

The role for employment services in supporting positive mental health and wellbeing outcomes for young people

Policy Lab

Participation in employment supports young people's wellbeing and can contribute to improved mental health. In September 2026, representatives from government, community and employment services, professionals, researchers and young people considered the policy opportunities for supporting employment services to play a role in fostering positive mental health and wellbeing outcomes for young people. Three priority policies were identified and developed.

Policy directions



Training resources

Develop education and training resources to expand implementation of best practice



Service contracts

Include funding for workforce development and capability building



Integrated services

Develop and test an integrated, youth-centred service approach to inform service reform

The Australian Government is developing a new employment service system. The proposed model includes three service streams: (1) online and brief interventions, (2) targeted provider services, and (3) intensive services. Following a public consultation on the proposed model the policy process is moving towards a policy decision. The timing of the Policy Lab and the sector collaboration provided an opportunity to inform this process.



Young people experience persistently high rates of youth unemployment. At the same time 75 per cent of all mental ill-health conditions onset before the age of 25. There is evidence of a two-way relationship between these two experiences. Recognising this relationship the Policy Lab focused on the question: **How can employment services support positive mental health and wellbeing outcomes for young people during their service engagement and beyond?**

Research undertaken for this project¹ found that 80 per cent of Australians agree that employment services should support positive mental health and wellbeing outcomes for young people using them. It also found broad support for developing workforce capabilities to identify and respond to young people experiencing mental ill-health (77%) and including funding to develop staff skills to support young people's mental health and wellbeing in government contracts for employment services (74 per cent). Many people also agreed (77 per cent) that there should be connections between employment services for young people and mental health and wellbeing support services. These results were similar across age groups.



Employment services

The Australian Government contracts employment services to help job seekers find work. These services are funded through the Department of Employment and Workplace Relations and the Department of Social Services. In 2025, DSS funded the establishment of The Centre for Inclusive Employment to provide the employment services sector with evidence-based resources, tools and training. Improving employment services will require cross-department collaboration.

Policy Lab

A Policy Lab is a structured workshop that gathers a range of expertise and perspectives to inform policy development. Thirty participants representing the Department of Employment and Workplace Relations, Department of Social Services and the Centre for Inclusive Employment, employment services, researchers, community organisations, a professional body, and two young people who provided a youth perspective took part. The participation of representatives from the public service supports knowledge exchange and provides an 'insider' perspective to inform the development of policy proposals.

Initially participants considered what the features of successful employment services for young people with mental ill-health were. These included:

- Personalised approaches responding to young people's context and agency
- Strengths-based, relational support that is safe (culturally, psychologically)
- Holistic, developmentally-appropriate support
- Increased mental health awareness via staff training, employer education, and peer workforce
- Collaborative approaches, supporting transitions to work.

¹ Research was conducted by YouGov between September 10–14, 2026, among a nationally representative sample of 1,063 Australians aged 18 and older. The data was weighted by age, gender, and region to reflect Australian Bureau of Statistics (ABS) population estimates.

Prioritising opportunities and informing policy direction

Participants then discussed the opportunities to further improve support for young people's mental health through employment services. Table groups reported priority opportunities and from this combined list participants anonymously selected two options they considered most important. There was a range of priorities among the group suggesting support for comprehensive reform (see Figure 1). The top three priorities, specialised training, including staff training as part of service contracts, and co-design of youth-focused, integrated services, were the objective of policy development.

Policy development

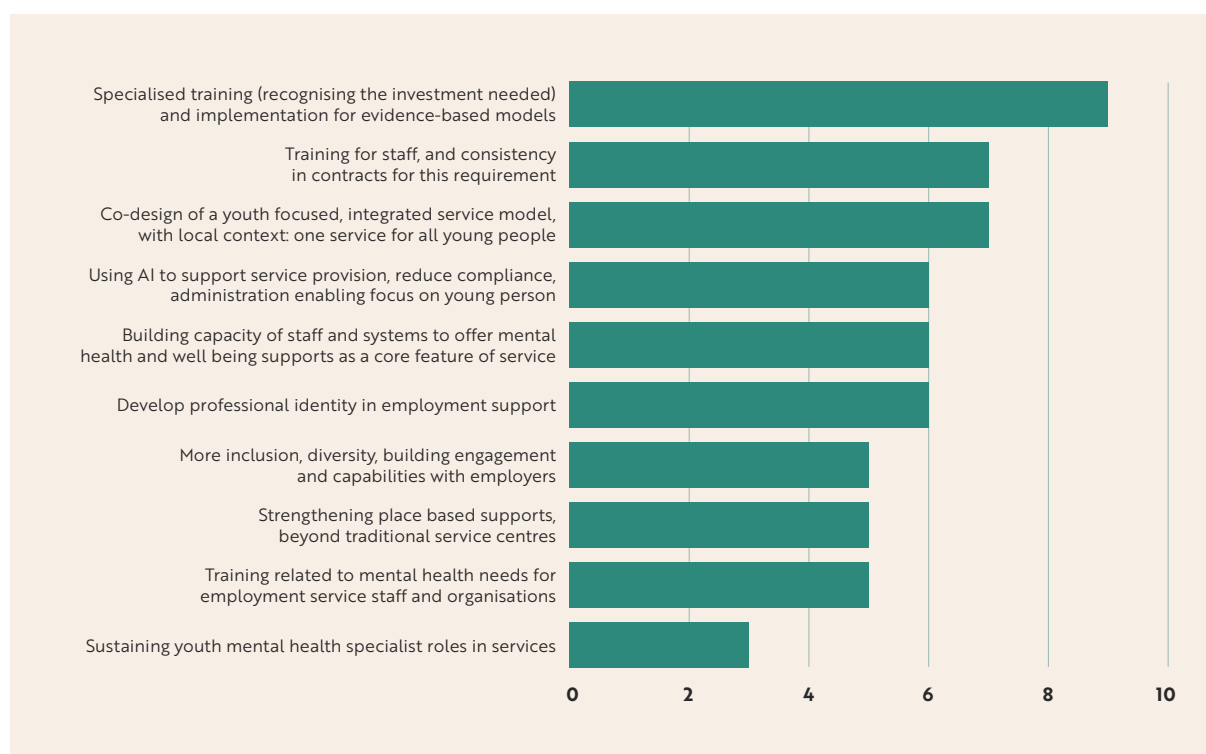
The top three priority opportunities were distributed between five table groups (one table considered the co-design of a youth-focused, integrated service). Table groups considered the barriers to and enablers for policy development. The available instruments for policy implementation were then identified. In the final activity participants synthesised their discussion into a 'policy pitch' that they reported back to the group.

Following the Policy Lab, the policy pitches and collected data were analysed, and three draft policy proposals were shared with participants for review. Further input was received from four participants.

Evidence-base:

- A person-centred approach to providing employment services supports improved service engagement, employment outcomes, mental health and wellbeing and future orientation.(1, 2)
- A strengths-based orientation empowers young people and supports positive self-narratives and imagining what is possible.(3)
- Supporting social, emotional and behavioural capabilities, and mental health support alongside vocational skills improved functioning and successful transition into work.(4, 5)
- Young people themselves also want access to wellbeing and mental health services alongside employment support.(6)
- Employment support programs that aim to incorporate psychological factors need to be flexible rather than universal and require performance measures beyond employment.(7)

FIGURE 1 PRIORITISATION OF POLICY OPPORTUNITIES



Policy proposals

Workforce development was a central issue discussed at the Policy Lab, and this was reflected in the prioritising of two training related policy opportunities. These policy proposals aim to professionalise the industry while recognising that effective implementation is essential to improving youth employment and wellbeing outcomes. The third policy proposal supports the development of a youth-centred service approach.



POLICY SOLUTION	EVIDENCE AND RATIONALE	OUTCOME
<i>Develop education and training resources to expand implementation of best practice</i> Test and evaluate training resources that equip frontline staff with the diverse skills needed (e.g. trauma-informed care, youth mental health) to support young people's wellbeing and employment outcomes. Integrate best practice case studies into education and workforce training curricula. Incorporate interactive learning that enables practicing professionals to be part of education and training. Tailored training resources are required for each of the three service levels proposed in the <i>Shaping the future of employment services</i> discussion paper.	Workforce capability is central to improving service provision and outcomes for young people. A coordinated workforce capability strategy needs to be built on what is known to work, with measurable data to enable the development of a training and implementation model. Best practice case studies, supported by performance data, can provide direction and guidance for selecting and building effective workforce training and development programs. Training is one component of a workforce capability framework. Complementary components include supervision, service implementation, practise-based learning and communities of practice. Such a framework will support the professionalisation of the employment services workforce. Re-professionalising the workforce has previously been identified as a key reform opportunity (Hill report). Workforce capability frameworks should include trauma-informed practice, youth mental health literacy and psychosocial support competencies. Case studies provide real-world examples that support workforce engagement and implementation of training.	Capacity to identify and respond to mental health and wellbeing support needs. Improved industry professionalisation supports recruitment, retention and capability across employment services.
Instrument: Expanded role for the Centre for Inclusive Employment to support the broader sector.		

POLICY SOLUTION

EVIDENCE AND RATIONALE

OUTCOME



Service contracts include funding for workforce development and capability building

The next round of employment service contracts includes funding for workforce development. Training areas should be prioritised and include mental health and wellbeing.

Workforce capability development should be a funded and accountable component of service delivery, with capability measures incorporated into contract evaluation, quality assurance processes and funding decisions.

Providing emotional and mental health support is a contributing determinant for successful employment outcomes. Workforce development is required to provide this expanded support in practice and through integrated approaches and collaboration with other services.

High rates of staff turnover reduce service continuity and limit the capacity of employment services to build and maintain workforce capability to support young people. Funded workforce development can strengthen service quality while supporting recruitment, retention, and role clarity across consistent delivery of evidence-informed practice.

Improved workforce recruitment, retention and capability across employment services.

Workforce capability expectations are clearly defined and consistently applied across employment services.

Instrument: Department of Employment and Workplace Relations service contracting and service provider oversight and monitoring.



POLICY SOLUTION	EVIDENCE AND RATIONALE	OUTCOME
<i>Develop and test an integrated, youth-centred service approach to inform service reform</i> Develop an integrated flexible, relationship-based service approach, co-designed with young people, service providers and interconnected domains (e.g. schools, employers, local government, community). Project considerations include: • Workforce training needs • Inter-service referrals and shared responsibility • Empowerment of young people • A nationally implementable approach.	Current employment service provider models can be too narrowly focused on compliance and job placement outcomes, leaving limited scope to address the broader social and wellbeing factors that could improve employment outcomes for young people. Initial engagement with young people needs to prioritise establishing a supportive relationship. A person-centred approach supports connection, participation and service engagement. Relational approaches prioritise participant agency, collaboration, and mutual respect, which can strengthen young people's engagement, wellbeing and future orientation when embedded consistently in service design and frontline practice. Workforce turnover is a barrier to developing skills and capacities for person-centred relational approaches. Integrated services can bridge service gaps so that young people are always supported when and where needed.	Demonstrated collaboration between employment and social services. Service contracts support personalised engagements that meet young people's needs.
Instrument: Joint Department of Employment and Workplace Relations and Department of Social Services project, with youth participation, local service providers, employers, education providers and mental health expertise.		





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Disclaimer

The findings reflect the discussions and directions of a broad range of participants, but do not necessarily reflect individual participant's agreement or their organisation's policy.

Disclosure

OCTEC commissioned Orygen to run an independent Policy Lab to inform policy development to improve employment services for young people. A draft version of the report was reviewed by OCTEC staff.

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