St Vincent de Paul Society
NATIONAL COUNCIL of AUSTRALIA Inc.
good works

30 July 2026

Dear Assistant Secretary

RE: *Shaping the future of employment services*

The St Vincent de Paul Society National Council (the Society) welcomes the opportunity to respond to the Department of Employment and Workplace Relations' (DEWR), *Shaping the future of employment services* (Discussion Paper).

Every year the Society assist thousands of individuals and families in need of help, many of whom are unemployed or underemployed. We recognise how important it is for people to have a secure roof over their heads before they can begin the process of reaching their full potential. This includes being able to look after their own health, and often care for others, while committing to being job ready. We maintain that for those who are unable to obtain work, it is imperative that the base rate of the JobSeeker payment is lifted to 90 per cent of the Age Pension, as recommended by the Economic Inclusion Advisory Committee, so that people are not left destitute while looking for work.

The Society's *Towards a Just and Compassionate Australia (May 2026)* outlines our federal policy positions on the safety net and secure work and is accessible on our website.

The Society also prepared a submission to the Select Committee's inquiry into Workforce Australia Employment Services and this too is accessible on our website.

Executive summary

The Society welcomes the Australian Government's proposed changes to Workforce Australia announced in May 2026 and the start of consultations on the three new service streams — (1) a digital platform, (2) targeted services, and (3) intensive support pathways. While we will engage with the process to improve outcomes for people who are unemployed, our preferred position is full implementation of the 75 recommendations contained in the House Select Committee's *Rebuilding Employment Services* report (November 2023).

We acknowledge that several aspects of the paper represent a genuine advance on the status quo; in others, it leaves unresolved — or does not mention at all — matters the Society regards as essential, including the establishment of Employment Services Australia and an independent Employment Service Quality Commission, and an end to automated payment suspensions under the Targeted Compliance Framework.

The Society urges the Australian Government to use the remaining design phase to convert stated directions into firm, funded, accountable commitments — consistent with the Select Committee's findings and the dignity owed to every person who engages with the employment services system.

We note that when the Commonwealth outsourced the Commonwealth Employment Service, the goal was to introduce a range of individualised directional supports and services aimed at those people who were 'long term unemployed'. From a public policy perspective, it is clear that as the outsourcing paradigm has been advanced this deliberate raison d'être has disappeared and been replaced by formulaic outputs tied to funding. We have moved away from delivering individualised outcomes.

The issues with a competitive, market-based contracting model

While there is a commitment to redesign the commissioning model towards a genuinely flexible, quality-driven sector, we are concerned about how this will be achieved. Provider incentive structures that reward the placement of people into long-term work rather than short-term training programs with limited results, have been difficult to implement, otherwise they would have been done by now.

St Vincent de Paul Society National Council of Australia Inc.
ABN 50 748 098 845 I ARBN 612 807 995
PO Box 9427, Deakin ACT 2600
T 02 6202 1200 | E admin@svdp.org.au
www.vinnies.org.au

This is why the Society continues to support the Select Committee's calls for:

- the establishment of Employment Services Australia and a public implementation timeline; and
- the establishment of an independent Employment Service Quality Commission, with the authority to set and enforce quality and conduct standards independent of the Department.

The Discussion Paper does not reconsider the underlying competitive, market-based contracting model itself, nor use the Select Committee's own language that full marketisation has failed. However, the Discussion Paper acknowledges that the current commissioning approach has limited flexibility and that provider concentration has increased over time.[i] It proposes improved commissioning for provider diversity, capability and local labour market connections, a stronger role for community-based organisations, and redesigned provider incentive settings — including blended funding models reflecting caseload, risk and the achievement of longer-term employment outcomes.[ii]

We remain of the view that competitive, market-based contracting stymies collaboration and cooperation between providers by limiting capacity building, identification of best practice and honest dialogue. This will make it difficult to design and implement diverse, flexible providers and blended funding models.

The three streams

Like ACOSS, the Society is concerned that the framing of the size and scope of the three streams does not reflect the reality of people engaged in the employment services system. The Discussion Paper acknowledges that 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. Stream 2 is designed for people with employment gaps, lower educational attainment, or cycling patterns of work. It seems that most long-term unemployed people will likely be managed through stream 2, with only few assisted through stream 3, namely those deemed furthest from the labour market.

However, the Discussion Paper does not acknowledge that entry-level jobs now make up just 11 per cent of all vacancies — their lowest share in a decade — and that for every entry-level vacancy there are 39 people on the JobSeeker payment, 25 of whom have barriers to work, the highest ratio ever recorded. There is a structural mismatch between the skills of those looking for work and the jobs available and this is not simply a matter of individual job-readiness.

Participants' changing circumstances will require regular and efficient assessment and review processes, which are timely and responsive. The Discussion Paper acknowledges that people will transition from one stream to another but the triggers for assessment and review must be carefully designed and tested.

There are also key points in time when existing issues are likely to be exacerbated, such as transitioning from out of home care, being discharged from hospital, becoming unwell or being a carer, being released from prison, birth of a child, relationship breakdown and family and domestic violence. The timeliness of the extent to which an individual's circumstances are considered, and the responsiveness to their circumstances, must comprise a core element of the employment services review, going forward.

Stream 3 includes beneficial measures, such as higher workforce standards and delivery by 'community organisations'. However, all provider services should be able to support people with 'non-vocational' barriers to employment. The Society supports ACOSS' view that the following features should be adopted across the provider service system and not limited to Stream 3 namely:

- expanding the role of not-for-profit organisations in the provision of all provider streams of employment services
- moving to a model that promotes more collaboration by commissioning one generalist provider per employment region and substantially reducing the weighting of outcome payments
- implementing higher workforce standards and increased accountability – this entails minimum quality standards for providers and caseworkers and a capability framework which emphasises providing relational support, with independent oversight.

- funding arrangements including evidence of, and responsiveness to, feedback from participants and community organisations, as well continuous improvement processes.
- improving local coordination through increased collaboration and connections between local employment services and social supports, including the introduction of local partnership.

Ending automated payments suspensions

The harm caused by automated payment suspensions under the Targeted Compliance Framework is unequivocal. A recent Commonwealth Ombudsman report (2025) found that private employment service providers are not meeting requirements to record proper information about a person's full circumstances, leading to wrongful cancellation and suspension decisions — with over half of those recommendations later overturned — and concluded that the Government's approach to remediating people affected by unlawful cancellation decisions is not fair or reasonable.

The Discussion Paper includes a general statement of intent to shift the compliance system's focus 'towards encouraging active participant engagement rather than enforcing reactive compliance measures,' supported by unspecified 'appropriate safeguards' to ensure compliance powers are exercised lawfully and fairly.[iii] It is essential that these safeguards are designed and tested by people with lived experience and included in public reporting and accountability requirements.

Reforms to the employment services system should ensure that all compliance decisions affecting a person's income support payment are made by trained Services Australia employees following a fair process that properly accounts for the person's full circumstances.

Tailored, fair, proportionate and effective mutual obligation

The Society's overall position aligns with the Select Committee's conclusion that, while participation requirements should be maintained, the mutual obligation system must be reformed, with individual tailoring of plans. Programs such as Work for the Dole should only be used as a last resort.

The Discussion Paper commits to mutual obligation requirements that are 'fair, proportionate and based on individual circumstances,' and to calibrating requirements according to each of the three new service streams. The Society notes that the detailed design of the Employment Goal Plan, and of stream-specific mutual obligation settings, remains subject to further consultation.[iv] Again, the Society calls for these aspects of the employment service system to be codeveloped and codesigned with people with lived experience. Finally, the Employment Goal Plan should not be used as a compliance management tool.

Underemployment, long-term unemployment and the entry-level jobs mismatch; a national wage subsidy and work experience scheme

The Society remains deeply concerned about the number of people who are underemployed and long term unemployed and the disproportionate representation of people living with disability, First Nations people, ex-offenders and people experiencing homelessness.

While the Society acknowledges and welcomes intensive support through Stream 3, backed by $52.6 million over five years, we fear that this is not enough. There remains a central structural barrier; the shrinking supply of suitable entry-level jobs. The Discussion Paper's wage subsidy review is also framed as simplifying and better targeting existing subsidy arrangements under consultation,[v] rather than implementing a standalone national wage subsidy and work experience scheme for the long-term unemployed as called for by the Society.

Employment training and work experience programs must be designed to enhance self-esteem, preserve human dignity, and align with genuine, available labour market demand.

Increased funding and use of specialist providers, Aboriginal Community Controlled Organisations and Culturally and Linguistically Diverse partners

The Society supports the opportunities identified in the Discussion Paper for Aboriginal Community Controlled Organisations and community-based organisations and calls for firm, funded commitments, with specific targets for their role in service delivery.

Commissioning arrangements must give genuine, weighted preference to specialist and community-controlled providers serving First Nations, culturally and linguistically diverse, and other communities with complex needs. Progress towards increased use of specialist providers as part of the implementation of this reform must be publicly reported.

Workforce capacity, Services Australia staffing and training, and participant voice

The Society has called for increased employment and training of Services Australia staff. The Discussion Paper refers to frontline workforce capability in general terms, including staff skills, qualifications and cultural competence, and raises workforce capability as a matter for further consultation. Commitments must be made to increasing the employment and training of Services Australia staff, particularly those responsible for mutual obligation and compliance decisions. Minimum qualification and capability standards must also be established for both Services Australia and provider frontline staff.

Finally, the Society also supports the call made by ACOSS, to establish a national council comprising people using employment services. The council should have a clear mandate to advise the Minister on the design, implementation and ongoing evaluation of employment services reform. The Society believes in the principle of subsidiarity which requires that decisions be made by the people closest and most affected by them.

Conclusion

The St Vincent de Paul Society welcomes the Australian Government's engagement with the reform of Australia's employment services system, and the evidence base the Discussion Paper brings to a set of problems the Society has long identified. The Society's members and volunteers see, every day, the human cost of an employment services system that too often fails the people it is meant to serve — through prolonged, unsuitable placements, punitive compliance action, and a persistent mismatch between the skills of jobseekers and the work available to them.

We look forward to the next tranche of consultations and are available to discuss any of the matters outlined in this submission.

Yours sincerely

Mr P. Toby oConnor
Chief Executive Officer

[i] DEWR, p. 16
[ii] DEWR pp.19, 31–34
[iii] DEWR, p.25
[iv] DEWR, p. 24
[v] DEWR, pp 20, 28