



Australian Government

Australian Government response to the
House Select Committee on Workforce Australia Employment
Services reports:

Your Future Planning

Rebuilding Employment Services

JULY 2024

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Introduction

This is the Australian Government's response to the House Select Committee on Workforce Australia Employment Services (Select Committee) interim and final reports. The interim report on ParentsNext, *Your Future Planning*, was published in February 2023 and the final report on the broader Workforce Australia employment services system, including complementary programs, *Rebuilding Employment Services*, was published in November 2023.

The Select Committee was established on 2 August 2022 to undertake a first principles review of the Workforce Australia employment services system. The Select Committee had broad-ranging terms of reference, which were expanded to include pre-employment and complementary programs on 16 September 2022.

The Select Committee received extensive evidence during its inquiry on Workforce Australia with 14 public hearings held throughout 2022 and 2023, and 321 submissions and 59 supplementary submissions received. This evidence was supplemented by private briefings with stakeholders, 51 meetings and site visits across all Australian jurisdictions including metropolitan and regional areas, and direct engagement with OECD experts and representatives from over 10 other nations.

The Employment White Paper — *Working Future: The Australian Government's White Paper on Jobs and Opportunities* — sets out the Government's vision for a dynamic and inclusive labour market where workers, businesses and communities have the opportunity to thrive.

Working for Women: A Strategy for Gender Equality (Working for Women) outlines the Government's vision for gender equality – an Australia where people are safe, treated with respect, have choices, and have access to resources and equal outcomes no matter their gender.

The employment services delivered by the Government play a crucial role in achieving these objectives.

A quality employment services system can deliver social and economic benefits by supporting more efficient, inclusive labour markets. An effective employment services system strengthens growth and productivity through lifting participation, skills, and facilitating bringing employers and those who want to work closer together. It can smooth the effects of labour market disruptions, such as industry change and retrenchment, and provide supported pathways to employment for people facing barriers to work, earning and social participation. By facilitating links to education and training and other supports, effective employment services can help prevent the negative effects of long-term unemployment which can result in entrenched disadvantage. For employers, a quality employment services system can connect them with a diverse range of people seeking work and build their capacity to access a range of supports to improve recruitment and retention.

The Select Committee has reported their view that Workforce Australia employment services do not meet the needs of all people¹ and employers who use it, and that we need to do better.

The Government has considered the views of the Select Committee and agrees that reform is necessary. The Government will create a responsive employment services system so that it actively supports meaningful participation and secure and sustainable employment of people, and the workforce needs of employers and industry, based on the principles set out in the Employment White Paper. This includes building and embedding more active stewardship from the Australian Public Service (APS) in the employment services system, combined with a range of providers and delivery partners, including a greater role for community-based organisations such as social enterprise and Aboriginal and Torres Strait Islander community-controlled organisations.

The Government recognises people must be at the centre of policy development and service delivery and that our reforms are coordinated. Our approach to design and deliver employment services reform through engagement with people, community and businesses is outlined below. We are committed to working closely with participants, stakeholders and the broader community to strengthen employment services and provide a service that meets the needs of Australians.

Reform to employment services is important and will take time to get right. The Select Committee itself acknowledged it will take time for a new system to be designed and implemented in full. The Government will release further detail on employment services reforms, including the phasing and priority for implementation. This further detail will be informed by the initial views received through engagement with people, community and businesses, and will continue to draw on insights from the Inquiry.

We thank the Select Committee for its work and the many people who took the time to provide submissions and appear as witnesses.

This response has 2 parts. Part 1 responds to the *Rebuilding Employment Services* final report and:

- summarises the Select Committee's 75 recommendations into 8 key issues
- lists the Select Committee's recommendations relevant to each key issue
- indicates the Government's policy directions for employment services reform, and
- lists the immediate changes to deal with pressing issues in employment services announced in the 2024-25 Budget.

¹ Where this Government response refers to people using the system, or participants, it means people who are participating in Workforce Australia and related programs.

Part 2, which responds to the *Your Future Planning* interim report, includes an overview of the new voluntary pre-employment service for parents, to replace the ParentsNext program from 1 November 2024.

Part 1: *Rebuilding Employment Services* Final report — recommendations 1 to 75

About Workforce Australia

Workforce Australia is the Australian Government's largest employment service and operates across all non-remote areas in Australia. It is comprised of Workforce Australia Online, Workforce Australia Services, Transition to Work, plus a range of additional supports through complementary programs. Workforce Australia's total caseload size is 664,236 (as at 31 March 2024). The vision for Workforce Australia is to provide a simple, supported, connected and respectful service that:

- helps eligible people find employment through online or provider-led services
- supports businesses with recruitment and to adjust workplace practices to help connect them to candidates with the skills they need, and
- focuses providers on people who need more support.

The 2 other main employment services programs are Disability Employment Services and the Community Development Program. The Disability Employment Services caseload is 251,597 (as at 31 March 2024) and the Community Development Program's caseload is 40,716 (as at 31 March 2024). There are parallel reforms underway in both programs. The Government announced reforms to remote employment services in February 2024, including a new Remote Jobs and Economic Development program. As part of the 2024-25 Budget, the Government announced reforms to Disability Employment Services, with a new specialist disability employment program commencing on 1 July 2025.

Key issues raised in the report and the Australian Government's response

The Select Committee recommendations call for large scale reform to fundamentally rebuild the Australian Government's employment services system. At the thematic level, the Select Committee has raised the following eight key issues with the current employment services system in its *Rebuilding Employment Services* report.

Recommendations 1, 2 and 75 of the *Rebuilding Employment Services* report are being considered as part of the Government's overall approach to reform of employment services, while the remainder have been listed under the key issues outlined below. Many of the recommendations apply across multiple key issues, however for simplicity, each recommendation is only listed once under the most relevant key issue.

1. Poor service experience for many people using the system

Relevant recommendations 8, 9, 10, 11, 13, 14, 18, 28, 29, 30, 32, 33, 35, 40, 41, 43

The Select Committee found too many people experience the current system as overly complex and rigid, with a 'one size fits all' approach that does not address or respect individual circumstances. Put simply, the Select Committee found the current system works for some but not for all, with too many people staying in the system for too long.

The Select Committee found the current system is too often experienced as punitive, with people not receiving adequate support which reflects their circumstances, leading to disengagement and poor outcomes. The Select Committee also heard some of the current training, mentoring and work experience activities do not offer meaningful support for employment, and therefore do not adequately prepare some people for employment success. The Select Committee was particularly concerned about those participants who remain in the system long term.

The Select Committee identified the need for better upfront assessment processes. It was found that in some circumstances, the current assessment processes do not adequately identify the personal circumstances that impact on a person's connection to the labour market and then link this to appropriate service offerings. This includes ensuring those at greater risk of long-term unemployment are identified early and referred to the right supports for their needs. There are also issues with delays for some assessment processes.

The Government agrees that people who use employment services deserve a quality service experience that is easy to engage with and tailored to their needs. Employment will remain a primary goal, with the service culture focused on identifying and responding to each person's capacity and goals. To support the vision for full and inclusive employment, the Government will consider appropriate servicing options that are better aligned to the needs and circumstances of people using employment services to build their capabilities, where needed, support their wellbeing and lead to sustainable employment. Appropriately targeted servicing options will require employment services to be delivered in a range of ways, supported by data and evidence, such as tailored online and in-person servicing.

The Government notes that most people are participating in employment services as a result of receiving an income support payment. The Government is committed to ensuring the social security system continues to be considered to facilitate participation.

As part of the reform process, the Government will seek to better understand and respond to the needs of people within the system. The employment services system has a broad range of participants with diverse servicing needs. The Government recognises that many people are job-ready and capable of self-managing with modest additional support. Improved assessment processes could provide a mechanism for better understanding of people's circumstances, enabling referral to the most appropriate support. This includes

early intervention to reduce the risk of remaining in the system long term. Where participants do churn in and out of the system repeatedly or remain in services long term without a connection to the labour market, we will ensure our service offer understands and addresses these circumstances with appropriate support. The goal is to ensure each person is suitably assessed and referred to the most appropriate service to best meet their needs when they need it, with appropriate safeguards when circumstances change. We will also consider ways to address delayed assessments.

To address complexity and fragmentation, the Government will consider options to improve coherence and align service offers across the entire employment services system. This includes considering how to improve linkages with the broader human services and the skills, training and education systems. There are opportunities to achieve better economic and social outcomes with greater wrap-around support and a more user-friendly ecosystem.

As a first step, the Government has acted to implement rapid operational improvements to the service offer for those in digital and provider services. For example, the Government is improving the quality of information provided to people, communication tone, and system accessibility, further facilitated via enhanced participant engagement. A specific example of this is the Points Based Activation System (PBAS). PBAS products have been redesigned with a First Nations communications specialist and user tested to ensure they are culturally suitable and easy to understand.

The Government will seek advice on options to ensure a high-quality service delivery experience. These options will be developed through engagement with key stakeholders.

2. Overemphasis on mutual obligations and compliance

Relevant recommendations 34, 48, 56, 57, 58, 59, 60, 61, 62, 63, 64

The Select Committee found current settings in the employment services system place an overemphasis on mutual obligations and compliance. This creates situations where some people experience mutual obligations that are inappropriate for their circumstances and a disproportionate response to non-compliance, resulting in unnecessary stress and administration for those impacted. The Select Committee also observed that mutual obligation requirements are often seen as too onerous and unsuitable for supporting engagement with employment services. It noted that the mutual obligations framework is fragmented, treating people differently when they move between services, such as between Workforce Australia, disability and remote employment services. The Select Committee also found inappropriate mutual obligations can adversely affect providers, such as by increasing the time spent administering complex compliance, and reducing their capacity to build trust with their participants.

The Government appreciates there are longstanding community expectations that people receiving income support, who are assessed as capable to work, engage in some kind of

activity in return. There is a role for well-designed mutual obligations that support people into work.

The Government is mindful of the impact of inappropriate mutual obligations and has taken several important initial steps to address more urgent concerns raised through the Select Committee, such as strengthening the integrity of employment services and better recognising individuals' circumstances with mutual obligations, in the 2024-25 Budget context. These measures will introduce further safeguards for participants; introduce an independent participant complaints mechanism; improve the tailoring of requirements; and reduce administrative burden to allow for more meaningful interactions with employment services.

The Employment White Paper outlines that the type of requirements matter. Further changes to mutual obligations will be considered as part of reforms to employment services. The Government will progressively reform the mutual obligation framework which focuses on supporting people into work, drawing on insights from the Inquiry. This approach will aim to better align with the lived realities of people who use employment services, encourage meaningful participation and foster positive labour market outcomes.

Mutual obligation requirements vary across the broader employment services system. The Government recognises this can create inconsistent and confusing requirements for people who move between employment services. With reforms to remote and disability employment services underway, the Government will develop a mutual obligation and compliance framework which balances individual needs and circumstances with the broader aim across the employment services system. While coherence will be sought across the system, this framework would aim to ensure mutual obligation requirements better reflect individual circumstances, and local labour market conditions, and do not result in inappropriate, 'one size fits all' arrangements.

3. A lack of alignment with employer and industry needs

Relevant recommendations 7, 12, 42, 45, 52, 53, 54, 55

The Select Committee found the current system settings disproportionately focus on labour market supply rather than matching demand. It found the needs of, and connection with, employers has been frequently overlooked, with the current system too focused on moving people into jobs without sufficient regard for job suitability, employers' needs, and helping employers to get people into work. The Select Committee also observed the importance of building the capacity of employers to hire people and give them appropriate opportunities for secure work and career progression.

The Government agrees that employment services need to work better with employers and industry in order to be effective and successful. Effective employment services create improved job placements for people when they are complemented by support for

employers and businesses. This includes developing relationships with employers to understand their business needs, the requirements of the role, and how people could prepare for work in their organisation. This also includes empowering employers to consider their approach to workforce planning, job design, recruitment, and training to create more opportunities for participants. This in turn can lead to the delivery of more effective pre-employment support, training and post-placement support, and employer support through assistance with job design or recruitment processes, on-the-job mentoring, and incentives such as wage subsidies.

Work is underway to develop an employment services system that employers want to use. The Government has announced in the 2024-25 Budget a new paid employment pathways package to assist people seeking work and businesses. The package contains 2 elements to commence in July 2025:

- Real Jobs, Real Wages provides tapered wage payment to employers to fund real wages for job placements for people with more barriers to work.
- WorkFoundations provides paid employment pathways through social enterprise and business partnerships to assist those who have significant or complex barriers.

These will be designed with employers and provide greater support for business and social enterprises to give more people the opportunity to gain valuable experience and contribute to the organisation's workforce and its future.

While these early actions will be beneficial, more work is needed to ensure quality partnerships with employers. This includes considering improvements to the employer engagement experience for individual businesses, fostering better linkages to skills and training, and working with employers in relation to job design and recruitment practices. As part of this, the Government will engage and work with industry and employers to explore different approaches, drawing on insights from the Inquiry.

4. Missed opportunities for place-based servicing

Relevant recommendations 4, 6, 31, 49, 51, 73, 74

The Select Committee found the current employment services system has limited flexibility in delivery and does not sufficiently recognise and adapt to suit regional and local labour markets. The Select Committee, in setting out its views on a rebuilt system, suggests coordination and collaboration can be improved across and between levels of governments, programs and service delivery partners.

The Select Committee emphasised the value of place-based approaches in achieving a greater ability to respond to regional-specific challenges, the capacity for communities and government to shape initiatives together, and to work in long term partnerships to resolve problems. The Select Committee also listed ongoing issues with provider collaboration.

The Select Committee advocated for a rich and diverse eco-system of employment services that includes place-based approaches. It further recommended that place-based approaches be considered to support particular cohorts facing disadvantage.

The Government acknowledges these issues and agrees that place-based approaches are an effective tool in understanding and addressing specific and discrete labour market needs within regions across Australia. They can and do support provider engagement and coordination within a community. Place-based approaches can complement national programs and act as powerful catalysts for improved community outcomes, including, but not limited to, employment.

The Government is continuing to build and support connections across local communities and regional areas. To achieve this, the Government will look to leverage local social capital, relationships with employers, foundation education and skills providers, and other human services such as housing and homelessness and mental health. The Government will consider further investments in regional and place-based employment services to better connect people with local labour markets, and to better meet the specific needs of people and businesses of a region.

The Government has begun testing different approaches to augment the evidence base for a reformed system. This includes trialling new and innovative approaches to place-based servicing. The evidence from these trials will ensure that future reform will deliver services that are right for communities and directly addresses the local drivers of disadvantage to help achieve inclusive full employment.

An example of this is Broome Employment Services. Broome Employment Services has been designed to better suit the unique local context and needs of people in Broome who use employment services. The service commenced in November 2023 and is funded for four years. The Department of Employment and Workplace Relations will consult with stakeholders in Broome to ensure the service meets their needs and expectations to achieve strong outcomes and this will inform future program design.

Another example is from the recent reforms to the Local Jobs Program. The Local Jobs Program is the Government's collaborative place-based initiative to ensure local labour markets work well for all Australians, in partnership with business, communities, different levels of government and other stakeholders. It enables engagement and intelligence gathering at a local level and supports the delivery of bespoke tailored and responsive activities that address local labour market priorities, as well as testing and trialling different approaches.

Recent reforms to the Local Jobs Program include trialling APS delivery in a small number of regions, expanded eligibility to participate in local projects to include people who are not receiving income support and enhanced local and regional data for improved decision

making. The results from these changes will provide evidence to support future service design including considering APS stewardship and delivery within programs. It will be important to continue to build on lessons learned from work on place-based initiatives to help build the capabilities, strengths and resilience of communities and their labour markets.

In addition to these reforms, the Government is seeking to enable broader best practice in place-based coordination and help ensure services are designed to respond to local community needs and priorities. This includes implementation of the Targeting Entrenched Disadvantage package announced in the 2023-24 Budget, which is laying the foundations for community-led change to address entrenched disadvantage.

5. Substandard market design and delivery modes

Relevant recommendations 15, 46, 47, 50, 65, 66, 67, 68, 69, 70, 71

The Select Committee examined the operational structure of the employment services system, including who delivers the service and how they are paid for the delivery of services. The Select Committee concluded the current design is flawed, with a lack of APS stewardship and experience in the day-to-day running of employment services, contracting regions not reflecting natural labour markets, procurement processes creating entry barriers, too much emphasis on competition and a funding model which has not been effective in driving down long-term unemployment. The Select Committee also identified that excessive competition between providers is creating fragmentation in individual regional markets that negatively impact the experience of participants and employers engaging with the system.

The Government recognises that changes to the operational structure and the way that services are commissioned are required to ensure effective employment services, for those who use them both now and into the future. While there will continue to be a significant role for traditional, provider-delivered services, the Government recognises the need for a diverse range of players delivering employment services and providing complementary services, along with a need to review the size and number of employment regions to ensure they reflect local community and labour market needs. This includes exploring strengthening the role of community-based organisations, such as social enterprises, and Aboriginal and Torres Strait Islander community-controlled organisations.

The Government is committed to building better collaboration with stakeholders and partnerships to address persistent labour market disadvantage. The Government understands support is required to ensure the significant opportunity the social enterprise sector represents can be leveraged to deliver on employment outcomes. The \$11.6 million Social Enterprise Development Initiative announced in the 2023-24 Budget makes an initial start on building the capability and capacity of the social enterprise market and the \$100 million Outcomes Fund will support sector growth. The WorkFoundations program,

announced in the 2024-25 Budget, will provide social enterprises and other businesses grant funding to support those most disadvantaged into work. The Government will consider appropriate mechanisms, such as certification and capability building, to support diversity in direct and complementary service delivery.

In line with the Employment White Paper and the Select Committee's recommendations, the Government envisions the APS having more active stewardship of the system. In some instances, this may include delivery of services where it can have the most meaningful impact. To build the evidence base around APS delivery of employment services, the Government has begun testing different approaches to better understand benefits and issues, as well as the underpinning skills and capabilities required for APS delivery in some circumstances. These include APS supported service delivery in Broome and the insourcing of Employment Facilitators in specific regions under the Local Jobs program. Further, the new voluntary pre-employment service for parents includes funding for an APS delivered pilot in the Playford Local Government Area of South Australia, while Government will also insource a small scale, tapered wage subsidy pilot with a focus to reward employers for ongoing and secure employment outcomes. These trials will inform the approach to any future direct APS delivery.

Delivery of employment services should be informed by clearly identifying what the best support is to respond to the needs and circumstances of participants and then determining who is best placed to deliver this support, whether it be the public, private or community sector or through partnership arrangements. The Government will consider options for commissioning of services which support new delivery methods and partners.

The Government is committed to ensuring that the payment model is appropriate for the diverse needs of the caseload and incentivises the right support for all eligible people. This will include exploring more diverse options for payments to improve the quality of servicing, to incentivise the right behaviour, and to ensure no one is left behind.

6. A lack of responsiveness, innovation and evidence-based improvements

Relevant recommendations 24, 25, 27, 38

The Select Committee found achieving the objectives proposed for employment services and improving the quality of services is reliant upon supporting a culture of continuous improvement, enabling innovation, and greater focus on ongoing research and evaluation. The Select Committee found the current employment services system:

- responds slowly to feedback from users and external stakeholders
- does not systematically link evaluation, trial and data insights to continuous improvement
- lacks the flexibility to support some people and employers as labour market circumstances change, both at the system level and to local conditions.

The Government is committed to designing a dynamic employment services system which is capable of supporting people seeking jobs and businesses finding workers as labour market conditions and community needs evolve over time. This will require employment services to be designed, commissioned, administered and delivered in a way which embraces innovation, meets communities' evolving needs, and responds to changes in labour market demand at the local, regional and national level.

The 2024-25 Budget included investment in a new Disability Employment Centre of Excellence, which will play a key role in driving innovation and improving quality service delivery for people with disability for all Government employment services. It will do this by establishing an evidence-informed, best-practice hub that will provide resources, tools and training to help providers deliver quality employment services and supports to both participants with disability and employers.

The Government recognises the importance of early and strong feedback loops in ensuring employment services remain responsive. While there are some existing feedback loops, there is an opportunity to improve how feedback is sought, received and addressed. The Government will ensure people who use employment services have a voice in guiding the design and operation of the new system, and create better avenues for engagement with users, communities, employers, and other stakeholders including peak employment and community representatives.

7. Opportunities to improve transparency and accountability in the system

Relevant recommendations 21, 22, 23, 26, 44, 72

The Select Committee found that the employment services system lacks sufficient transparency and accountability, adversely affecting employment outcomes and diminishing people's trust in the system. The Select Committee also found the current system perversely incentivises contracted providers to put profit ahead of helping people, allows inappropriate own or related entity referrals, and does not provide adequate access to appeals and complaints processes.

The Government agrees stronger integrity of employment services is essential and is committed to ensuring the system is underpinned by trust and integrity.

As a first step, the Government has developed a package of initial measures to strengthen the integrity of employment services and provide additional safeguards against inappropriate mutual obligations and compliance action while consultation is undertaken on broader reforms (referenced above under key issue 2: Overemphasis on mutual obligation and compliance). This package will introduce an independent participants' complaints mechanism to give people a voice and access to robust resolution processes when servicing standards are below acceptable levels, and will ensure that the application of financial penalties are always properly and carefully determined within Services Australia noting the

consequences of these penalties for participants. They will allow people further time to familiarise themselves with the employment services system and engage with their requirements before compliance action applies. These measures will shift the focus of providers from administrative reporting of compliance to one of relationship building and ameliorate some of the power imbalance that is felt by participants while improving transparency in the system.

The Government is also developing a new way of managing the performance of providers. We will focus on providing a simpler, more accountable framework that ensures providers deliver high-quality services for participants. This will include considering how to incentivise and enable providers to focus on building positive relationships with both participants and other stakeholders, while supporting performance improvements.

The Government will explore regulatory and non-regulatory options to address the issues identified by the Select Committee. For example, clear rules could be developed to prohibit inappropriate own-entity referrals from contracted providers and ensuring that payment settings do not overemphasise financial incentives such as outcome payments at the expense of the provision of quality services.

8. Supporting functions need to be improved

Relevant recommendations 3, 5, 16, 17, 19, 20, 36, 37, 39

The Select Committee found several key supporting functions for employment services need to be improved. Supporting functions enable the efficient and effective delivery of high-quality employment services. These include information technology (IT), legislation and regulation, procurement practices and people.

The Government is committed to ensuring that support services, such as contact centres administered by the Department of Employment and Workplace Relations, are appropriately resourced to ensure people receive timely support, have the appropriate mechanisms to be contactable and responsive to the needs of participants, and do not experience longer call wait times. The Government acknowledges the real impact of inefficient IT systems on people and providers. Improvements to the IT system will also enable providers to focus more on assisting people, rather than completing administrative tasks, and ensuring online users can more effectively self-manage their employment journey.

As a first step, the Government has committed \$9.6 million over four years to 2027-28 under the Employment Services Reform – Strengthening IT Foundations and Reducing the Administrative Burden to begin addressing some of the issues impacting IT functionality and \$1.3 million in 2024-25 to the Australian Taxation Office to support a Single Touch Payroll pilot.

Further work is being undertaken in collaboration with the Department of Social Services, Services Australia and the National Indigenous Australians Agency on options for programs based in legacy IT systems to be uplifted to more modern platforms to support a better experience for users. The Government will also investigate opportunities to support better access to data across government, where appropriate and in accordance with privacy frameworks. The Government has committed IT funds across a number of other Workforce Australia related budget measures to support IT capability to deliver the Government's priorities that will directly benefit users and improve confidence in the system.

The Government recognises that most employment services are delivered by frontline staff. Ensuring these staff have the necessary skills to respond to the individual circumstances and needs of people and employers is critical to realising a quality employment service experience. The Government will explore options to ensure frontline staff have these skills.

Data and evaluation processes have a critical role in supporting continuous improvement. The Government regularly publishes data related to the delivery of employment services on relevant agency websites. Further work will be undertaken to strengthen the approach to sharing data and conducting more robust evaluations that are capable of informing changes to the design and delivery of the system. For example, the Government is funding trials to test different settings in digital services to provide robust evidence on whether alternative arrangements could better support some people.

Engagement and next steps

The Government is committed to developing a responsive employment services system which actively supports meaningful participation and the secure and sustainable employment of people, and the workforce needs of all employers.

Reforming a system as complex as employment services will take time. This response indicates the Government's policy directions for reforming employment services and some of the steps already taken to address pressing issues.

The Government will establish engagement mechanisms to ensure there is a user voice in employment services, and change the way participants, employers, providers, employment and peak body representatives, academics and policy experts, community organisations and advocates, and other stakeholders shape the design and delivery of the Government's major reforms. This will build on the extensive evidence and testimony received by the Select Committee.

Further detail will be released on the plan for employment services reforms, including the phasing and priority for implementation.

Part 2: *Your Future Planning* Interim report — recommendations 1 to 30

About ParentsNext

ParentsNext is a pre-employment program that assists parents to plan and prepare for work before their youngest child starts school.

There were 40,380 active ParentsNext participants as at 29 February 2024. The majority were women (96 per cent) and 77 per cent were single parents. Some of the key participant demographic groups include parents from a culturally and linguistically diverse background (21 per cent), First Nations parents (20 per cent), parents under the age of 25 years (15 per cent), and parents with disability (14 per cent). Most participants were aged 25-39 years old (70 per cent) and many ParentsNext participants have lower levels of educational attainment with 39 per cent not having completed Year 12.

Interim Report findings about ParentsNext

While acknowledging the benefits of ParentsNext, the Select Committee's *Your Future Planning* report raised concerns about the program, particularly the implications of compulsory participation requirements and payment suspensions on parents and their children.

The key recommendation of the Select Committee was to abolish ParentsNext and replace it with a new voluntary pre-employment service. The Select Committee also recommended making changes to ParentsNext while the new service is being designed. To give effect to this recommendation, on 5 May 2023 the Australian Government announced that all compulsory participation requirements for ParentsNext would immediately be paused. The Select Committee made recommendations relating to the design of the new service. These recommendations include removing reporting requirements, making greater use of support and incentives to encourage voluntary participation, and not applying the Targeted Compliance Framework. The Select Committee recommended that the new pre-vocational service be developed through a co-design process.

The Select Committee found there is still a need for a pre-employment service offering to support vulnerable parents. The Government agrees there is a continued need to support parents and has developed a new voluntary pre-employment service.

New Voluntary Pre-Employment Service for Parents

On 7 December 2023, the Government announced the new voluntary pre-employment service for parents.

Consultation to inform the design of the new service

The new service was designed in consultation with a range of stakeholders including:

- parents receiving Parenting Payment
- past and present ParentsNext participants
- organisations and businesses that provide services to parents and young children
- community organisations
- employers
- academics
- the Women's Economic Equality Taskforce.

The consultations ran from early July to end September 2023 and included:

- workshops, attended by over 280 parents from diverse backgrounds and locations
- virtual one-on-one consultations, via Services Australia and a contracted organisation
- 56 formal submissions from stakeholders, including providers. Where the Department of Employment and Workplace Relations has received permission to do so, the submissions have been published on the department's website (41 submissions)
- roundtables and workshops, with over 40 community organisations, peak bodies and other interested stakeholders
- responses from over 2,000 ParentsNext participants to an online survey, and
- feedback from parents on what we heard from them on the new voluntary service.

The consultation process was an opportunity to better understand the needs of parents and how a new service could support them to plan for their future education and employment goals, build their capabilities and skills, and work toward the type of paid work they want, when they are ready. In summary, the views expressed by parents during consultations included:

- The consultations confirmed the priority for parents is raising their children. Parents aspire to pursue education and employment goals when they are ready and able.
- Parents spoke of the complex and varied challenges they need to navigate before they can focus on education and employment goals.
- Parents said the new voluntary service should be accessible to all parents who need help to plan for their future education and employment goals. It should prioritise parents who have higher needs for support.
- Most parents did not express a strong preference for who should deliver the service. What mattered most to parents was that the staff who deliver the service are respectful, qualified, empathetic, and have lived experience to help parents connect with the supports they need to reach their goals.
- Parents want to be able to make informed choices and need to know what they are committing to. They want to know what the service offers, how it's offered, what it requires of them and how it will help them.

- Parents told us the service should use a mix of delivery methods (face to face, online, outreach).
- Parents commonly suggested that financial and other supports would help them to engage in the new voluntary service, for example to assist them with costs of attending appointments, or with study fees.
- Parents want the service, especially in-person services, to consider location-based challenges.

Principles of the New Service

Key themes from Select Committee's report and the consultation process formed the principles of the new service. The new service will:

- value unpaid care (caring for and raising children) as legitimate important work
- be focused on the person and provide a personalised service based on each participant's own goals, aspirations and circumstances
- focus on participants' strength and building confidence
- be flexible to allow parents to engage with the service when they choose to and for as long as they wish (or until their youngest child turns 6)
- focus on job quality and security, as well as intersections between employment and social security, where a participant has employment as a goal.

Eligibility

The new service will be targeted to providing support to parents of young children under 6 years, in non-remote areas of Australia, who are not currently in paid employment and who are:

- in receipt of Parenting Payment Single or Partnered, Carer Payment, or Special Benefit; or
- are under 22 years of age; or
- not receiving one of the listed income support payments and are early school leavers or are First Nations parents.

This reflects recommendations made by the Select Committee to broaden eligibility criteria to a wider range of parents who would benefit from a pre-employment program.

Service Offer

The new service will provide practical assistance to parents to help them achieve their goals. The features of the service respond directly to the recommendations of the Select Committee and feedback gathered from parents and stakeholders. The features include:

- voluntary participation
- a flexible service that values parents' caring role

- support by suitably qualified mentors with lived experience
- meeting parents where they are at – both in location and in their lives
- clear information and choice about which supports are available
- support for parents to make their own choices in deciding their future
- practical financial support to parents.

The support provided to parents addresses the recommendations of the Select Committee by assisting parents to progress towards their employment and study goals and access supports to care for themselves and their family. It reflects a commitment to holistic servicing which evidence suggests is an important element of an effective pre-employment service.

APS Service Delivery Pilot

An APS service delivery pilot will be part of the new service in one selected location. This will provide a channel for direct feedback, and the ability to trial new approaches. It will also build APS capacity, stewardship, and leadership.

Supports Available to Parents

The service will provide improved financial support through 2 funds to support parents' participation in pre-employment activities. They are:

- the Individual Fund assigned to the parent, to assist them to engage in the new service and build their capability, and
- the Pooled Fund, which will provide financial assistance for pre-employment supports and will be administered by service providers in consultation with parents.

The funds, and in particular the Individual Fund, responds to the Select Committee's recommendation about parents having more transparency, discretion and equity on accessing additional financial supports.

Flexible Settings

During the consultation, parents and stakeholders told the department that the new service must allow them to engage when the time is right for them and their children. As a voluntary service, parents will be able to opt in and out, or to pause participation to suit unpredictable family life. Parents will also have the flexibility to engage with the service when they choose and for as long as they wish, up until their youngest child turns 6 years old.

Implementation

In line with the Select Committee's recommendation for families facing the greatest risk of disadvantage, ParentsNext contracts have been extended by 4 months (from 1 July 2024 to

the end of October 2024) until the new service launches on 1 November 2024, to ensure continuity in service provision.

The tender process for organisations interested in delivering an effective, efficient and culturally responsive pre-employment service has commenced. The Request for Tender opened on 4 April 2024 and closed on 30 April 2024, with notification of outcomes anticipated from September to October 2024.

Attachment A: The Eight Principles for Reform of Employment Services

The Employment White Paper, released on 25 September 2023, sets out eight principles to guide the Australian Government's approach to reforming employment services:

1. Services are viewed as an investment that unlock individual potential, address employer needs and work with industry to bolster growth.
 - a. the system builds human capital and ensures job placements are appropriate
 - b. services help businesses and communities to grow by connecting people to jobs.
2. There is strong Australian Public Service stewardship in the system and the outcomes it delivers to ensure that individuals are not left behind.
3. Services protect the dignity and respect rights of individuals.
 - a. services help individuals meet their employment and personal development goals
 - b. services are designed and delivered in a culturally responsive and inclusive way that meets communities' needs.
4. Services provide a pathway towards decent jobs that provide the flexibility and security that individuals need.
 - a. the Government may need to promote the creation of jobs to alleviate entrenched community disadvantage where labour markets are very thin and where individuals face very high barriers to work.
5. Employers use employment services to help meet their workforce needs, and can access guidance on innovative job design, recruitment practices and inclusive approaches to workforce development.
6. Employment services are designed through collaboration with individuals, employers, and the community.
 - a. the participation of Aboriginal and Torres Strait Islander Community Controlled Organisations, and community-based organisations, is boosted in the delivery of employment services.
7. Services help people at the earliest opportunity, informed by fit-for-purpose assessment processes.
8. Reforms are grounded in evidence, high quality evaluation and continuous learning and improvement.

Attachment B: Terms of Reference

The House of Representatives (2 August 2022) resolved that a Select Committee on Workforce Australia Employment Services be appointed to inquiry into and report on:

- (a) the implementation, performance and appropriateness of Workforce Australia Employment Services;
- (b) the extent to which Workforce Australia Employment Services delivers services in a way that is fair, leaves no one behind, respects individuals' diverse needs, and supports job seekers into secure work, in particular, its support for long term unemployed and young people; and
- (c) other matters in relation to Workforce Australia Employment Services.

On 20 September 2022, the Committee resolved to:

- (a) include relevant pre-employment and complementary programs within the scope of the Inquiry into Workforce Australia Employment Services;
- (b) specifically consider the role of ParentsNext in providing early intervention services to disadvantaged parents as part of the employment services system; and
- (c) make any recommendations on ParentsNext before the end of February 2023.