



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/) (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) (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



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 the proposed 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.

A handwritten signature in blue ink that reads "Amanda Rishworth".

The Hon Amanda Rishworth MP
Minister for Employment and Workplace Relations



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-g 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.



Under a new employment service, 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 may play a strong role within intensive services as a pathway to open employment.

Consultation will inform the design detail of the service offering and settings applied to each of these distinct service streams.

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.

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.



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 Paper¹ and the House Select Committee Inquiry into Workforce Australia Employment Services². 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.



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.



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 subsidies⁴ 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.



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.

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
- **Place-based and regional employment service initiatives**, including the Dandenong Employment Hub and Thrive Hubs, the Broome Employment Services, Yarrabah Employment Services, and Norfolk Island Employment Support Program

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.



- **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.



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, employers 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

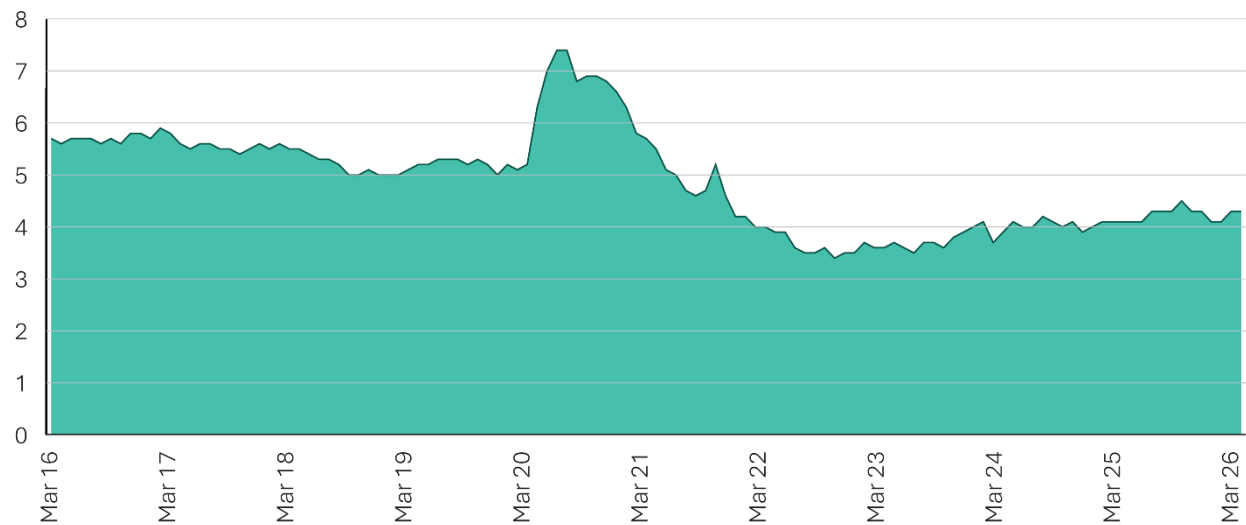
Labour market conditions have been good in recent years. While Workforce Australia has been operating (since July 2022), the unemployment rate has been low by historical standards. Additionally, the labour force participation rate has been around all-time highs, with a record number of Australians in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



Figure 1: Unemployment rate



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

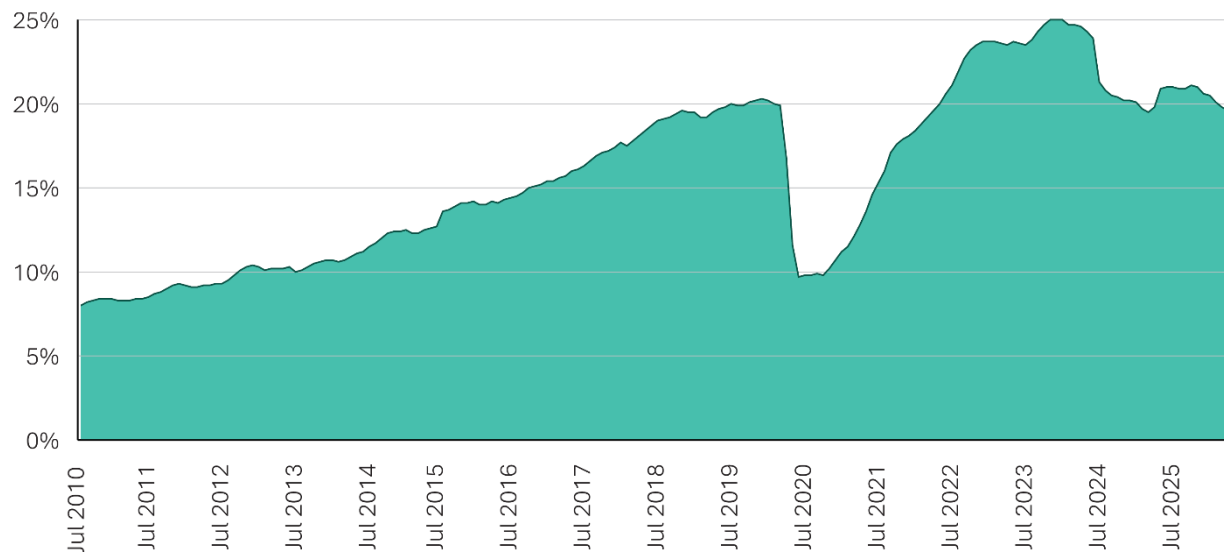
However, not everyone is benefiting from the opportunities of a strong labour market. Some people face greater challenges in gaining employment, for example youth, mature aged people (particularly women), First Nations people, single parents, and people with disability. The Workforce Australia caseload 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 job⁸. 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.

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. Triage 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 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.



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.



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 and core ideals. It presents the structure and service elements for a new system that the government is seeking feedback through this discussion paper to support consideration of the detailed design of the future system.

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 would 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.



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.

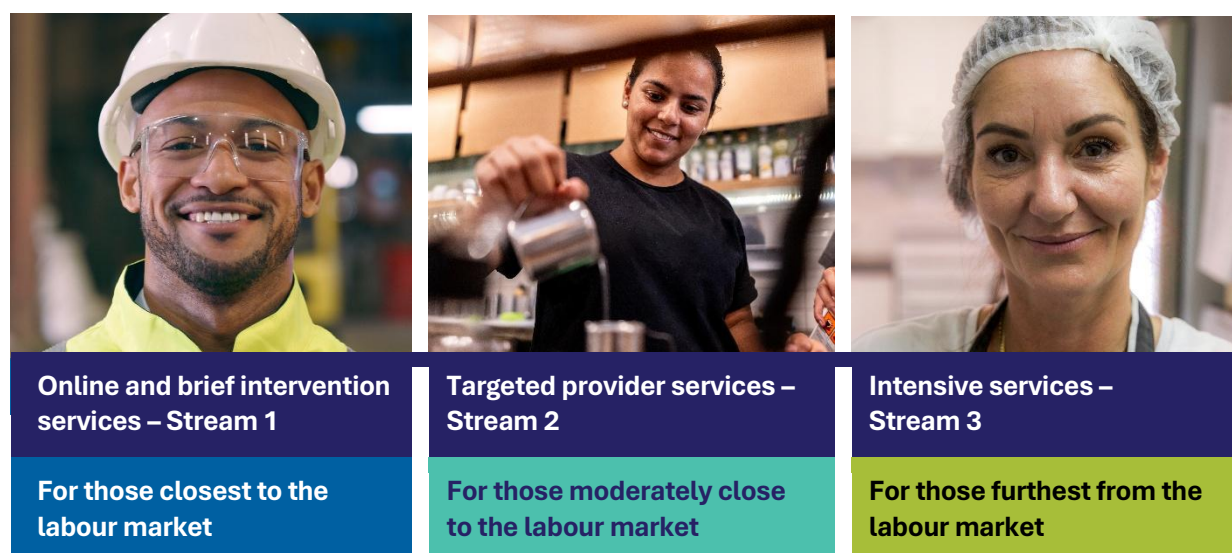
4 Core ideal 4

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 being considered by government 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



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

The government is considering reforms to a number of underpinning service elements, which will support the delivery of high-quality, tailored services as part of the new employment service, including:

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 and is 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.

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 to support the successful design 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:

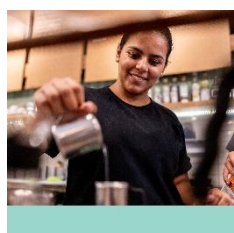
- improving the accessibility, personalisation, and usability of the digital platform, including introducing new career mapping and guidance tools that draw on a person's employment history, skills and education to generate career pathways and skilling advice.
- shifting the Australian Public Service-delivered 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.



- 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

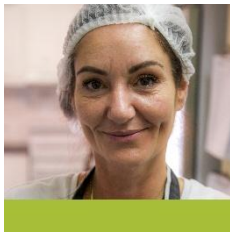
In the proposed new employment service, targeted provider services will be delivered by a network of contracted service providers to support a narrower group of job seekers who are moderately close to the labour market. This includes people with employment gaps, lower educational attainment, or cycling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





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.

In the 2026-27 Budget, 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 a potential 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 would 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 likely 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?



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 would apply across the whole employment services system, including those referred to Inclusive Employment Australia and Remote Australia Employment Service.

As part of this, 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.



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 government's vision for 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.



The introduction of a government pathway planning tool would 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 government's consideration of 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.



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

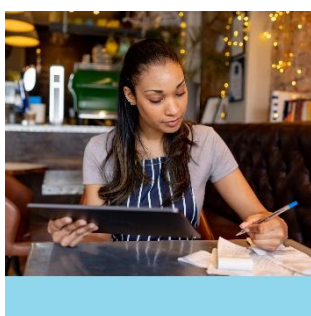
For those furthest from the labour market, the government is considering how mutual obligations can be calibrated to individual circumstances, focused on meaningful engagement and progressing a participant towards employment. Mutual obligations will be adjusted in alignment with a person's work-readiness, 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.



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 government is considering how the new employment service can 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 would 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 would enable strong local involvement from employers, providers, skills organisations, and community stakeholders, supported by regional coordination. The place-based mechanisms would 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. The government is considering how supports can 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 would 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.



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.



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 Program¹¹, to draw on the knowledge of local employers and communities to identify emerging trends and practical solutions.

Embedding a flexible local approach would 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.





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 government's vision for a 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 would 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 incentivise 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.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.



Different provider incentives for targeted provider services and intensive services

Under the government's vision for a reformed employment services system, contracted servicing streams would 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 would represent 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 may 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 may 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?

