

# Summary of joint submission into the Workforce Australia Employment Services Inquiry

## Reimagining and rebuilding Australia's employment services

Brotherhood of St. Laurence, Centre for Policy Development | November 2023

### **The current situation: Australia's employment system is failing jobseekers, employers, industry and the community**

There are three million people in Australia who want jobs, or to work more hours, but can't find them. At the same time, employers are crying out for workers. Most industries – especially health and human services, agriculture and the green transition sector – are facing significant workforce shortages, particularly in regional areas.

The Workforce Australia employment services system, which is meant to help people connect to work, has become a compliance-driven, one-size-fits-all, box-ticking exercise that is ill-equipped to support both jobseekers and employers in a 21st-century labour market.

The current system rewards placing jobseekers into any job, regardless of fit. They are often short-term and casual, and don't lead to ongoing nor fulfilling employment. People with more complex needs aren't provided with the type of support they need and are often placed at the back of the queue for support.

Employment services have failed to keep the most disadvantaged connected with the labour market, let alone in paid employment. If a jobseeker is in the employment services system for an extended period, chances are they will be stuck in it for years.

Providers who are trying to respond to people's real needs, to collaborate and be more effective, are working despite the service system, not because of it. There's far too much time spent on paperwork (up to 36 per cent of providers' time) and far too little time spent with people (typically 30 minutes per fortnight).

With little capacity for outreach from the system, employers also struggle to find the right fit for their workplace. Fundamental changes are needed so that more than the current 4 per cent of the country's employers use the billion dollar system.

There are structural barriers between potential workers and available work – including skills mismatch, geographical mismatch and other blockers to participation, including disadvantage and even discrimination. The system needs to be redesigned to actively address these structural barriers and better support jobseekers, employers and communities to thrive.

## The vision

Through several submissions to the Select Committee on Workforce Australia Employment Services, the Brotherhood of St. Laurence (BSL), the Centre for Policy Development and researchers at the University of Melbourne have put forward a proposal to overhaul the current outdated system.

The recommended model is an employment services system designed to build people’s capability for a 21st-century labour market; a system that is collaborative, person-centred, place-based and industry-focused.

### FROM

#### An outdated system



### TO

#### A system fit for the future

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**Rigid:** one size fits all.

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**Mismatched:** focused on jobseekers (supply), without matching industry or employer demand.

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**Short-term:** work-first, any job is a good job.

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**Compliance-driven:** strict compliance and mutual obligation requirements.

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**Arm’s length:** government arm’s length, top-down management and regulation.

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**Competitive:** competitive tendering that produces fragmented services and duplication.

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**Flexible:** flexible universal system, shaped by individual aspirations and local conditions.

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**Connected:** bridges supply with demand, by matching jobseekers with suitable opportunities with employers, industry or training.

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**Long-term:** invests in people’s capability for sustainable, meaningful, decent work.

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**Shared accountability:** co-produced individual ‘Participation and Jobs Plans’; strengths-based plans with shared accountability from jobseekers and providers.

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**Top-down & bottom-up:** top down (government) and bottom up (community) collaboration and governance.

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**Collaborative:** collaborative commissioning and mixed tendering that aligns funding and programs.

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### A focus on building people’s capabilities, not punishment or compliance

The current system is skewed towards one objective: getting people into a job, any job, and off welfare. A system fit for the future would pursue a broader set of objectives – not just work-first, but decent, sustainable work alongside wellbeing and economic security; growing capability and participation and meeting the needs of employers and industry. This is critical if we’re to address intergenerational disadvantage and poverty.

A better system must be built on a fundamental mindset shift, from a deficit and compliance lens to a focus on investing in people’s capabilities for the mutual benefit of jobseekers, employers and communities.

## **Decisions made at the local level, tailored to local labour markets and communities**

Employment services need to work for local communities and local labour markets, matching jobseekers to opportunities in their local area, and supporting local employers and industries to find the talent they need.

Local people and services are often best placed to identify and develop targeted solutions based on their specific needs. The new system must facilitate truly empowered decision-making at the local level and the flow of learning from on-the-ground practice to inform system and policy design.

We know around 40 per cent of JobSeeker Payment recipients are in just 10 employment regions, which is why it is essential to invest in effective approaches that make the most of local and regional networks.

## **Employment services as the gateway to human services**

People who experience the most disadvantage and long-term unemployment often don't need help writing resumes or sending in applications. These people don't have the money, housing, transport, childcare while they seek work, or are unable to because of training, care responsibilities or life circumstances. That's where help should be provided.

For those who face significant barriers to employment, the employment services system must become the front door to a broader human services system that is better equipped and ready to provide a range of necessary supports.

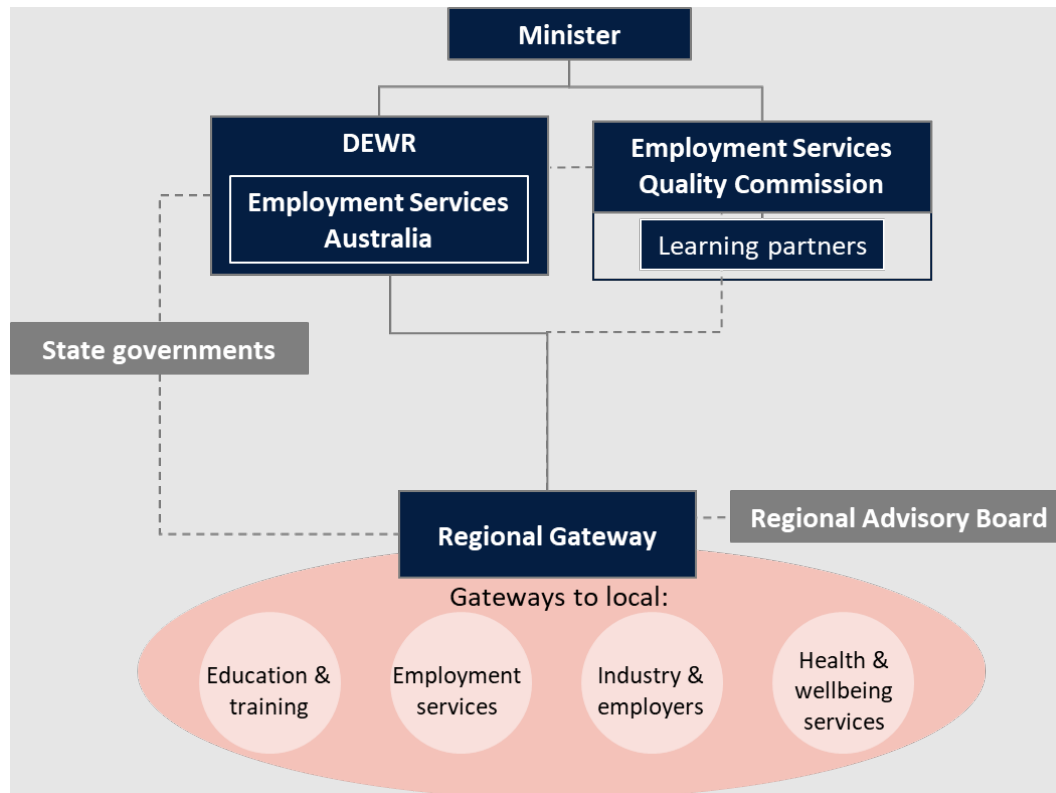
We propose the establishment of Regional Gateways, which would act as the hub of a given labour market region, delivering assessment, coordination of the local service system, and strategic engagement with industry and employers. Regional Gateways would have an enduring physical presence in the local community, ideally co-located with other services.

Like the role of a GP in a medical context, the Regional Gateway would serve as the front door through which anyone can enter, to be referred to the right supports.

The Regional Gateway would be supported by a Regional Advisory Board to offer advice, with influential stakeholders from local institutions, employers, local councils, community organisations and people with lived experience. These stakeholders would help direct effort to where it could make the most difference locally.

Regional Gateways would do much more than the current Local Jobs Program, in that they would have the authority to direct strategy in place and adapt the system to reflect community needs. They would have a strategic view of investment coming into the region and be able to convey learning to shape policy and system design.

Figure 1.1 Proposed Governance Structure



### **A flexible, person-centred practice model to build people’s capability**

From the three million people looking for a job or for more hours, there is a diversity of needs, so we need to provide a diversity of responses. A national employment service must be capable of supporting everyone, from jobseekers who require minimal contact to those who would require substantial in-person support to navigate the system. Therefore, our proposed system would be a universal system differentiated by ‘intensity’ of need rather than cohort, with the exception of a youth-specific program to support the unique needs of young people in the transition into the world of employment.

When people entered a Regional Gateway, they would be supported to co-produce an Individual Participation and Jobs Plan tailored to their unique goals, needs and circumstances.

There would be shared accountability on the part of both the person and the provider to hold up their end of the Plan. This is similar to ‘The Deal’ used in the Transition to Work Community of Practice, which evaluations<sup>1</sup> have shown to be highly effective because it taps in to intrinsic motivation, giving jobseekers greater agency and choice over their employment pathways.

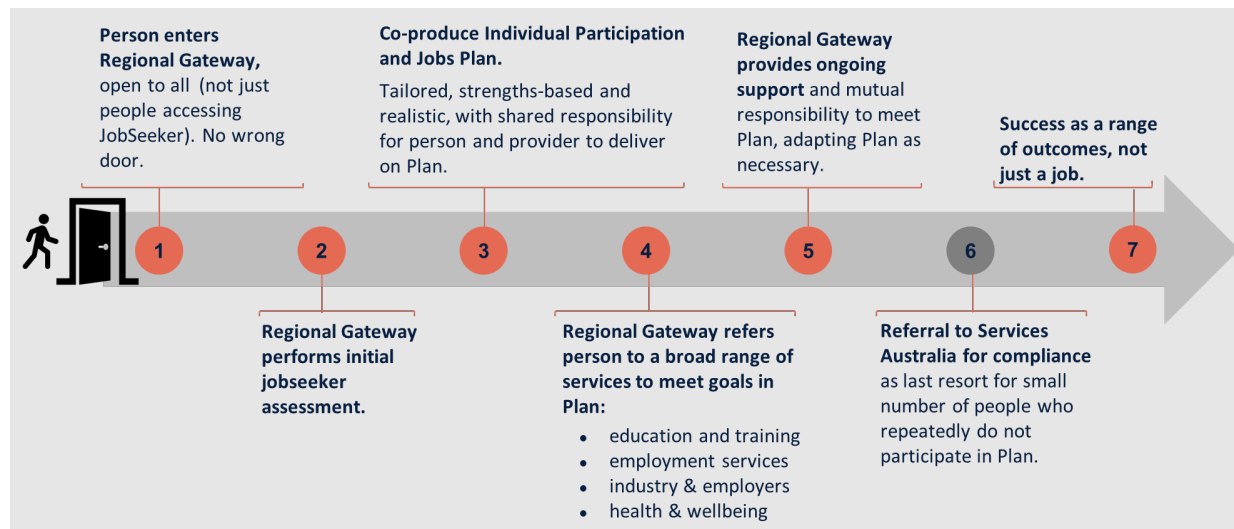
There are multiple approaches to activation or building employability. Employment services systems have historically gravitated towards ‘work-first’ models of activation that are anchored in job search intensity, rather than ‘life-first’ models that prioritise wellbeing and recovery or human development approaches that build employability through training, work experience and skills development. Our proposed model recognises a spectrum of approaches are more suitable, depending on people’s

<sup>1</sup> Bond, S & Keys, D 2020, *Finding that spark: what works to achieve effective employment services for young people?* Brotherhood of St. Laurence, Melbourne, Vic.

needs, ranging from work-first to life-first. The spectrum could include supports for wellbeing and recovery, work in the community, education and training, (re)entering the labour market, employment guidance and job-matching, and post-placement. In creating Individual Jobs and Participation Plans, providers could help people access a mix of supports from across this spectrum, relevant to their needs and circumstances.

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**Figure 1.2 Indicative user journey**



**A stronger role for employers and industry**

The proposed system will provide much stronger connections with employers and industries, and works to understand where there are skill gaps and how to develop pathways for jobseekers into these roles. This includes having ongoing connections with training providers to build the required skill pathways. This focus is critical to respond to shifting workforce needs in response to technological change, the net-zero transition and demographic shifts.

**Government as a steward**

The current system of arms-length outsourcing means Commonwealth public servants in Canberra are overseeing essential service-delivery systems without on-the-ground knowledge and experience. Services have become disconnected from local communities and service systems vary in quality. On the ground, competition between providers erodes trust and creates a fragmented system of overlapping and disconnected services and supports.

Government’s role must transition from arm’s-length ‘purchaser’ of employment services to active ‘co-producer’ of employment services, including delivery in some areas. Government should use approaches to commissioning, funding and delivery that encourage collaboration, adaptation and innovation rather than competition. It’s also critical Commonwealth and state governments work together, to enable coordination and connection between their respective employment services and broader human services systems.

## **Learning and feedback loops as essential parts of the system**

In a dynamic economy and with rapidly evolving workforce needs, it is critical that the model has built in rigorous and ongoing evaluation, continuous improvement and feedback loops.

The proposed model includes a critical role for earning partners who drive data-led learning and build capability for shared practice across the national system, through developmental and impact evaluations, capability building, and communities of policy and practice. We recommend that an Employment Services Quality Commission be established as the responsible authority for a quality framework, licensing, monitoring prices, complaints and system learning.

## **Conclusion**

The system we have – which we’ve now had for close to three decades – is not the system that either jobseekers or employers across Australia need.

We need a system that is people centred and place centred, with effective and empowering pathways to economic and social participation, especially for those who face barriers to employment.

The wellbeing and material security benefits of decent, secure employment are clear. We need an employment ecosystem that helps to realise those benefits and can address 21st-century needs and opportunities for jobseekers, employers, governments and communities alike.

## **Links to Joint Submissions to the Select Committee on Workforce Australia Employment Services:**

- [Written submission, April 2023](#)
- [Supplementary slide submission, October 2023](#)