



Partnerships for Local Action &
Community Empowerment

PLACE submission: Employment services reform

31 July 2026

About PLACE

Partnerships for Local Action and Community Empowerment (PLACE) is a national organisation that champions and supports community-led approaches to social and economic challenges.

We are a support system – a hub for shared learning, partnership and policy innovation. Our work is underpinned by a belief that communities know best what matters to them, and that long-term change starts with shared decision-making and strong local leadership.

We exist because top-down, one-size-fits-all approaches have consistently failed to meet the needs of diverse communities. Despite decades of effort, persistent disadvantage remains entrenched in many parts of Australia. Meanwhile, communities across the country are leading place-based initiatives that demonstrate different approaches built on genuine partnership and local ownership.

What's missing is the infrastructure to connect this work, elevate it in policy discussions, and remove the structural barriers that constrain it.

Acknowledgement of Country

PLACE acknowledges Traditional Owners of Country throughout Australia and recognises their continuing connection to lands, skies, waters and communities. We pay our deepest respects to Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples.

We acknowledge that systemic inequities continue to impact First Nations communities disproportionately, and that these are the result of colonisation, dispossession and historical injustice that persist in current systems.

The work of PLACE is grounded in a belief that those closest to the challenges must be central to the solutions. In this, we recognise that Aboriginal and Torres Strait Islander peoples have long practised community-led, place-based governance and decision-making.

We are committed to walking alongside First Nations communities in a spirit of respect, learning and shared leadership, amplifying their voices, supporting self-determination, and embedding equity in all we do.

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Connect with us

Website: placeaustralia.org

Email: info@placeaustralia.org

PLACE
Level 6, 115 Bridge Road
Richmond VIC 3121
Australia

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Executive summary

Place-based approaches provide the foundation for a Stream 3 that can respond to individuals in the context of their own needs and their broader ecosystem. To be effective, place-based approaches require new ways of working – communities need a voice in decision-making, providers need to be trusted within a geography, and the Department of Employment and Workplace Relations (DEWR) needs to act as a system steward that shapes local conditions rather than simply purchases placements. Before national rollout, there is time for DEWR to mature a place-based, relational commissioning approach that supports the operationalisation of these behaviours.

It is important to note that structural issues in program design risk undermining the reform intent and creating artificial barriers to support. This includes streaming participants by their assessed distance from the labour market and delivering streams 2 and 3 through different providers. Greater integration between streams 2 and 3 and separating assessment from service delivery are essential to keeping participants at the centre of this work.

Place-based approaches will enable Stream 3 to be locally responsive, but it will require a new way of working

As communities differ in their labour markets, their service landscapes and their strengths, services that are designed centrally and applied uniformly often fail to reach people whose barriers to employment are specific to where they live, or who sit outside the employment services system altogether. Place-based approaches – coordinated efforts to improve outcomes by aligning investment, decision-making and service delivery to the specific needs, strengths and aspirations of a geographic community – provide the foundation for a Stream 3 that can respond to an individual within the context of their own needs and their broader ecosystem.

To be effective, place-based approaches require a new way of working across governments, providers and communities. Communities need to have a voice in decision-making, providers need to be well connected within a geography and trusted, and DEWR needs to work as an active system steward that shapes local conditions rather than simply purchases placements.

This submission outlines how place-based approaches will support Stream 3 to deliver on the reform intent, with the following recommendations and the Wattlestone example (Section 3 of the submission) demonstrating the shifts needed to achieve a place-based approach.

Recommendations

1. Address structural issues in the program that create unnecessary barriers to support, and that create opportunities for gaming, by:
 - a. increasing integration between Stream 2 and Stream 3 services
 - b. separating assessment and reassessment from service delivery through an independent, relationally managed assessment function.
2. Embed community and lived-experience voice permanently in the governance and stewardship of the system, resourced so participants can take part on equal terms.
3. Co-design and implement the initial rollout of Stream 3 services in a range of different communities.
4. Mature the commissioning approach prior to national rollout by:
 - a. building capability for place-based commissioning
 - b. adopting relational contracting across Stream 3 services
 - c. embedding community voice in commissioning processes and assessing tenders based on a provider's connection to local community
 - d. actively building the capability of community-led and community-controlled organisations.
5. Prioritise trust and transparency in program design, including by:
 - a. prioritising providers with strong local connections and who are trusted by the community they work in
 - b. adopting an approach to mutual obligations that prioritises provider-participant relationships and meaningful engagement
 - c. building in mechanisms that increase program transparency.
6. Recognise the value of cross-sector relationships and fund services appropriately to build and maintain local connection.
7. Invest in place-based governance structures to support local knowledge sharing and collaborative solutions, leveraging existing structures where possible.
8. Strengthen coordination and collaboration pathways across government to address barriers to unemployment.
9. Establish national impact networks focused on sharing learnings.
10. Adopt a new approach to measuring success that aligns to place-based ways of working.
11. Build a funding model that aligns to the intent of Stream 3, shares benefit between providers and communities and includes upfront payments and access to flexible funding.
12. Undertake workforce development to increase place-based capability among employment service stakeholders.

1 Introduction

Section 1 provides background information and outlines what a place-based approach looks like.

1.1 Addressing the challenges in Australia's employment services

Despite record employment, across Australia the benefits of a strong labour market remain unequal. Some population cohorts are disproportionately represented in the Workforce Australia caseload,¹ and 24.7% of people have remained in employment services for at least 5 years².

The *Rebuilding Employment Services* report highlights a range of structural issues in the employment service system that contribute to poor outcomes.³ At the same time, much of what drives long-term unemployment sits well beyond the reach of employment services and the people who use them. Notably, sustained full employment rests first on macroeconomic settings and the structure of local labour markets,⁴ and high fragmentation between employment and human service systems makes it challenging to holistically address a participant's needs.⁵

Evidentially, improving employment outcomes for those with complex and compounding barriers requires a new approach that can respond to the needs of the individual, is contextualised to local context, and is supported by DEWR as an effective system steward.

This submission will focus on how place-based approaches can be embedded in Stream 3, including the system settings needed for this way of working to be effective.

1.2 Place-based approaches support employment services that are responsive, effective and dignified

Place-based change refers to coordinated efforts to improve outcomes by aligning investment, decision-making and service delivery to the specific needs, strengths and aspirations of communities defined by geography.⁶

Work in place exists along a spectrum. Place-focused models are community-centric but have external players designing solutions. Place-based approaches sit further along the spectrum and are community-led. The difference is in the extent to which communities hold decision-making power. Despite structural differences, all place-based initiatives share 3 principles:

- 1. Subsidiarity** – Decisions are made as locally as possible, shifting authority closer to community so local knowledge shapes services and systems.
- 2. Partnership** – Governments, providers, funders and communities work together across silos, grounded in trust, reciprocity and shared purpose.
- 3. Accountability** – Community voice and oversight are embedded in governance, transparency and shared responsibility for outcomes.

Nationally consistent and locally responsive: a spectrum, not a dichotomy

There is widespread understanding that effective services respond to local context. But there is also concern that stepping away from national consistency will create inequity. How can one community be provided services another isn't?

While nationally consistent services deliver the same program within a community, they do not deliver equal outcomes. The current approach to employment services demonstrates this – despite years of prioritising national consistency in programs, employment outcomes across Australia vary significantly.

True national consistency can be achieved by focusing on delivering the same outcomes. This shift recognises communities have different starting points that impact program delivery and the potential for impact. For instance, community 1 may have a thriving jobs market but community 2, only 30 minutes away, a weak labour market. Poor public transport options mean opportunities in community 1 are not widely accessible. Where a traditional approach sees the same employment service delivered in each location, a focus on delivering nationally consistent outcomes might see public transport increased alongside the delivery of local employment programs.

Being responsive to local context doesn't mean abandonment of national consistency. National consistency and local responsiveness exist on a spectrum, where service elements – like program outcomes, funding models, service offerings and governance approaches – can be either fixed or flexed. Under this model, fixed elements are nationally consistent and remain the same across the entire program. Flexed elements are specifically identified and designed to be responsive to local circumstances. Effective programs combine fixed and flexed elements. In Stream 3, this might look like fixing eligibility, funding mechanisms and assessment processes, while flexing service offerings, local outcome measures and delivery models.

National consistency and local responsiveness also don't conflict within outcomes measurement. The Australian Public Service Place-based Evaluation Guide notes measurement of both elements can be achieved by pairing a performance monitoring system that captures comparable data across sites from the start, with locally tailored theories of change and indicators developed in partnership with community.⁷ In practice, this means a national Stream 3 outcomes framework, with a common minimum dataset for comparability and accountability alongside community-co-designed indicators within trial communities.

1. Department of Employment and Workplace Relations (DEWR), *'Workforce Australia caseload by selected cohorts – 30 June 2026'*, Workforce Australia Caseload Data [dataset], DEWR website, July 2026.
2. House of Representatives Select Committee on Workforce Australia Employment Services, *Rebuilding employment services: Final report on Workforce Australia employment services*, Parliament of Australia, November 2023, para 1.6.
3. House of Representatives Select Committee on Workforce Australia Employment Services, *Rebuilding employment services*.
4. Department of the Treasury, *Working future: The Australian Government's white paper on jobs and opportunities*, The Treasury, September 2023, p 24.
5. House of Representatives Select Committee on Workforce Australia Employment Services, *Rebuilding employment services*.
6. Partnerships for Local Action and Community Empowerment (PLACE), *What we do*, PLACE website, n.d., accessed 28 July 2026.
7. Department of Social Services (DSS), *Australian Public Service place-based evaluation guide*, DSS, 2026.

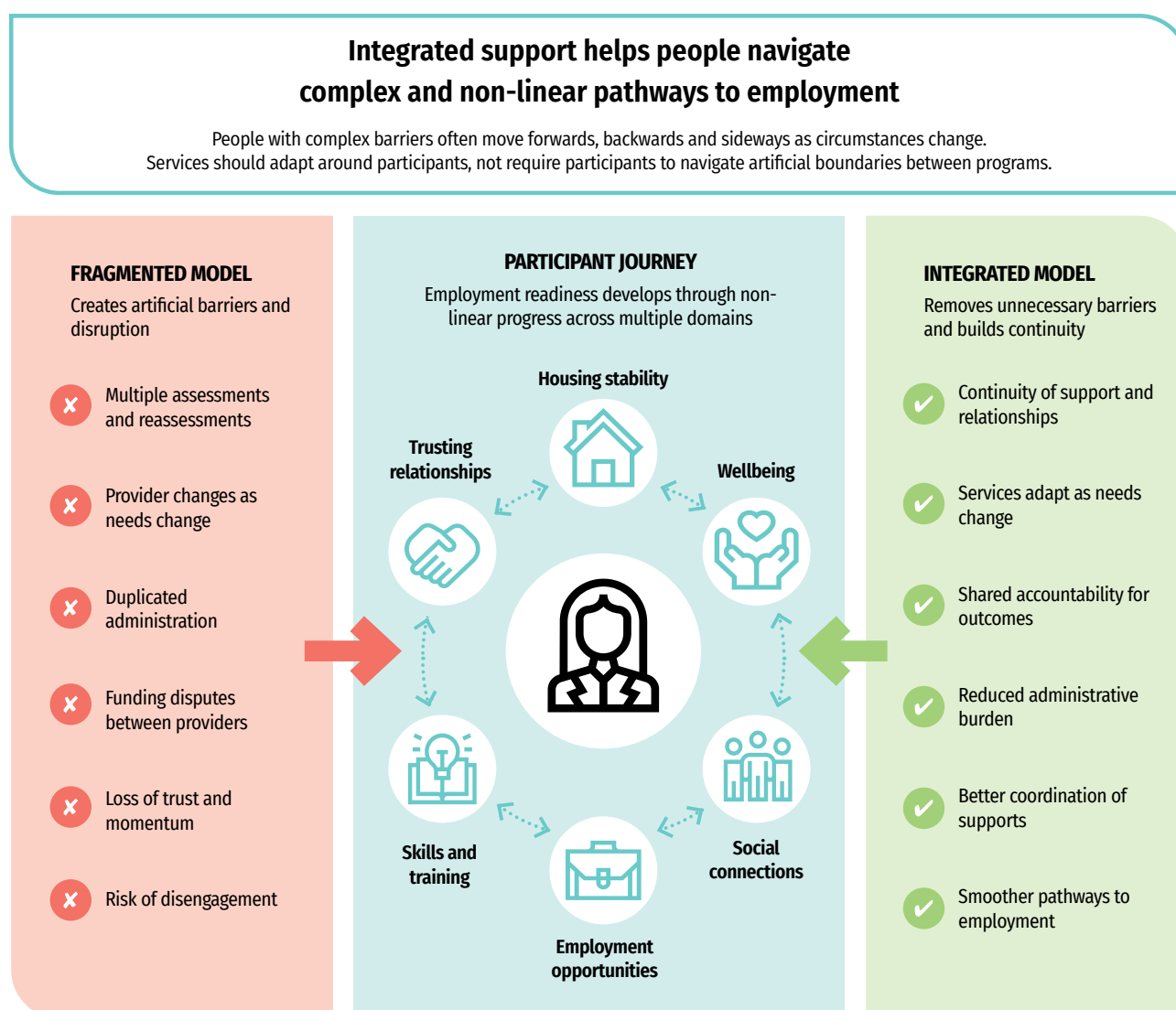
2 A place-based approach to Stream 3

Section 2 outlines how the 3 pillars of place-based change could be implemented in Stream 3 services. It also outlines the system settings and skills required to implement place-based Stream 3 services. In doing so, it responds to discussion questions 1, 2, 8, 9, 10, 13, 14, 15, 16, 18 and 19.

2.1 There is an immediate need to address structural issues that create unnecessary barriers to support

Before exploring the benefits of place-based approaches, it is important to recognise structural risks within the proposed Stream 3 design that could undermine the program's effectiveness. While Stream 3 is a positive change, a streaming approach risks creating unnecessary obstacles to support and does not recognise that change in people's circumstances are non-linear (Figure 1).

Figure 1: Service integration reduces artificial barriers to support and can improve participant outcomes



The intent of Stream 3 services isn't to achieve employment placement, but rather to address barriers to employment, with participants being reassessed and moved to Stream 2 as barriers lessen. As part of this model, the discussion paper notes that streams 2 and 3 will likely be delivered by different types of providers, with Stream 2 being delivered by employment services and Stream 3 delivered by community organisations.⁸ While in theory this demonstrates responsiveness to changes in participants support needs, in practice this means that just as participants' barriers to employment lessen, they will be passed over to a new provider and asked to start again. A lack of provider continuity risks disengagement in the program, risking any wins that have already been established, and creates a point where people can fall through the cracks.

The transition between streams 2 and 3 also creates challenges funding the program. When 2 providers are sequentially, or in some cases simultaneously, responsible for one jobseeker, apportioning payments fairly becomes the central design problem. This problem is increasingly challenging given that Stream 3 progress is described as 'incremental and non-linear' while Stream 2 targets 'employment outcomes within shorter timeframes'.⁹ The potential need to share payments between providers means that Stream 3 services likely won't receive the upfront investment needed to effectively lay the foundation for employment readiness.

Delineation between streams 2 and 3 increases the need for highly accurate assessment and reassessment processes. This not only creates a high administration burden for providers, but risks making participants jump through hoops for support. While initial assessment and reassessment exist to meet the needs of streaming, it may not be the best approach to support the individual to progress into work. Where assessment results in a restreaming and movement to another provider, there is significant risk that the trust, confidence and support provided to date are quickly undermined as connection is lost or reduced. Depending on how the model is operationalised, there is also a risk providers try to retain or obtain caseload through reassessment processes.

Placing assessment and reassessment with a suitably skilled function that is independent of delivery – whether within government or a trusted neutral third party – would reduce the risk of providers gaming the system and increase participant confidence in streaming decisions. To work in a place-based way and ensure assessment was not a point-in-time transaction, assessment functions would need to hold continuous relationships with the participants and the worker supporting them.

Recommendation 1

Address structural issues in the program that create unnecessary barriers to support, and that create opportunities for gaming, by:

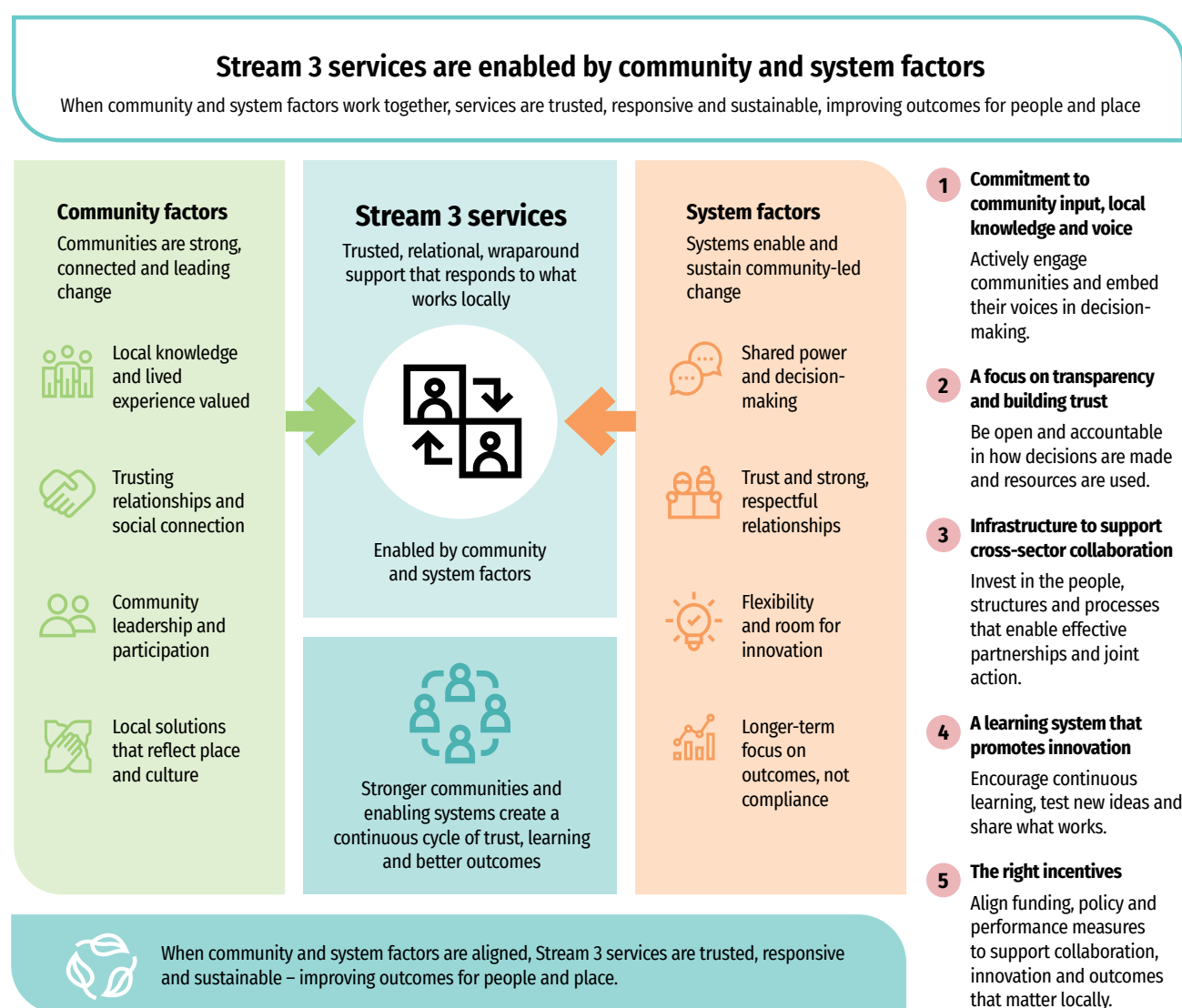
- a. increasing integration between Stream 2 and Stream 3 services**
- b. separating assessment and reassessment from service delivery through an independent, relationally managed assessment function.**

Increased integration between streams 2 and 3 could be achieved by expanding the scope of Stream 3, so participants do not transition out as barriers lessen but are supported in specialist services until they gain employment. Alternatively, streams 2 and 3 could be delivered by the same provider, with restreaming triggering change to provider payments and the nature of participant engagement. Integration requires careful provider selection as providers will need to be able to deliver the full scope of services and supports needed to progress people into work.

2.2 A place-based approach relies on the right system conditions

Delivering a place-based Stream 3 requires communities, providers and governments to adopt new ways of working and the right system conditions (Figure 2). The 5 shifts to system settings that are needed to support a place-based approach to Stream 3 services are outlined in the discussion below.

Figure 2: Community and system factors need to align for an effective Stream 3 service



System setting 1 – A commitment to community input, local knowledge and voice

Lived experience and community co-design processes are essential in ensuring Stream 3 aligns to, and is responsive to, local priorities and the service landscape. For community voice to shape Stream 3 in an enduring way, it cannot be confined to the design phase. DEWR should establish – and sustain – permanent mechanisms for community and lived-experience input into system stewardship. This might extend the remit of structures the department is already using to shape the reforms and will require mechanisms to be properly resourced. PLACE's own Community Council provides an example of what community-held governance of this kind can look like.¹⁰

Recommendation 2

Embed community and lived-experience voice permanently in the governance and stewardship of the system, resourced so participants can take part on equal terms.

An opportunity to commission differently

Select Stream 3 services are expected to commence in late 2026 (within the current Workforce Australia licences), as part of refining the model ahead of potential national rollout.¹¹ Assuming national rollout would occur in mid-2028, there is time for DEWR to adopt a different approach to commissioning. Using a 2-phased approach, DEWR would co-design initial Stream 3 services with select communities and providers to ensure services respond to local need. Informed by phase one, DEWR would then develop a scalable approach to co-design and commissioning that can be used in the national rollout and have the maturity to leverage local settings and deliver the best outcomes for participants.

Adopting a test, learn and adapt approach, commissioning initial Stream 3 services should explore what works, where and why, including how commissioning processes can be responsive to provider and community experience working in a place-based way. Delivering initial Stream 3 services in communities with varying need and experience working in place-based models provides an opportunity to maximise learnings. For instance, working with communities in the Department of Social Services (DSS) Place Partnership Model would fast-track learnings on communities' experiences in place-based work. In these communities, Stream 3 could adapt processes being built in the Children and Family Support Program, where providers are required to work collaboratively across the service system, deliver services informed by community need and formally engage local decision-making bodies prior to making a submission. Community voice is also input directly into the commissioning process. Another interesting learning environment could include communities undergoing the net zero transition.

Due to the complexity of outcomes sought within Stream 3 and the flexibility needed to test, learn and adapt, any commissioning approach should be underpinned by a commitment to relational contracting. Under a relational model, DEWR acts as a system steward that shapes the underlying conditions, rules and relationships but shares risk with stakeholders. Stakeholders are then supported to work flexibly and collaboratively towards shared outcomes.

Weighting commissioning towards providers with genuine local connection will only strengthen Stream 3 if the organisations with the deepest community ties are actually able to compete for, and hold, contracts. In many places – and particularly for Aboriginal Community-Controlled Organisations – the providers most trusted by community are the least resourced to meet the administrative and probity demands of government procurement. This should be treated not as a barrier to entry but as an opportunity for capability building and investment. Where useful, a locally trusted provider might partner with a more established provider under an explicit agreement to transfer capability and, over time, control. This way, a preference for local connection builds lasting community ownership rather than rewarding those who can navigate a tender.

Recommendation 3

Co-design and implement the initial rollout of Stream 3 services in a range of different communities.

Recommendation 4

Mature the commissioning approach prior to national rollout by:

- a. building capability for place-based commissioning**
- b. adopting relational contracting across Stream 3 services**
- c. embedding community voice in commissioning processes and assessing tenders based on a provider's connection to local community**
- d. actively building the capability of community-led and community-controlled organisations.**

System setting 2 – A focus on transparency and building trust

Trust is critical to successful Stream 3 participation, particularly for people with complex barriers who may have low trust in government systems. At a local level, program trust can be enhanced by operationalising client-centric case management models and using trusted local providers who share power with community.

At a systems level, trust can be supported by ensuring that policy responses are logical and that programs deliver on what is promised.¹² Two structural issues undermine program intent – a gap in service integration (previously discussed) and mutual obligations in Stream 3. If providers report noncompliance, clients may not feel the provider is there to meaningfully support them. This risk can be mitigated by shifting mutual obligations to recognise an individual's circumstances and have providers and clients co-create obligations.

Trust can also be supported by transparency. For individuals, this could include introducing a mechanism that shows participants what investment has been made in their employment journey, like in Parent Pathways.¹³ At a programmatic level, there is scope to consider recommendation 22 of the Rebuilding Employment Services report, which recommends the establishment of an Employment Services Quality Commission.¹⁴ A commission may help manage the complexity of Stream 3 and enable independence from DEWR, which is program owner and the largest service provider.

Recommendation 5

Prioritise trust and transparency in program design, including by:

- a. prioritising providers with strong local connections and who are trusted by the community they work in**
- b. adopting an approach to mutual obligations that prioritises provider-participant relationships and meaningful engagement**
- c. building in mechanisms that increase program transparency.**

System setting 3 – Local and national infrastructure to support cross-sector collaboration

Positive outcomes within Stream 3 largely depend on access to services and supports beyond employment services, including health and community service supports. As such, infrastructure for cross-sector collaboration is critical to impactful service delivery.

In many communities, Stream 3 will be delivered into a complex service landscape, where health and social support organisations are already providing support to Stream 3 service users. In these instances, it will be critical for Stream 3 to support continued engagement in those services and reflect a person's connection to supports in their employment goal plan and mutual obligations. In communities with a thin service landscape, Stream 3 may be the only service readily available and will play a central role supporting clients to access support.

Central to this is an understanding of how services are working together to support individual progression, including the need for infrastructure like 'no wrong door' approaches or 'warm' (facilitated) referral pathways. Noting the significant demand on health and social care services, it will be critical for commissioning to consider the capacity of local services to absorb any demand increase arising from Stream 3 and potential impacts to program outcomes if demand cannot be met.

The strong relationships required to deliver Stream 3 can be undermined by competitive market models. Competition can create inconsistent participant experiences, with access to services depending on a provider's networks, and organisational interests rather than community-wide availability. In some regions, a specialised Stream 3 provider, able to work with particular cohorts, may be more appropriate than a generalist Stream 3 provider.

Recommendation 6

Recognise the value of cross-sector relationships and fund services appropriately to build and maintain local connection.

Because job availability is a key driver of unemployment, communities need infrastructure that brings together providers, service users, businesses and community leaders to strengthen local labour market conditions. This could include existing network models, local coordination forums, adapted existing structures or current place-based initiatives. For instance, there is scope to expand the scope and membership of the Local Jobs and Skills Taskforces to become local partnership tables focused on tackling unemployment and joblessness. Bringing together Stream 3 providers, health and community service providers, local business, social enterprises and cross-government representatives, partnership tables would build a hyperlocal understanding of the barriers to employment – including service bottlenecks – and develop collaborative solutions. This may include co-designing pathways to work, undertaking shared workforce planning or creating workforce hubs that match candidates, manage onboarding and coordinate supports.

As opportunities for partnership within each community will vary, partnership should be supported by mapping of what local assets exist, where assets are being undervalued or underutilised, and where there are genuine gaps in local markets.

Recommendation 7

Invest in place-based governance structures to support local knowledge sharing and collaborative solutions, leveraging existing structures where possible.

As local collaboration will identify barriers that cannot be solved by employment services alone, requiring coordinated action across multiple service systems, DEWR will need to act as a strong system steward. The department will need to co-develop coordination mechanisms across Commonwealth, state and territory agencies that can be used to address systemic barriers and unblock local bottlenecks.

At the same time, there is opportunity for DEWR to look broadly across the government's reform agenda and identify opportunities to address the determinants of unemployment. For instance, across Australia there is a bidirectional and mutually reinforcing link between family and domestic violence and unemployment – unemployment can be a risk factor for violence while experiences of violence impede an individual's ability to work.¹⁵ The significant impact of violence on employment outcomes mean there is scope for DEWR to work across government on responses to violence that enable better employment outcomes, including as part of the Second Action Plan under Australia's National Plan to End Violence Against Women and Children 2022–2032.

Cross-government action could be supported by shared investment approaches or intermediary commissioning models that integrate service design and commissioning, and coordinate funding to respond to local needs more effectively. Primary Health Networks currently hold capability for place-based commissioning and have experience acting as an intermediary commissioner.

Recommendation 8

Strengthen coordination and collaboration pathways across government to address local barriers to unemployment.

System setting 4 – A learning system that promotes innovation

It is important to create Stream 3 as a learning system – where the focus is on testing, learning and adapting to what works. Mechanisms for innovation should test changes in operational delivery and the system settings and be supported by a robust monitoring and evaluation methodology.

Traditional measurement approaches focusing on outputs and population-level outcomes that are set centrally and applied uniformly are unlikely to capture the change caused by Stream 3. This is because place-based change does not arrive all at once – local and relational change occurs well before population outcomes shift. As such, measuring success and program learning needs to:

- **recognise progress and intermediate outcomes as outcomes, particularly for participants not expected to enter employment within the life of a contract.** The employment goal plan, being piloted in the early targeted rollout, records each participant's goals, agreed steps and progress over time. Designing the plan so that progress against it is captured and reportable would give Stream 3 a ready-made source of participant-level progress measurement.
- **measure how services and supports are delivered alongside what is achieved.** The Disability Employment Services Provider Performance Framework provides a foundation for this work;¹⁶ a quality domain equal to effectiveness and efficiency, with published scorecards that could be adapted to reflect what evidence says drives Stream 3 outcomes.
- **treat the local service system, not just the provider, as a unit of measurement.** Collaboration quality, referral pathways and system bottlenecks are performance indicators in their own right, with provider-reported barriers escalated to DEWR as intelligence rather than excuses.
- **reorient measurement from accountability alone to learning.** Program learning can be supported by short feedback loops between data and practice, insights shared during delivery, and impact networks that move findings between trial sites in real time. A learning model should also sequence evidence expectations to maturity of the program. Early phases should be assessed on implementation quality and engagement, with net-impact analysis undertaken once delivery has matured.

Regional, state and national impact networks focused on sharing how work is done within a community or a cohort, and what is working, will enable quick transfer of learnings and support organisations to quickly embed the new way of working.

Recommendation 9

Establish national impact networks focused on sharing learnings.

Recommendation 10

Adopt a new approach to measuring success that aligns to place-based ways of working.

System setting 5 – The right incentives for providers and communities

Incentives can create conditions to support success or influence providers to behave in a way that undermines program intent. The central role of community in place-based approaches also means that incentives and associated benefits need to be shared. Within Stream 3, conditions for success can be supported by relational contract management, collaborative governance and incentives that encourage collaboration and sharing of best practice, including:

- **upfront payments that recognise participant need and investment in local relationships.** Stream 3 services will require significant upfront investment to ensure providers are investing in the support participants require. Upfront funding should also consider the significant resources needed to build strong and trusted local relationships.
- **flexible or block funding that can be used to address need.** Repurposing the Employment Fund into flexible block funding for Stream 3 could reduce administrative burden and give providers greater discretion to invest in locally relevant supports. This approach is similar to Inclusive Employment Australia. If the Employment Fund is retained, it should be expanded, with higher funding for participants with complex needs, and simplified with broader flexibility in how funds can be used.
- **increased incentives for social enterprise and small business.** Increased wage subsidies that are more flexible could support Stream 3 participants to reconnect with the workforce, with a focus on social enterprises or other services that act as early intervention. This might include subsidies for casual work or low hours and should be seen as contributing to stimulating local labour-market conditions rather than simply supporting individual jobseekers.
- **funding to promote innovation.** A Stream 3 Innovation Fund that is available to local networks for co-designed solutions to local drivers of unemployment acts as an incentive for both providers and communities. Funding could be used to trial new approaches with potential for scalable impact, or to fund local solutions. Rather than distributing innovation funding through competitive grant rounds, funds could be available to communities with appropriate co-design capabilities and cross-sector governance.

Recommendation 11

Build a funding model that aligns to the intent of Stream 3, shares benefit between providers and communities, and includes upfront payments and access to flexible funding.

2.3 Fostering a readiness for place-based work

Successful place-based Stream 3 delivery requires readiness and new capability across communities, providers and government. Work to build capability in place-based ways of working across government is already underway – DSS is working to increase place-based capability. The *Australian Public Service Guide to Working in Place* and the *Australian Public Service Shared Decision-Making Guide* provide guidance on working in place,¹⁷ including what working in place means, ways to involve local people, and approaches to shared decision-making. Alongside use of these frameworks, there is benefit in establishing cross-government networks to embed learnings.

PLACE's training directory also identifies training opportunities and courses that can help build the skills of place-based work.¹⁸ Beyond this, there is a gap in the tools and resources needed to support the development of place-based skill sets. For instance, the National Training Register shows a gap in place-based skills and the Career Development and Employment Services Review does not address the need for place-based skills.¹⁹

Recommendation 12

Undertake workforce development to increase place-based capability among employment service stakeholders.

8. DEWR, *Shaping the future of employment services: Discussion paper*, DEWR, May 2026, pp 21–22.

9. DEWR, *Shaping the future of employment services*, p 33.

10. PLACE, *Our community council*, PLACE website, n.d., accessed 28 July 2026.

11. DEWR, *Shaping the future of employment services*, p 22.

12. FX Frei and A Morriss, 'Begin with trust', *Harvard Business Review*, May–June 2020.

13. DEWR, *Parent Pathways*, DEWR website, n.d., accessed 28 July 2026.

14. House of Representatives Select Committee on Workforce Australia Employment Services, *Rebuilding employment services*, pp 240–241.

15. A Summers, T Shortridge and K Sobeck, *The cost of domestic violence to women's employment and education*, University of Technology Sydney, February 2025.

16. This framework was part of the Disability Employment Services program, the predecessor to Inclusive Employment Australia. See Department of Social Services (DSS), *Disability Employment Services (DES): Provider performance framework*, DSS, July 2024.

17. DSS, *Australian Public Service guide to working in place*, DSS, 2026; DSS, *Australian Public Service shared decision-making guide*, DSS, 2026.

18. PLACE, *Training directory*, PLACE website, n.d., accessed 28 July 2026.

19. HumanAbility, *Career Development and Employment Services Review*, HumanAbility website, n.d., accessed 28 July 2026.

3 Wattlestone – example of a place-based approach

Section 3 uses the example of Wattlestone – a fictional town – to demonstrate how a place-based approach to Stream 3 may look over time, and what these system shifts feel like for participants.

Wattlestone, a fictional Australian town, is home to a large First Nations population and a growing number of young families. It is a community where people have strong connections to each other, but it is also a place that has deep pockets of disadvantage. Dan, 44, is a Wattlestone resident, has been unemployed for 6 years, manages a chronic health condition, and has cycled through employment services before without once being asked what he actually wanted.

Horizon 1 – The early Stream 3 model (late 2026)

When Stream 3 first arrives in Wattlestone, it is delivered by a local community-controlled organisation that already runs the local family and wellbeing services. For the first time, Dan's caseworker starts with the relationship, and Dan is asked what is currently working for him. Dan mentions a few cancelled appointments mean he has run out of his medication and says he is worried his rent is about to be increased. Dan's caseworker helps him book a GP appointment and make sure all the paperwork is submitted before the appointment. When Dan's rent is increased, his caseworker helps write a letter negotiating a smaller increase that Dan can afford.

As his health and housing stabilise, Dan experiences less stress and feels that he can get involved in his community. In line with his love of gardening, his caseworker organises for Dan to volunteer at the community garden. Dan looks to take another step towards work but hits some roadblocks – there is no reliable transport in Wattlestone and the only mental health provider has a waitlist.

Because streams 2 and 3 are delivered separately and funding largely follows employment placements, Dan's provider carries the cost of this foundational work. As more people need support, the service can't hire more caseworkers and Dan ends up seeing his caseworker less than he needs to maintain momentum. When reassessment approaches, Dan worries he will be judged 'job-ready' and moved to Stream 2. This would mean he is handed to a different provider.

Horizon 2 – The new contracting world (from mid-2028)

From mid-2028, the new employment services contracts take effect and Wattlestone feels the first structural shift. Funding no longer follows placements alone: for the first time, Dan's provider is recognised – and paid – for the foundational work of stabilising lives and building trust. Just as importantly, the reassessment that once threatened to move Dan to Stream 2 and hand him to a stranger is handled differently, with continuity of relationship now written into the contract so his worker can stay alongside him as his circumstances and barriers to work change.

But the new contracting world is a beginning, not the finished system. Commissioning is more relational in intent than in practice; the discretion providers hold is still modest, and everyone is learning what it allows. The transport gap and the mental health waitlist persist, because they sit beyond changes to employment providers' contracts, but the new service settings now work with Dan and his caseworker rather than against them. These shift lays the groundwork for the deeper integration that Horizon 3 brings.

Horizon 3 – A commissioned, integrated and relationally managed model

By Horizon 3, the system settings have caught up with the program's ambition. Stream 3 in Wattlestone has been commissioned relationally and the provider holds a longer contract that includes a portion of flexible funding that can be directed to local need and upfront investment that recognises the work of building trust. The community-controlled organisation that residents trust most – but which once lacked the back-office capability to hold a government contract – has been supported to build that capability and now leads delivery. Assessment sits with a function independent of delivery that keeps its own relationship with Dan, and doesn't trigger a change in provider. Instead, reassessment catalogues a change in the type of support Dan is likely to need and triggers a change in what and how the local provider gets paid. This is to make sure payment mechanisms best align with Dan's needs.

The barriers that once capped Dan's progress – like limited access to mental health support and limited public transport – are now the business of a local partnership table. The partnership table is an expanded Local Jobs and Skills Taskforce and sees Dan's provider sit alongside health and community services, employers, and all 3 levels of government. Through shared decision-making, the table has brokered a community transport option and pooled effort to bring down the mental health waitlist. The local bottlenecks that providers report get passed up to DEWR and are seen as intelligence rather than as excuses. What works in Wattlestone is shared through an impact network and quickly travels to comparable communities.

From the department's perspective, the change in Wattlestone first shows up in a way previous placement-counting systems would miss:

- people are **staying engaged**
- providers are reporting **steadier relationships**
- participants are consistently **achieving early progress** – like stable housing, re-engagement with health, a first return to regular activity – that reliably precedes work.

DEWR reads this change as leading indicators, which show the model is working. Importantly, across the department, barriers surfaced by providers are seen as DEWR's business to resolve rather than the provider's responsibility to absorb. This is relational contracting in practice. As a system steward, the department shares the risk and shapes the conditions, building its own capability to broker across Commonwealth, state and territory agencies and unblock the boundary issues that no single provider can shift alone. The partnership table gives DEWR's stewardship a place to happen, turning the bottlenecks reported on the ground into coordinated action above it.

It is not all smooth sailing. A newly funded service underestimates delivery costs and struggles in its first year, the early enthusiasm of local volunteers fades and has to be rebuilt, and worker shortages never quite go away. These things are worked through at the partnership table rather than hidden.

For Dan, the difference is continuity. His progress – stable housing, better health, and a growing work history through a local social enterprise – is recognised and recorded as real outcomes. When he does take on paid hours with a local employer, the support around him flexes rather than falls away. And because the same approach is lifting others alongside him, Wattlestone's labour market slowly strengthens too.

Wattlestone is not a perfect model and Horizon 3 does not arrive all at once. The shift from where it started is not that Dan tried harder, or that a perfect program was dropped in from outside. It is that, over time, the system organised itself around him and his community – and stayed long enough for that to matter.

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