people receive more support than they need. Others, particularly those furthest from the labour market, do not receive enough.

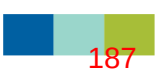
The Albanese Government is determined to change this. This discussion paper sets out our vision for a more responsive, effective and dignified employment services system. A system that helps people into suitable, meaningful jobs. A system that recognises different pathways to work. And a system that delivers better outcomes for participants, employers, communities and the economy.

At the centre of these reforms are 3 new service streams. These will provide online and brief intervention services for people closest to the labour market, targeted provider services for people who need extra support, and intensive services for people facing more complex barriers. We will also introduce better assessment and triaging, a new Employment Goal Plan, more meaningful mutual obligations, stronger employer engagement, and improved commissioning to support high-quality services.

This is major reform. That is why we want to hear from participants, employers, providers, First Nations people, community organisations, advocates and the broader public. Your feedback will help shape the detailed design of the future system. Together, we can build an employment services system that helps more Australians share in the dignity and benefits of work.

The Hon Amanda Rishworth MP
Minister for Employment and Workplace Relations

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434



Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Executive Summary

Reform vision and the case for change

The Australian Government is reforming mainstream employment services to better meet the needs of individuals, employers, communities and the economy. Based on extensive community feedback, the government has developed a vision and framework for the future employment services system. The future system aims to give people the best opportunity to secure a meaningful well-paid job.

The government is consulting on the design of key aspects of the new system consistent with the reform directions set out in this discussion paper. Questions in relevant sections of this paper invite feedback on particular aspects of the design of a new employment services system.

Successive governments have made changes to employment services over the last 30 years, with the current system, Workforce Australia, being introduced in 2022. While the current system works for some, others are spending more time than necessary on employment services or falling through the cracks. Each iteration of employment services over the last 30 years has shared the same key feature of applying a one-size-fits-all approach to support a caseload of diverse needs and varying distances from the labour market.

Disadvantaged cohorts are finding it increasingly difficult to secure stable and well-paid work and people accessing online services do not have access to any tailored support. Mutual obligation requirements are disconnected from practical steps that participants with vastly different degrees of job-readiness need to take to secure suitable work. Additionally, the current system is not well-geared to ensuring that those who lose their job due to economic or other circumstances are able to move quickly into their next suitable job opportunity. The future system will need to be more responsive to both the labour market of today and tomorrow.

Future service model

Underpinned by 4 core ideals, the new employment service will be built around a service model that matches the level and type of support to the circumstances of different job seekers. It will introduce 3 new, distinct service streams, reflecting the need to support people with differing characteristics and distance from the labour market:

- **Online and brief intervention services** for people closest to the labour market.
- **Targeted provider services** for people moderately close to work.
- **Intensive services** for people furthest from the labour market, including people with complex barriers.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434
188
s 22(1)

Key service settings, including service intensity, provider expertise, mutual obligations, and incentives, will differ across the streams to align with participant need. Targeted provider services will focus on job coaching, employability support, skills and training, while intensive services will focus on sustained engagement, mentoring, and pathways that build confidence and work readiness. Social enterprises will play a strong role within intensive services as a pathway to open employment.

Key service settings

To realise this model, key service settings will be reformed.

Assessments and triaging processes will be redesigned to ensure participants are connected to the right support at the right time. Reassessments will ensure supports remain relevant.

A new Employment Goal Plan will formalise pathway planning across all services, informing the activities and supports received by participants to directly address their barriers to employment. This will replace the current Jobs Plan.

Mutual obligations will be redesigned to support engagement and progression towards and into work. Requirements will differ by stream to align with capacity and job readiness.

Employer engagement will be strengthened, as the current service does not consistently meet employer needs. The new employment service will use national industry partnerships, local employer engagement, and tailored services to provide better support for employers. Supports for employers to hire and retain job seekers will also be reviewed. Wage subsidies will be reviewed to ensure they are simpler, better targeted, and paired with effective post-placement support

There will be a greater focus on improving the drivers of high-quality servicing, including clearer expectations of frontline staff capability, more effective support for diverse cohorts, and better connections to local services and labour markets.

Provider incentives will be redesigned and will differ across service streams, recognising different pathways and time needed to move into employment. Incentives will place greater emphasis on active support, progress towards employment and sustainable employment.

Commissioning will also change. Traditional employment services providers will continue to play a role, particularly in targeted provider services. Commissioning for intensive services will place greater weight on community-based organisations with strong local relationships, labour market knowledge, and relevant workforce capability.

The new employment service will embed continuous improvement, including through active monitoring, enhanced feedback loops, and the sharing of insights to improve service quality and responsiveness.

Taken together, these reforms will create a more responsive, effective system that helps people benefit from the dignity of work.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Chapter 1:

The consultation process

The Australian Government is committed to reforming employment services to better meet the needs of individuals, employers, communities, and the economy.

This discussion paper presents the government's vision and framework for the future mainstream employment service that will be achieved through the introduction of 3 new service streams and underpinning service elements. This consultation builds on previous input to the Employment White Paper[1] and the House Select Committee Inquiry into Workforce Australia Employment Services[2]. The government is now inviting stakeholders to contribute to the detailed design of settings for this future service within its vision and framework.

Reforms to mainstream employment services will build on the steps already taken by government to reform the broader employment services ecosystem, including:

- the introduction of Inclusive Employment Australia (IEA), reforming specialist disability employment services
- the introduction of Remote Australia Employment Service (RAES), reforming the operation of employment services in remote areas of Australia
- the introduction of the Parent Pathways program, reforming pre-employment support for parents of children under 6 years
- the introduction of the Reconnection, Employment, and Learning (REAL) program, reforming the support for First Nations people on remand or in prison to build pathways to employment, education and training.

How to provide a submission

Interested stakeholders are invited to submit their feedback on this paper, including in response to the questions listed. Stakeholders can provide a submission by visiting the Department of Employment and Workplace Relations' Consultation Hub at consultations.dewr.gov.au

The closing date for submissions is 5:00pm AEST on 31 July 2026.

[1] Department of the Treasury, *Working Future: The Australian Government's White Paper on Jobs and Opportunities*, Australian Government, 2023, p 224. treasury.gov.au/employment-whitepaper/final-report.
[2] Department of Employment and Workplace Relations (DEWR), *Australian Government Response to the House Select Committee on Workforce Australia Employment Services* reports, Australian Government, 2024. dewr.gov.au/employment-services-reform/resources/australian-government-response-house-select-committee-workforce-australia-employment-services.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434
s 22(1)

Further information about how to make a submission is available at the Consultation Hub: consultations.dewr.gov.au

Submissions will be published on the Consultation Hub website. Please indicate when lodging your submission if you wish for your submission to not be published, or for it to be published anonymously.

Broader employment services reform stakeholder engagement

In addition to seeking stakeholder feedback through responses to this discussion paper, the government will be undertaking targeted stakeholder engagement on specific topics and cohort-based focus areas to inform the final design of the future mainstream service. This includes targeted engagement with users of employment services, First Nations people, communities and representative bodies, providers, employers, and other organisations.[3]

[3] For more details on these engagements see dewr.gov.au/employment-services-reform.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)

Chapter 2:

The current employment services system

The core purpose of Australia's employment services is to assist people to find and keep a job, while supporting employers to find the workers that meet their workforce needs.

Employment services help job seekers via a range of assistance, including help with job search, resumes, skills development, employer connections, and other non-vocational assistance. Most people in employment services are required to participate in it and meet mutual obligation requirements as a condition of receiving financial support through the income support safety net.

Employment services also support employers to recruit staff, connecting them with suitable candidates from the employment services caseload. Employers can access a variety of free services, including assistance with job advertisements, candidate screening, and shortlisting. Wage subsidies[4] and other supports may also be available to employers to provide the additional initial support that some new workers require to meet the needs of the job and succeed in the long-term.

The Australian Government's employment services system was first outsourced to contracted service providers in 1998, when the government-run Commonwealth Employment Service was replaced with *Job Network*, which featured a strong focus on job search and mutual obligation requirements and different levels of service depending on need. *Job Services Australia*, introduced in 2009, sought to address job seeker disadvantage through increased skills development. Introduced in 2015, *jobactive* placed greater emphasis on a work-first approach for job seekers, with a strong focus on mutual obligations, job search requirements and participation in mandatory activities.

Workforce Australia

Workforce Australia commenced on 4 July 2022. Participants in Workforce Australia are supported in two ways. Some receive support by a provider to prepare for and find work through **Workforce Australia Services**. Others self-manage their job search activities and mutual obligation requirements through **Workforce Australia Online**, a basic online platform, with administrative assistance available through a contact centre. The introduction of an online platform for those who are most job ready provided an opportunity to reduce the cost of the employment services system, while provider delivered services were maintained for those who require more assistance.

[4] Wage subsidies involve providing financial incentives to businesses to hire and retain specified participants under certain terms. They are intended to alleviate some of the initial onboarding, induction and training costs involved in recruiting new employees. Wage subsidies have been a staple of employment services since the 1970s and as such have been subject to various policy (including eligibility) changes over time.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434
192
s 22(1)

The government invests around $2 billion each year to run Workforce Australia. It is currently used by around 720,000 Australians, the largest employment program administered by the Australian Government. It operates across 51 employment regions across metropolitan and regional areas of Australia, with 56 providers operating out of 1866 sites.[5]

Workforce Australia comprises a largely standardised core service model, alongside a range of complementary services and programs that provide more tailored supports for specific cohorts. The key services within Workforce Australia model are:

Complementary services and programs

The additional complementary services and programs aimed at responding to distinct cohort needs, or to provide targeted supports include:

- **Transition to Work**, a specialist service for disadvantaged youth aged 15 to 24 who need additional help moving into work or further education. It delivers intensive, pre-employment support to build skills, confidence and connect with job and education opportunities.
- **Parent Pathways**, a voluntary pre-employment support service for parents or carers of children under 6, preparing to enter or re-enter the workforce. This includes an Australian Public Service delivered pilot site
- **Reconnection, Employment, and Learning (REAL) program**, a voluntary program for First Nations people who are on remand or in prison to build pathways to employment, education, and training opportunities
- **Local Jobs Program**, a collaborative, place-based initiative focused on local labour markets, working in partnership with business and communities to support tailored, local approaches to skilling individuals to meet local workforce needs
- **Self-Employment Assistance**, support to develop, start and operate a small business
- **Career Transition Assistance**, support for people aged 45 years and over to build their skills and confidence to re-enter the workforce or change career
- **Employability Skills Training**, a program to help people explore career options, develop job search, workplace and industry specific skills to be more competitive in their local labour market
- **Work for the Dole**, a program that provides participants with work-like experience to contribute to their local community and build skills to help find secure work
- **Launch into Work**, a program supporting pre-employment projects to prepare participants for specific entry-level positions within a business
- **WorkFoundations**, a program delivering funding for social enterprises and businesses to deliver paid employment placements for up to 6 months
- **Real Jobs, Real Wages**, providing financial incentives and ongoing support to employers to hire a person experiencing long-term unemployment (those on Workforce Australia caseload for 2 or more years) into a permanent job

[5] Includes Workforce Australia Services, Transition to Work and Broome, Yarrabah and Norfolk Island employment services. Multiple services can be delivered from the same physical site.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)

- **Place-based and regional employment service initiatives**, including the Dandenong Employment Hub and Thrive Hubs, and the Broome Employment Services, Yarrabah Employment Services, and Norfolk Island Employment Support Program.
- **Early access initiative**, providing immediate access to tailored support through Workforce Australia Services to retrenched workers and their partners.

The broader ecosystem

The Australian Government is responsible for the delivery of employment services, determining the policy settings, contractual arrangements, and funding of services across the country. The Australian Government's role is grounded in constitutional powers over social welfare, taxation and external affairs, which support national employment services and income support settings.

Workforce Australia is part of a broader employment services ecosystem. It sits alongside the new Inclusive Employment Australia (IEA) a specialist disability employment program that assists people with disability, injury or health conditions to prepare for, find, and maintain work and grow their career; and Remote Australia Employment Service (RAES) program that provides participants in remote communities with a flexible employment service that supports them to upskill, find pathways to work, and contribute to their community. Both IEA and RAES commenced in November 2025. People in Workforce Australia may also interact with other Australian Government systems, such as the broader human services, and the skills, training and education systems.

The employment services system is part of a broader labour market supports ecosystem. It operates alongside many other employment, skills and training programs, delivered by all levels of government.

State and territory governments may run employment programs, but these programs are generally not targeted towards people on income support who comprise the majority of the caseload for Australian Government employment services. State and territory governments also provide skills, training, youth programs, employer partnerships and place-based initiatives, which may complement Australian Government's employment services. State and territory programs often target priority industries, disadvantaged cohorts, local labour shortages and link in with health, housing, justice and social services.

Local governments have no formal responsibility for employment services, but often support local jobs through targeted employment programs, economic development, infrastructure projects, and local networks and partnerships.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)

Chapter 3:

The case for change

Workforce Australia has supported more than 1.6 million individuals since it commenced in July 2022. Of these, approximately 1 million were supported through Workforce Australia Services, with 22.7% achieving a sustainable employment outcome (26 weeks or more). Over 800,000 individuals have commenced in Workforce Australia Online, with 79.7% exiting employment services before the 12-month maximum time in service was met.[6] However, while the current employment services system has worked for some, it is not working as well as it should for all participants on the caseload, employees or the broader economy.

Consultations for the Employment White Paper and the House Select Committee Inquiry into Workforce Australia Employment Services identified deep-seated shortcomings with Workforce Australia that provides a strong impetus for reform. Addressing the issues discussed throughout this chapter will create a more personalised and responsive employment service that can better support job seekers depending on their distance from the labour market. At the same time, it would effectively respond to employer demands, adapt to local labour markets and meet the workforce needs of the future.

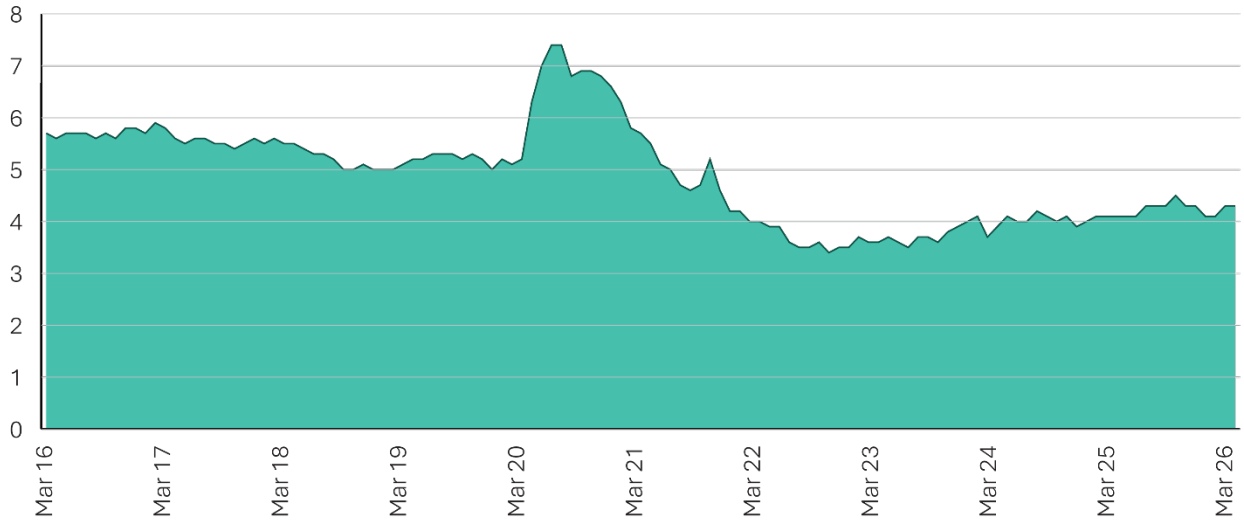
Not everyone is benefiting from the favourable labour market

Labour market conditions have been good in recent years. While Workforce Australia has been operating (since July 2022), the unemployment rate has been low by historical standards. Additionally, the labour force participation rate has been around all-time highs, with a record number of Australians in work.

[6] DEWR administrative data, 30 April 2026.
N.B. '22.7% achieving a sustainable employment outcome' refers to the number of participants that achieved a 26-week outcome as a proportion of those that could have achieved one.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434
195
s 22(1)

Figure 11: Unemployment rate



Source: ABS, Labour Force, Australia, March 2026, seasonally adjusted data.

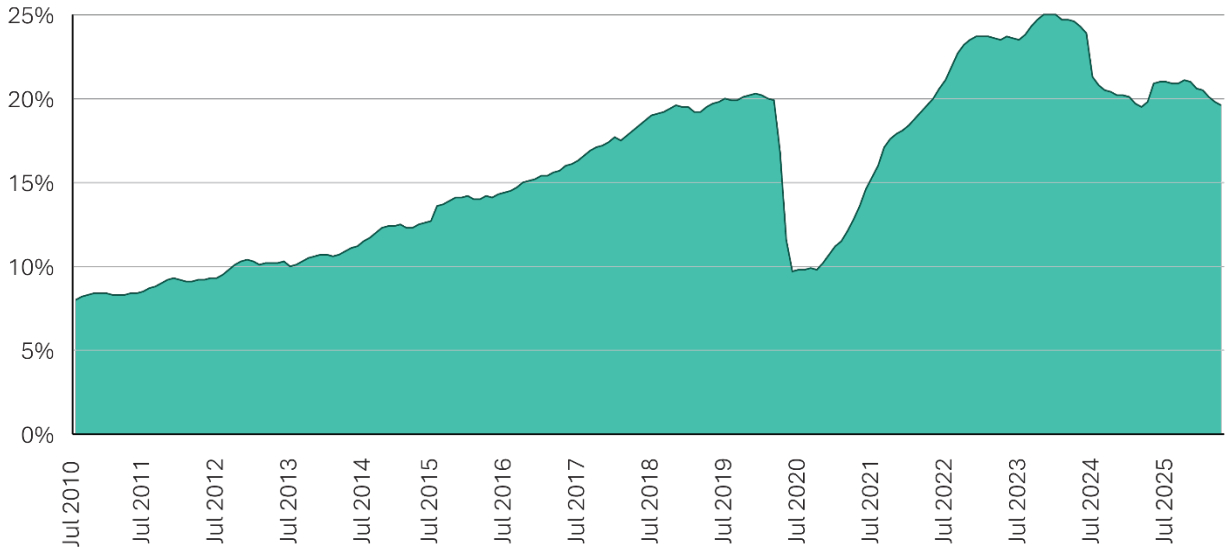
However, not everyone is benefiting from the opportunities of a strong labour market. Some people face greater challenges in gaining employment, for example youth, mature aged people (particularly women), First Nations people, single parents, and people with disability. The Workforce Australia caseload includes a disproportionate representation of disadvantaged groups who experience employment outcomes below the national average, including people with disability (24.7%), First Nations people (16.0%), ex-offenders (12.7%), and people experiencing homelessness (11.0%).[7]

Employment services have a critical role to help people find sustained, meaningful employment. Despite strong labour market conditions in recent years, people closest to the labour market have not always found the online service to be effective at helping them move into work. A lack of tailored support is seeing around 1 in 8 people reach the maximum time allowed in online services and then be referred to a provider, impacting their confidence and moving them further away from a job[8]. In addition to this, the proportion of people who are in employment services for 5 years or more is significantly higher than a decade ago. It is usually people with multiple and complex barriers who are making up this larger proportion of the caseload.

[7] DEWR administrative data, 30 April 2026.
[8] DEWR administrative data, 30 April 2026.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Figure 22: Proportion of caseload in service for 5+ years



Source: DEWR administrative data, 31 March 2026.
N.B. Data incorporates Job Services Australia (2010-2015), jobactive (2015-2022) and Workforce Australia (2022 onwards).

One-size-fits-all approach is not leading to sustainable outcomes for everyone

These concerns were highlighted in the government's Employment White Paper and echoed in the final report by the House Select Committee on Workforce Australia Employment Services, drawing on the evidence of hundreds of submissions and witnesses. The Employment White Paper and Final Report of the Select Committee found that from the moment someone enters the employment services system, they are faced with a blunt, one-size-fits-all approach. This is driven by the 5 fundamental shortcomings described below.

1. Does not always connect people to the right supports

The current assessment and triaging processes do not always reliably and quickly refer people to the service that is right for them. Assessment processes do not adequately support people to understand what their information will be used for and feel comfortable enough to disclose personal circumstances affecting their employment services needs. Triaging processes also heavily rely on numerical scoring to refer people to services. As a result, many people experience inappropriate referrals which can lead to poorer employment outcomes and disengagement from the service. The current system also fails to ensure that as people's circumstances change, they continue to receive the right service and supports for them.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

2. Not agile enough to respond to diverse needs

The people who enter employment services have highly diverse circumstances and support needs. Some people are 'job ready' and need relatively little support to find employment. Others face barriers such as limited connections to the labour market or lower levels of education. Some experience complex personal circumstances, including multiple social or health issues, that means they are significantly distanced from the labour market and require more tailored supports.

Despite this diversity of needs, the current system has been designed and delivered in ways that result in a standardised servicing approach – 'one-size-fits-all'. It lacks any formal tools or servicing strategies that set out a participant's pathway to work and this has contributed to inconsistent service quality and outcomes across the system.

While Workforce Australia Online works well for many job-ready job seekers, some people need important but relatively modest additional support. These people are currently unable to get this support due to limitations in the digital platform functionality and constraints in the APS support available. Around 1 in 9 people in online services choose to opt out and be referred to a provider, which may offer a lot more support than they need, including face to face support, while others remain in online services for a long time without finding work.[9]

Current provider incentives tend to encourage rapid job placements, sometimes without enough regard for job suitability or quality. This can contribute to poor job fit and, for some participants, repeated movement in and out of employment services, with around 1 in 6 people who have exited Workforce Australia Services re-entering within a year.[10] Higher re-entry rates to employment services may indicate many participants are not being supported into suitable or sustainable employment. This is a poor outcome for job seekers and increases costs for government.

Limited recognition and reward for service quality, intermediate progress, and longer pathways encourages providers to disproportionately focus resources on participants that are more likely to get an employment outcome at the expense of those further from the labour market. These settings result in servicing that overlooks people's strengths, aspirations and individual barriers to sustainable employment, and limit meaningful progress and goal setting, which are key to effective active servicing. In addition, provider frontline staff may not always have the capability to respond to the full range of job seekers' needs, including delivering culturally capable and trauma-informed practice.

Taken together, these issues point to the need for a more tailored and agile service. A new service should better recognise and respond to differences in individual circumstances and connect people with the right mix of supports at the right time to support progression into sustainable employment.

[9] DEWR administrative data, 30 April 2026.
[10] DEWR administrative data, 30 April 2026.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)

3. Mismatch between mutual obligation settings and distance from the labour market

Mutual obligations reflect the longstanding community expectation that people who receive income support and are assessed as capable of working, have an obligation to actively look for work. Fair and proportionate mutual obligations are a key part of an effective employment service as they keep people engaged in the job search process.

The current mutual obligations system, however, is overly complex and compliance-driven, applying an approach that often does not account for individual circumstances or distance from the labour market. As a result, people are engaging in activities that are not relevant or effective in moving them closer to, and into employment. Imposing overly onerous requirements, not accompanied by high-quality support, can cause harm and lead to adverse effects as people disengage or leave income support without securing work.

4. Employer engagement remains low

Employer engagement with the current employment service remains persistently low. Employers often perceive employment services to have limited value and prefer to use other recruitment channels. The current employment service has not put sufficient focus on employers and the support they need to identify how to utilise employment services to meet their workforce requirements, consider job design, recruit, train, and successfully retain new employees. Instead, employers find it confusing and difficult to navigate across multiple points of contact and many programs with different requirements. They report high administrative burden, large volumes of unsuitable applications, poor candidate matching, and limited post-placement support as barriers to using employment services.

5. Commissioning can better respond to need

The current commissioning approach has limited flexibility, contributing to services that do not always adapt well to different regional and local labour market conditions. The number of employment service providers has also declined significantly over time, leading to greater provider concentration and more standardised approaches to service delivery within each program. This limited provider diversity has contributed to capability gaps, with providers not always aligned to participants needs. In some cases, providers may also lack strong links to local communities or have workforces that do not reflect the cohorts they support. There are also opportunities to increase the role of Aboriginal Community Controlled Organisations in delivering employment services to provide trusted, culturally attuned support to First Nations job seekers.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)

Chapter 4:

Overview of the new employment service

This chapter provides an overview of the government's framework for reforming employment services, outlining its vision, core ideals, structure and service elements.

Vision for reform

The government's vision for employment services reform is to deliver a system that gives people the best opportunity to secure a well-paid job.

These reforms will create a more responsive, effective and dignified system. Three new service streams with different service offerings depending on an individual's distance from the labour market will be introduced, replacing the current model. The way people are matched to supports both from the start and while in employment services will be overhauled, to ensure they are connected to the right supports at the right time. Closer connections to employers, other local supports and the labour market will ensure participants more quickly benefit from the dignity of work.

Core ideals for the new service

To realise its vision for reform, the government will deliver an employment service built around 4 core ideals, guiding the approach to detailed design and implementation. These are:

1 **Core ideal 1**

Employment is the primary goal. Meaningful engagement moves participants into work or closer to jobs. Services help them become capable, confident, and qualified and the settings for mutual obligations are designed to enable this.

2 **Core ideal 2**

Supports are meaningful to the participant and are tailored and proportionate to a participant's needs and distance from the labour market.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434
s 22(1)

s 22(1)

3 **Core ideal 3**

The system is easy to navigate and provides a high-quality, consistent service offering that also has the flexibility to respond to individual needs, local labour market conditions and emerging labour market trends.

4 **Core ideal 4**

The system is designed and stewarded by the Australian Public Service to continuously improve in order to respond to users' needs and an evolving labour market.

Service streams to meet different needs

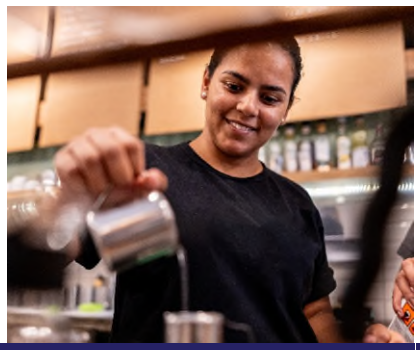
Underpinned by the core ideals, the new employment service will comprise 3 distinct service streams. The service streams will be calibrated to respond to a participant's distance from the labour market and how complex their barriers are. This recognises that people who use employment services need different types and different intensities of support.

Figure 3: The 3 service streams



Online and brief intervention services – Stream 1

For those closest to the labour market



Targeted provider services – Stream 2

For those moderately close to the labour market



Intensive services – Stream 3

For those furthest from the labour market

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434
201
s 22(1)

In **online and brief intervention services**, job seekers are closer to the labour market and will receive targeted support and brief interventions, focused on rapid reconnection to employment.

In **targeted provider services**, job seekers are moderately close to the labour market. For them, personalised servicing will focus on active job coaching, employability support and stronger connections to skills development and short-term training that align with local labour market demand.

In **intensive services**, job seekers have more complex employment barriers. More intensive servicing will place greater emphasis on sustained engagement, mentoring and staged pathways that support job seekers to build confidence, capability and readiness for employment over time.

Further detail on each service stream is set out in Chapter 5.

Service elements

A number of underpinning service elements will support the delivery of high-quality, tailored services as part of the new employment service.

These service elements include:

Improved initial assessment and triaging processes to ensure people's barriers to employment are clearly identified and better understood at the point of entering employment services, so that they are connected with the right service at the right time. Reforms will also include a more targeted reassessment processes to ensure that as individuals' circumstances change, they continue to get the right support.

A new Employment Goal Plan will set meaningful and individualised employment goals and outline a tailored servicing strategy and pathway. It will be central to a participant's experience and will inform the range of supports participants will have access to.

An effective and more targeted approach to applying mutual obligations that encourages engagement to support people into work. Mutual obligation settings will be calibrated to an individual's distance from the labour market and designed to be more effective in getting them into an employment pathway.

A new approach to engagement with employers to meet workforce demands and lift recruitment and retention capabilities.

Clearer expectations on providers to deliver high-quality personalised services for participants, including empowering user choice and agency in the servicing supports they receive.

Redesigned provider incentive settings, including consideration of blended funding models to reflect caseload, risk and achievement of longer-term employment outcomes.

Improved commissioning to lift provider diversity, capability, experience, and local labour market connections. While there will continue to be a role for traditional employment services providers, there is a need to diversify the service delivery landscape.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Chapter 5:

Key policy settings for the new service

Realising the government's vision for employment services will require detailed policy and program design of core elements of the new system. The sections that follow set out the core elements and key questions for stakeholder feedback on how to ensure the success of the new employment service. They also outline the investments made by government in the 2026-27 Budget to undertake design work and develop some of the key features that will underpin the new employment services system.

Three service streams to respond to different needs

As outlined in Chapter 4, the new model will be comprised of 3 distinct service streams calibrated to respond to a participant's distance from the labour market.



Online and brief intervention services – Stream 1

The new employment service system will introduce a new high-quality, participant-led online and brief intervention service that offers more personalised and targeted supports to make it easier for participants to move into sustainable employment without the need for a provider.

This service will be predominantly delivered by government via an enhanced digital platform and Australian Public Service led support, with uplifted capability to ensure participants receive timely, high-quality and tailored support to prevent disengagement. Mutual obligations requirements will be simpler, with participants focusing on searching for jobs and undertaking other vocational activities.

In the 2026-27 Budget, the government made early investments of $205.5 million over 5 years to take first steps towards the new online and brief intervention service by:

- improving the accessibility, personalisation, and usability of the digital platform, including introducing new career mapping and guidance tools that draw on a person's employment history, skills and education to generate career pathways and skilling advice.
- shifting the Australian Public Service-delivered Digital Services Contact Centre towards providing proactive support for online participants, including increased capacity to meet demand and improved capability to provide personalised advice and brief interventions based on individual needs.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

- trialling a fully virtual digital advisory service for parents to help build confidence, capability and connections to the labour market.

In designing the future online and brief intervention service, government is considering how best to target online support. This includes distinguishing between people who may be able to self-manage their job search using digital tools with brief and targeted support, and those who may benefit from earlier access to more direct, provider delivered assistance. In periods of regional labour market transitions and higher overall unemployment than in recent years, providing a higher-quality online and brief intervention service will ensure those with recent work experience are able to get the support they need from employment services to find their next job quickly.

Another key consideration is how to balance efficiency, engagement and activation in a digital-first, self-managed service environment. This includes using the right mix of digital messaging, proactive contact and human support to sustain motivation and momentum, without creating unnecessary burden or complexity. The new online and brief intervention service needs to recognise and build on people's skills, experience and aspirations, and support agency. It also needs to promote meaningful engagement focused on moving into employment quickly, rather than compliance-driven activity.



Targeted provider services – Stream 2

In the new employment service, targeted provider services will be delivered by a network of contracted service providers and support a narrower group of job seekers who are moderately close to the labour market. This includes people with employment gaps, lower educational attainment, or cycling patterns of work. Having a narrower group of job seekers allows for more focused servicing.

Participants will receive active coaching, employability support, skills development and training linked to in-demand jobs. Support will address skill gaps and connect participants with education and training that prepares them for vacancies. Servicing will reflect each person's circumstances and goals, with new pathway planning tools supporting clearer steps into work. Mutual obligation requirements will prioritise job search as employability improves.

The government is considering how provider settings can incentivise quality, job suitability and employer engagement. Providers will be expected to prioritise activities that are proven at getting people into jobs and adopt best practice service methods. Providers will also need strong links with employers and training systems to match participants to local labour market needs rather than generic options.

In the new employment service, another key consideration is how targeted provider services can also provide important support to retrenched workers and their eligible partners. Most people who lose their jobs will be able to re-enter the workforce quickly, including through the new online and brief intervention service. However, some workers will need additional support. Early access to targeted provider services will be available for these workers, regardless of their eligibility for income support. For example, people affected by major business closures or structural transitions who need additional help to identify how their existing skills transfer and what additional skills they may need to secure their next job quickly.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434



Intensive services – Stream 3

Intensive services will be a new service for people who are furthest from the labour market. It responds to gaps in the current system that takes a one size fits all approach, where job seekers with the most complex needs are not receiving the level or type of support they need and are falling through the cracks.

The government is investing $52.6 million over 5 years to support the early targeted rollout of intensive services. Expected to commence in late 2026, the rollout will be delivered in selected locations across Australia. Testing the new intensive service ahead of national implementation will provide valuable evidence on what works best and support refinement of the final design of intensive services.

Intensive services are for people with complex and interconnected barriers to employment that often impact their confidence and capacity to look for work. Many will require coordinated supports that go beyond what employment services can provide. Intensive services will likely be delivered by community organisations with a strong local presence and established connections to local services, supports, employers and communities. This place-based approach will help participants to access the broader supports they need alongside employment assistance.

Support in intensive services will be tailored to individual circumstances, needs and readiness to engage. Activities available in intensive services may include mentoring, work-like experience, volunteering, skills development, and support to navigate and engage with local services to address barriers to employment.

Participant pathways to employment may not be linear, so services will recognise this and support them to reconnect and make sustained progress towards work. Mutual obligations will focus on meaningful engagement, with requirements adjusted to reflect each participant's capacity and distance from the labour market.

Frontline staff requirements will also reflect the need for skilled case managers with relevant qualifications and experience to deliver high quality services for those furthest from the labour market.

A key opportunity for the new system is to connect with social enterprises to provide people with an opportunity to gain work or work experience where there are wrap around supports both prior to and after placement into a job. Social enterprises will play an important role within intensive services to provide this opportunity, including the potential to deliver services directly. Social enterprises can provide a bridge between employment services, skills training, and the open labour market for people who need more support. They are well placed to offer flexible, wrap-around support such as supervision, mentoring and job design and many have strong connections to local communities and industries. These features support work-like experiences and help create pathways into employment that align with local demand.

Questions

1. What are the key factors that should place a person in online and brief intervention services versus targeted provider services versus intensive services?
2. What types of support should be offered under each of the service streams?

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Quality initial assessments and triaging

Many people engaging with employment services are balancing caring responsibilities, health conditions, or other personal circumstances alongside searching for employment. A quality initial assessments and triaging process that considers the range of factors that influence a person's capacity to look for work and move closer to employment is crucial to ensuring people receive the appropriate support from the moment they enter employment services.

A new approach to assessments will help people feel comfortable to share information about their circumstances and ensure those circumstances are better understood. The information collected through this process will inform the employment pathway in a participant's Employment Goal Plan.

The new assessments approach will apply across the whole employment services system, including those referred to Inclusive Employment Australia and Remote Australia Employment Service.

Targeted reassessment processes will also be introduced, to ensure that as individuals' circumstances change, their supports are updated.

In the 2026-27 Budget, the government is investing $27.5 million over 4 years to develop and trial a new initial assessment and triaging process. As an early step, this will include improvements to the current assessment processes and development of new assessment tools. The new tools will be designed to improve people's experience of entering the system through:

- ensuring people are quickly referred to the right service for their circumstances
- simplifying the pathway from entry to services
- increasing responsiveness to individuals' circumstances and needs
- improving the capability of assessors
- increasing job seekers' understanding of the service, ensuring they can make informed choices in entering services
- collecting the appropriate information to inform a job seeker's Employment Goal Plan and servicing strategy.
- allowing job seeker information to follow people across providers and services supporting the 'tell it once' principle

Feedback is sought to help shape the detailed design and implementation of these new tools.

Moving between service streams

Participants' circumstances can change over time. In the new employment service, the government is considering how targeted reassessments can help ensure participants are in the right service or service stream most suited to their current needs. Participants may need reassessment for a range of reasons. For participants in the new online and brief intervention service, this could be the emergence of additional barriers to employment, such as housing instability, requiring additional support from a provider. For participants in targeted provider services, a reassessment could be required due to a significant deterioration in mental health. For participants in intensive services, this could be significant progression towards employment or the overcoming of complex barriers to employment.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

A reassessment may also result in a participant transitioning to other services across the whole employment services system, for example, Inclusive Employment Australia. The new employment service will carefully consider participant movement across streams and different employment services, to ensure a participant experiences a smooth transition with minimal disruptions to their servicing experience, and participant movement between services does not add additional complexity to system settings.

Imposing time limits on each service stream may be worth considering as a safety net, prompting a review of whether a job seeker needs different supports. A time limit can also act as a catalyst for engagement and progression. For example, in the Transition to Work program, most participants can receive up to 18 months of servicing, with a smaller cohort (those with more complex non-vocational barriers) able to receive up to 24 months of servicing.

Questions

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

Introducing an Employment Goal Plan

The new employment service includes a new Employment Goal Plan – an individualised pathway planning tool that sets out a clear servicing strategy and pathway to work, aligned with a participant's employment goals and the local labour market.

The Employment Goal Plan will bring together a person's employment goals, agreed activities and mutual obligation requirements into a clear and practical pathway to work. It will make explicit the steps and timeframes for servicing and how services, supports and activities will move a person into employment. This approach places stronger emphasis on employment goals and pathway planning in service delivery, and to ensure that people are connected to tailored supports to help address barriers to work. The Employment Goal Plan will replace the current Job Plan.

The Employment Goal Plan will be mutually agreed by provider and participant. Providers will be expected to work with job seekers to develop and maintain the Employment Goal Plan. Recognising that people's circumstances change over time, the Employment Goal Plan should be updated regularly to reflect changes in personal circumstances and distance from the labour market. A simplified online Employment Goal Plan will be available in online and brief intervention services.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)

The introduction of a government pathway planning tool will allow job seeker information to follow people across providers and services. This supports the tell-it-once principle and improves service continuity.

As part of the 2026-27 Budget measures, the government is piloting the Employment Goal Plan in the early targeted rollout of the new intensive service. Insights from this testing will inform the final design and national rollout in the new employment service.

Questions

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

A new approach to mutual obligations

The government is considering how the new employment service can change how mutual obligations are applied to better incentivise progress towards employment and activities that directly link to a participant reaching their employment goals. Activities and requirements will look different depending on the service stream and an individual's distance from the labour market. Requirements will be fair, proportionate and based on individual circumstances and will be scaled as people move closer to work.

Mutual obligations will be clearly connected to the steps outlined in a participant's Employment Goal Plan, with activities and supports to complement their servicing strategy and employment aspirations. A participant will undertake activities that are better suited to their circumstances, to directly address identified barriers to employment and lead towards work. As a person makes progress in their Employment Goal Plan, the types of activities associated with their mutual obligation requirements will adjust to reflect this.

As mutual obligations are further designed and developed, the government will consider the appropriateness of application to other services in the employment services ecosystem.

Different mutual obligations for each stream

Online and brief intervention services

For those closer to the labour market, the government is considering how mutual obligations can be simpler for participants with requirements primarily focused on job search and other vocational activities set out in an Employment Goal Plan. Participants will be actively monitored to ensure they are engaging with services, with early signs of disengagement triggering timely intervention, including movement to a more intensive level of support where required.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434
s 22(1)

s 22(1)

Targeted provider services

For those in targeted provider services, the government is considering how mutual obligations can focus on building their capacity for work by connecting them to in-demand skills and training opportunities and work-ready supports, combined with job-search activities. Mutual obligations will be set out in a participant's Employment Goal Plan and expectations and activities will change as a participant's employability improves.

Intensive services

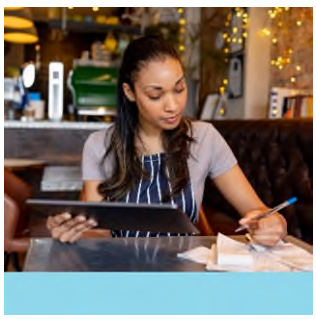
For those furthest from the labour market, the government is considering how mutual obligations can be calibrated to individual circumstances, focused on meaningful engagement and progressing a participant towards employment. Mutual obligations will be adjusted in alignment with a person's work-readiness, including participation in activities such as volunteering and work experience and with social enterprises.

A new approach to compliance

Another key consideration is how the new employment service will adopt more contemporary regulatory approaches by shifting the focus towards encouraging active participant engagement rather than enforcing reactive compliance measures. Appropriate safeguards will ensure compliance powers are exercised lawfully and fairly, supporting more effective employment services that better enable progress towards work.

Question

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?



New approach to employer engagement

The government is considering how the new employment service can make it easier for employers to engage with the system, be more responsive to local labour market conditions and offer supports that better meet employer needs.

Engaging with employers is central to an effective employment services system. It aligns services to real vacancies, improves job matching and retention, and lifts productivity by placing people into roles suited to both their skills and the needs of the business hiring them.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434
209
s 22(1)

Employers are diverse in size, capability, location, and industry, and their willingness and capacity to engage with government-funded services can vary significantly. International evidence suggests that integrating demand-side strategies into employment services by actively engaging employers as partners in jobs and skills pathways is required to strengthen employer engagement.

Strategic engagement of industry and large employers

The new employment service will be guided by a stronger national focus on building strategic partnerships with industry and large employers to create jobs and skills pathways for job seekers. This approach will support more structured and consistent engagement with industry and large employers.

Strategic partnerships will provide a foundation for aligning government, employer, and industry bodies to create clearer jobs and skills pathways, improve workforce diversity and inclusion, and simplify how employers access employment and skills supports.

Local labour market approach for small and medium enterprises

Local labour market coordination can reduce the friction that employers, especially small and medium businesses, can face in trying to engage with employment services, fostering greater trust and a shared understanding of employer needs across services at the local level. Recognising the diverse needs of different economic regions is critical to effective service delivery. Local labour markets vary significantly in industry composition, workforce availability, and economic conditions. By considering local labour market conditions, the engagement, training and supports available to employers will be relevant, responsive, and effective.

The government is also considering how place-based mechanisms can implement local labour market coordination. These mechanisms will enable strong local involvement from employers, providers, skills organisations, and community stakeholders, supported by regional coordination. The place-based mechanisms will also reduce duplication of supports, strengthen intelligence sharing, and enable faster, more coordinated responses to emerging workforce opportunities, structural change or economic disruption.

Connecting employer vacancies with job seekers

Advertising vacancies on online jobs platforms is the main way employers connect with a large, diverse pool of job seekers. In the current system, employers can use the Workforce Australia Online job board. The platform offers features such as candidate matching and shortlisting tools to provide a streamlined way for employers to attract and engage suitable job seekers. However, employer engagement with this service is low, with many job vacancies sourced from private sector platforms. Given there are many similar services offered by the private sector, the need for a government jobs matching platform will be examined as part of reform to ensure employers have efficient and effective ways to connect with people in mainstream employment services.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)

Range of targeted supports

To develop an employment service that meets the expectations of employers in a broad range of industries and locations, the current suite of supports will be reviewed and better targeted. These include pre- and post-placement support and financial assistance to support hiring and retention. Supports available should be tailored to job seeker need, with greater assistance for employers to engage those who are further from the labour market.

Employers remain concerned that job seekers may not have the skills they are seeking. The new service will need to consider how to continue supporting job seekers to access training, equipment, and other supports needed to enter into employment. Once in a job, participants and their employer will receive better targeted support to undertake onboarding, training, and workplace adjustments that foster lasting employment outcomes.

Wage subsidies will be reviewed. Wage subsidies function as a financial incentive to businesses to hire and retain specified participants under certain terms. They are intended to alleviate some of the initial onboarding, induction and training costs involved in recruiting new employees. There is an opportunity to simplify the current arrangements, ensure they are appropriately targeted to need, and better combine them with effective post-placement support to better provide support to employers.

Questions

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?

Delivery of high-quality services

As outlined in Chapter 3, the current system does not consistently deliver high-quality services to individuals and employers, particularly for people with more complex needs who are further from the labour market. Hallmarks of a quality service include frontline staff (whether from the Australian Public Service or contracted providers) who deliver personalised services, the capability to respond to a diverse range of needs, and strong connections to employers and other services.



Frontline staff capability

Meeting the diverse needs of people in employment services will require frontline staff with the right skills and capabilities to respond to the diverse needs of job seekers.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)

In the new employment service, across all service streams, the government is considering how frontline staff can play a more active role in guiding participants through employment services and connecting them with skills and training options, and other relevant supports. This may include requiring providers to build stronger connections to skills development, training, and pre-employment activities to improve sustainable employment outcomes. It may also involve providers more actively supporting participants on progress towards employment goals.

Another key consideration is how the required capabilities of frontline staff can better align with the different service intensity and circumstances of participants across all streams, including those services delivered by the Australian Public Service. Some ways this could be done include reflecting differences in the skills, qualifications, experience, cultural competence, the types of supports and how they are delivered, and the depth of engagement required by frontline staff across each stream.

Supporting diverse cohorts

The employment services caseload is highly diverse and includes many groups who experience lower employment outcomes relative to the average person seeking work.

Some groups, such as young people, may have different pathways into work and limited prior employment experience, and employment services have often taken a distinct approach to servicing this cohort. Distinct servicing to meet young people's needs include early and flexible investment, a focus on both education and employment, and strong links to education, training and apprenticeship pathways.

Other groups, including people from culturally and linguistically diverse backgrounds, may require support that focuses on building local work experience, networks, or English language proficiency. First Nations stakeholders often describe cultural safety as a key marker of service quality, with practical enablers including workforce capability and First Nations representation, accessible communication, and service settings and practices that uphold dignity and reduce disproportionate harm.

This short summary of only some of the groups in employment services highlights the importance of a responsive system that can effectively support the distinct needs of different cohorts. It reinforces the need for flexible, culturally capable and trauma-informed practices. The new employment service will need to consider how the needs of specific cohorts are best responded to, to ensure people receive inclusive and trauma informed supports that are relevant to their circumstances. It will also need to ensure providers have the capability and expertise to effectively support the unique needs of different cohorts to ensure more equitable outcomes and a positive service experience for people accessing support.

Better connections to other services

People engaging with employment services often have a range of needs. These may relate to education and skills, health, disability, housing, caring responsibilities, language, transport or social needs, and are frequently interconnected. For some job seekers, progress towards employment depends on having multiple needs addressed at the same time, rather than through employment services in isolation.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

Strong connections between employment services and other local services are therefore critical. There are inconsistencies in how providers currently support participants to navigate other services. Providers will be expected and incentivised to play a more active role in guiding and supporting participants to connect and engage with relevant services. This includes not only referring participants to services, but actively supporting and coordinating their engagement with services, skills and training opportunities, and employers.

The government is exploring stronger links to the skills and training system which will be critical in an effective employment services system, particularly for those who need additional support. For these participants, coordinated access to local services can be critical to addressing vocational and non-vocational barriers and building confidence, capability and readiness for employment.

Providing local solutions

In reforming employment services, a key challenge is striking the right balance between ensuring a consistent high-quality service for everyone that relies on employment services support across Australia and maintaining a flexible service that can be tailored to the needs of individuals, businesses and local labour market conditions. Experience from Workforce Australia and earlier employment service contracts shows that often local solutions, led by local service providers, engaging local businesses and community partners can achieve strong outcomes by tailoring services to local needs.

The government will consider how the new employment service can have an effective local labour market approach that responds flexibly to the specific conditions, needs and opportunities of local communities. It will build on the approach and operational experiences from the current Local Jobs Program[11], to draw on the knowledge of local employers and communities to identify emerging trends and practical solutions.

Embedding a flexible local approach will also support rapid responses as local communities are reshaped by the broader changes to Australia's labour market, such as the transition to net zero and a growing care economy.

Equity of access will also be critical, as not all participants can easily access the same array of supports. The new employment service must aim to consistently support those facing transport barriers, those in regional areas with fewer services nearby, and those unable to access online supports, for example.

Questions

13. What qualifications and experience should be expected of frontline staff within each stream?
14. How could the future service accommodate the needs of diverse cohorts, including better linkages to other services?
15. How can a nationally consistent service respond to local circumstances?

[11] Jobs and Skills Australia, *Jobs and Skills Roadmap for Regional Australia – Phase 1*, Australian Government, 2025. jobsandskills.gov.au/publications/jobs-and-skills-roadmap-regional-australia-phase-1.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434



Redesigned system incentives for service providers

The government is considering how the new employment service will be designed to incentivise providers to deliver supports that meet the needs of all participants and employers.

A key challenge in ensuring all participants and employers receive the appropriate support for them is aligning service providers' goals and behaviours with the government's objectives for employment services. There are several frameworks which can incentivise or influence provider behaviour, including payments and performance frameworks. The design of settings within these frameworks, and the interplay of separate settings in conjunction with other administrative arrangements and contractual requirements, can influence the ways that providers operate and the choices they make in how they deliver their services.

Incentives for quality servicing and outcomes

Getting the balance of settings right to ensure that appropriate objectives are being met while minimising unintended consequences will be important to ensure participants and employers receive the high-quality services they deserve.

Under the new employment service, there will be a greater expectation on contracted providers to deliver high quality services that are tailored to supporting an individual to reach their employment goals. For the targeted provider services and intensive services, the government can use several frameworks to influence provider behaviour, including payments and performance frameworks. Contractual arrangements will also make providers accountable for meeting this high standard, with options available to the government to amend or terminate provider contracts in the event of sustained underperformance.

Provider payments

Ensuring all participants receive active, personalised support that is proportionate to their needs and distance to the labour market is a core part of the government's vision for the new employment service. Payment settings which effectively reward providers for these behaviours will be critical in achieving this.

Different types of payments and payment structures can influence how providers deliver services. Types of payments used to incentives providers across different employment service models include:

- *upfront payments* when a person commences with a provider to ensure the provider has resources to support the person immediately
- *progress payments* when it can be demonstrated a job seeker's employment prospects have improved even if an employment outcome has not yet been achieved. These payments are intended to support ongoing servicing and support.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434
s 22(1)

- *employment outcome payments* when a job seeker has commenced in a job and remains employed for a period of time. A range of time periods are often included in this type of payment, for example up to 26 week or 52 week payments, to incentivise providers placing people into sustainable employment.
- *bonuses or loadings* on top of the base level of a payment. These can be used to respond to circumstances such as more challenging labour market conditions or where a person has been in employment services for a long time.[12]

Different payment structures can offer different mixes of payment types to incentivise different behaviours. Getting the balance between payments right has been a challenge in previous iterations of employment services.

Local labour market conditions can impact provider and participant ability to achieve employment outcomes. This can include housing costs and shortages, local infrastructure, limited employment and training opportunities, and availability of social services. Providers delivering services in thin labour markets where there are lower volumes of job seekers and job vacancies also tend to have higher fixed costs relative to the number of participants on their caseload, with implications for provider viability and service continuity. Higher payment rates may be one way to reflect the regional challenges experienced in delivering high-quality services.

Performance measures

Monitoring service quality is a core government responsibility and reflects the Australian Public Service's stewardship role in assessing the effectiveness and quality of employment services. Strong performance measures help the government ensure services meet the needs of users and the labour market. Performance monitoring can also support early intervention where issues emerge.

Performance measures must set clear baseline expectations for service quality and the supports provided to participants and employers. At the same time, they can also reward providers that exceed minimum standards and achieve strong outcomes. Such an approach can help lift overall performance without encouraging compliance-only behaviour.

Under Workforce Australia, provider performance can directly influence a provider's ability to retain or extend their licence to deliver services. This increases the consequences of poor performance and rewards sustained quality delivery.

Some aspects of performance, such as progress towards employment, are challenging to measure consistently. Improvements in a participant's confidence, skills, or work readiness may not translate immediately into a job placement, which is much easier to measure. The performance framework needs to recognise these intermediate outcomes without weakening the focus on sustainable employment outcomes.

[12] Department of Employment and Workplace Relations (DEWR), *Workforce Australia Employment Services Provider – Payments*, Australian Government, 2025, accessed 11 May 2026. dewr.gov.au/workforce-australia/resources/workforce-australia-employment-services-provider-payments.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)

s 22(1)

Different provider incentives for targeted provider services and intensive services

The contracted servicing streams will have different incentive settings reflecting they are supporting job seekers with different characteristics and support needs.

Targeted provider services incentives need to encourage tailored assistance and coaching, with short-to-medium term interventions and employment outcomes within shorter timeframes.

Intensive services incentives need to encourage intensive and wrap around support, with progress to employment often incremental and non-linear. Significant coordination with other services and specialist workforce skills will be required. Employment outcomes still need to be a key goal.

It will be important for final incentive frameworks and specific stream settings to reflect the diversity of a job seekers pathway to employment, while maintaining fairness and a clear focus on supporting people to move into suitable employment.

Questions

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?

Improved commissioning and contracting

The government recognises the need to improve commissioning and contracting to lift provider diversity, capability, experience and local labour market connections. In the new employment service, commissioning will focus on engaging organisations best placed to support job seekers, with approaches varying by service stream. This includes placing greater weight on provider capability, local connections and the ability to deliver integrated and tailored support.

This represents a shift from the current system. Commissioning will move away from standardised models towards more flexible and targeted approaches that support a broader and more diverse provider market. This will include a stronger role for community-based organisations and First Nations organisations, where appropriate, and will create opportunities for a wider range of organisations to participate in the system. Traditional employment services providers will continue to play an important role, particularly for targeted provider services. However, commissioning will place a stronger emphasis on ensuring providers reflect the local communities they service and have appropriately skilled workforces and service delivery approaches.

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)

s 22(1)

For intensive services, commissioning will place a stronger focus on engaging community-based organisations with deep local connections, reflecting the need for services that are better aligned to participant needs and local labour market conditions. It will also create opportunities for different types of organisations to play a role in the system, including social enterprises. This may include engaging organisations that also deliver other social services in the local community or those with strong connections to such services where that leads to a better and more holistic experience for participants.

Question

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

Driving continuous improvement

As outlined in Core Ideal 4, the new employment service will be designed to continuously improve in order to respond to users' needs and an evolving labour market. This will require mechanisms that encourage learning, innovation, and adaptation, as well as active monitoring of how the system is performing, identifying emergent issues, and responding to them.

The current employment service does not have the flexibility to quickly and effectively respond to changing individual needs, dynamic local labour market conditions, and emerging labour market trends. Contractual arrangements can act as a barrier to services adapting to changes, with lengthy contract review processes limiting government's ability to quickly address poor provider behaviour and longer contract periods limiting its ability to manage any unintended consequences arising from such arrangements. Weak feedback loops can also limit user input and scrutiny of services. The government has been taking steps to address this, including through the implementation of a new complaints dispute resolution process which investigates complaints and takes action with providers where appropriate. However, the ability of users to actively influence how the service works can still be improved.

Embedding continuous improvement will be achieved through stronger stewardship of the mainstream employment service. This will include more active oversight and monitoring to ensure providers are delivering quality services and to identify potential gaps in jobs and skills pathways, improvements to complaints mechanisms and feedback loops to enable increased user input and influence over how the service works, and development and sharing of insights and best practice approaches to improve the capability of frontline staff to tailor supports to users.

Questions

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

Department of Employment and Workplace Relations
Documents released under FOI - LEX 2434

s 22(1)