

Diversity Council Australia

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To the Department of Employment and Workplace Relations

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DCA submission to the employment services reform

Thank you for the opportunity to provide feedback on this inquiry.

As the nation's leading independent peak body for diversity and inclusion, Diversity Council Australia (DCA) is a member-based, not-for-profit, with a strong network of over 1,250 members, including many of Australia's largest employers. For 40 years DCA has worked to advance more equitable workplaces, supporting a stronger economy and fairer society. DCA's evidence-led approach is centred on lived experience, and our research consistently shows that inclusive organisations are more innovative, productive, and resilient in changing environments.

Through research, practical tools, events, advocacy, education, and training, we provide expert guidance to support employers, leaders, and policymakers, and advance our charitable purpose to foster inclusive workplaces for the benefit of individuals, organisations, and society.

Yours sincerely,



Catherine Petterson

Acting CEO, Diversity Council Australia

Introduction

Diversity Council Australia (DCA) welcomes the Australian Government's commitment to reforming employment services and improving pathways to sustainable employment. As Australia faces ongoing workforce shortages alongside persistent underemployment and labour market exclusion, there is a significant opportunity to better connect employers with the diverse talent that already exists across our communities.

DCA's research demonstrates that millions of people across Australia who are looking for stable employment remain overlooked and under leveraged by existing recruitment and employment systems¹. These people are also far more likely to come from groups that experience structural barriers to employment, including Aboriginal and/or Torres Strait Islander peoples, people with disability, culturally and racially marginalised people, carers, older workers, younger workers, transgender and gender diverse people, and people from lower socio-economic backgrounds. For many, these barriers are compounded by intersecting forms of discrimination and disadvantage.

While employment services play an important role in supporting jobseekers, reform efforts must also address the employer practices and systemic barriers that prevent capable people from accessing employment opportunities in the first place. Too often, traditional recruitment processes, unconscious bias, inaccessible systems, and emerging technologies such as artificial intelligence (AI) act as barriers to fair and equitable participation in the labour market.

DCA submits that employment services reform should be informed by the principles of inclusion, accessibility, fairness, and intersectionality. Government has an important role to play in supporting employers and employment service providers to adopt inclusive recruitment practices, build capability, and ensure that new technologies are used in ways that promote rather than undermine diversity and inclusion.

This submission focuses on the role that inclusive recruitment, inclusive workplace practices, and responsible AI governance can play in increasing workforce participation, reducing labour market exclusion, and improving employment outcomes for individuals, employers, and the broader Australian economy.

A note on language

Diversity Council Australia (DCA) recognises that a diversity of terms are used to describe people's lived experience. We recognise and respect individuals' rights to identify with terms that they feel most comfortable with. We also recognise the limitations of binary language. Sometimes binary categories have very real effects on peoples' experiences and may be necessary to convey the gendered nature and dynamics of our society. DCA recognises that language is socially constructed and constantly evolving and our intention is always to be inclusive and to be open to change.

Relevant DCA Research

Inclusive Recruitment at Work



Released in 2022 in Partnership with Jobsbank, this report is based on insights gained from our research, including hearing from more than 500 job seekers. Based on these insights, we crafted an organisational framework for action which explains what is happening to 'lock out' a diversity of talent from being recruited into Australian organisations, and what organisations can do to open up recruitment opportunities for this talent.

Inclusive Recruitment Tools



Following on from our Inclusive Recruitment at Work Research, DCA created a series of tools to assist organisations in building their inclusive recruitment capabilities and practices. The Inclusive Recruitment Toolkit offers concrete advice and guidelines to support organisations in implementing these changes.

Inclusive AI in Recruitment



A joint research project between DCA, Hudson RPO and Monash University, carried out in 3 stages centred around 3 key areas:

- The potential positive versus negative impacts of using AI in recruitment.
- The current state of affairs of AI-supported recruitment in Australia.
- How organisations can use AI in recruitment to help not harm diversity.

List of recommendations

RECOMMENDATION 1: The government should support employers and employment service providers to understand what inclusive recruitment involves and its benefits.

RECOMMENDATION 2: Any reform to employment services must take an intersectional approach. This means understanding how overlapping forms of discrimination and disadvantage lead to people being overlooked and underleveraged by employers.

RECOMMENDATION 3: The government should support employers and employment service providers to understand how standard recruitment practices can inadvertently lock out talent.

RECOMMENDATION 4: Inclusive recruitment principles should be applied to employment service provider practices and service delivery models to help them meet participant needs.

RECOMMENDATION 5: Employers should be supported to understand and implement inclusive recruitment principles.

RECOMMENDATION 6: The government should educate employers and employment service providers on how to use AI in recruitment inclusively, and the risks of failing to do so.

RECOMMENDATION 7: Employment service providers using AI tools should be required to demonstrate that those tools support, rather than undermine, diversity and inclusion.

RECOMMENDATION 8: The government should establish clear regulations for use of AI in recruitment to ensure that algorithmic decision-making does not produce discrimination or undermine human rights.

RECOMMENDATION 9: The government should support employers to build inclusive workplace cultures that improve retention and long-term workforce participation.

RECOMMENDATION 10: Ensure jobseeker streaming and assessment processes recognise and respond to intersecting forms of disadvantage, discrimination, and structural barriers, so individuals receive support that is appropriately tailored to their circumstances and level of need.

What supports do employers need to recruit and retain people?

Inclusive Recruitment

To genuinely support employers to recruit and retain people, government must make inclusive recruitment a central focus.

DCA's definition of inclusive recruitment

Inclusive recruitment occurs when hiring processes and practices value diversity, are bias-free and enable a diversity of talent to be sourced, assessed, selected and appointed.

Impact and opportunity of inclusive recruitment practices

Improvements to employment services and participant support are important, however, reducing unemployment and underemployment also requires addressing the recruitment barriers that prevent people from securing work in the first place.

DCA's [Inclusive Recruitment at Work](#) research shows that many employment barriers come from recruitment systems rather than jobseekers themselves. By improving recruitment practices across Australia, governments, employers, and employment service providers can expand access to work for groups that are currently overlooked and underleveraged, while also helping employers address workforce shortages and skills shortages.

Inclusive recruitment is therefore both a workforce participation strategy and an economic productivity strategy.

Why is inclusive recruitment important?

Inclusive recruitment practices have a variety of benefits for employers and the broader economy:

- **Cost:** non-inclusive recruitment can lead to increased legal costs for discrimination-related complaints or litigation, and costs relating to poor hiring decisions and increased turnover.ⁱⁱ
- **Reputation:** being an inclusive employer matters to jobseekers, and a bad reputation can cost an organisation at least 10% more per hire.ⁱⁱⁱ
- **Workforce representation:** inclusive recruitment broadens talent pools and increases workforce diversity, which in turn is linked to better performance, profit^{iv}, innovation^v and market share^{vi}.

Further, additional research has shown the economic and productivity benefits of closing the employment gap for people with marginalised identities. For example, when it comes to employment for people with disability, closing the employment gap can lead to improved:

- **Economic performance:** Economic modelling suggests closing the gap between the employment of people with and without disability by just one-third could lead to a cumulative \$43 billion increase in Australia's GDP.^{vii}
- **Productivity:** A systematic review of empirical studies found that hiring people with disability can generate benefits such as "productivity (profits and cost-effectiveness, turnover and retention, reliability and punctuality, employee loyalty, company image), competitive advantage (e.g., diverse customers, customer loyalty and satisfaction, innovation, productivity, work ethic, safety), inclusive work culture, and ability awareness".^{viii}

RECOMMENDATION 1: The government should support employers and employment service providers to understand what inclusive recruitment involves and its benefits.

Who is overlooked and underleveraged in our labour market?

When DCA conducted Inclusive Recruitment research in 2022, we found that roughly 3.3 million Australians of working age (16% of our working age population) were looking for work, or wanted more work, but were overlooked and underleveraged by employers. Members of this group were more likely to belong to marginalised diversity groups, including:

- Aboriginal and/or Torres Strait Islander people
- Culturally or racially marginalised people (those with a culturally or racially marginalised background, or those affected by language difficulties or visa restrictions)
- Carers (particularly sole parents and carers of young children)
- People with disability
- People from lower socio-economic backgrounds and with lower formal education levels
- Transgender people
- People over 55
- People under 25.

Importantly, experiences of disadvantage are often compounded. People who belonged to multiple marginalised diversity groups were even more likely to be potential jobseekers.

Employment services reform must therefore recognise that barriers to work are not experienced uniformly.

RECOMMENDATION 2: Any reform to employment services must take an intersectional approach. This means understanding how overlapping forms of discrimination and disadvantage lead to people being overlooked and underleveraged by employers.

Why is this happening?

This is not about individuals; it's about bias and biased systems. DCA's research found that labour market exclusion is driven less by individual capability and more by systemic barriers embedded within recruitment systems, processes, and assumptions about employability. Common barriers include:

- **Favouring efficiency over effectiveness:** prioritising speed and efficiency can undermine recruitment effectiveness, reinforcing bias, entrenching inequality, and increasing the risk of poor hiring decisions.
- **Valuing outdated ideals:** for example, employers may require uninterrupted, continuous employment. This is not the best marker of merit and instead adversely affects jobseekers who are more likely to have taken career breaks (e.g. women, carers, people with disabilities or refugees).
- **Attracting the 'usual suspects':** relying on mainstream, passive talent sourcing, referrals, word-of-mouth and generic recruitment agencies unintentionally exclude diverse talent and instead favour people who already have employment, strong networks, and access to opportunities.
- **Using biased application tools:** for example, employers may believe having an onerous application process can help find the most committed applicants, however in practice this means that only jobseekers with plenty of time and resources can complete an application. An inaccessible application portal can also be a barrier to people with disability applying.
- **Using biased assessment tools:** a wealth of research shows that screening tools, processes and practices are riddled with bias. For example, unstructured job interviews are poor predictors of future work performance and instead tend to assess people on 'likeability'.
- **Lack of expertise:** limited skills in recruitment and inclusive recruitment, overlooking lived experience as a source of expertise, and mistaking tokenism for genuine inclusion can all contribute to locking a diversity of talent out of recruitment processes.

RECOMMENDATION 3: The government should support employers and employment service providers to understand how standard recruitment practices can inadvertently lock out talent.

Best practice principals for inclusive recruitment

1. **Focus on fair treatment, not same treatment.** The best way to be equitable and inclusive is to focus on treating people fairly rather than treating everyone the same. Treating people fairly requires recognising that people have different needs and may require different forms of support to participate fully in recruitment processes.
2. **Be flexible – not everyone has the same resources or support.** Jobseekers do not all have the same resources, support systems, or experiences. Check for accessibility at each

recruitment stage to ensure your hiring processes are fair for all job seekers. Be flexible and consider adapting recruitment processes for different needs.

3. **Approach ‘merit’ with caution, because it is subjective.** We need to challenge how we define and assess merit for bias, to make sure that it is open to including a diversity of talent. We often rely on the ideal of merit to guarantee fairness, equity and inclusion in recruitment (e.g. “we only hire on merit”). In theory it should work, but in practice what seems to be an objective process – looking at skill and experience – is often subjective, prone to bias and can amplify inequality. By challenging what the most meritorious or best applicant is, we can avoid falling into this trap and unlocking Australia’s wider pool of talent.
4. **Listen to and learn from people with lived experiences of bias and marginalisation.** Employees from overlooked and underleveraged talent pools are well placed to identify and advise on how to make recruitment more inclusive. They have first-hand experience of biased recruitment and can advise on how to make recruitment more inclusive and bring in more talent from marginalised groups.
5. **Challenge the ‘ideal candidate’ trope.** Today’s dream employee may have been last month’s “imperfect” candidate. Candidates may bring valuable skills, experiences, and perspectives that do not align with traditional expectations. Expanding definitions of talent helps organisations access a broader range of capable applicants.

RECOMMENDATION 4: Inclusive recruitment principles should be applied to employment service provider practices and service delivery models to help them meet participant needs.

RECOMMENDATION 5: Employers should be supported to understand and implement inclusive recruitment principles.

AI use in recruitment – risks and potential benefits

When AI recruitment tools are designed and deployed with diversity front of mind, they can increase accessibility, fairness, objectivity, and transparency, while also broadening applicant pools and diversifying hires. Conversely, without a diversity focus, AI recruitment tools can inadvertently bake in bias and lock people out of jobs.

[AI at Work in Recruitment](#) is a joint research project between DCA, Hudson RPO and Monash University, carried out in 3 stages centred around 3 key areas.

1. The potential positive versus negative impacts of using AI in recruitment.
2. The current state of affairs of AI-supported recruitment in Australia.
3. How organisations can use AI in recruitment to help not harm diversity.

As part of this research, we developed 5 steps to use AI in recruitment inclusively:

1. **Team up** to assess D&I impact
2. **Reflect** on your readiness for inclusive AI recruitment
3. **Educate** your team about bias in recruitment
4. **Acquire** expertise on how bias plays out in AI recruitment
5. **Decide** how to proceed inclusively with AI recruitment

These steps are outlined in our [Inclusive AI at Work in Recruitment Employer Guidelines infographic](#).

RECOMMENDATION 6: The government should educate employers and employment service providers on how to use AI in recruitment inclusively, and the risks of failing to do so.

Principles for AI governance in recruitment

As AI adoption increases, government should establish clear expectations for employers and employment service providers using AI-enabled recruitment tools.

These expectations should include:

- meaningful human oversight of recruitment decisions
- transparency regarding the use of AI
- regular bias and impact assessments
- accessibility requirements
- clear accountability mechanisms
- review and appeal pathways for applicants.

RECOMMENDATION 7: Employment service providers using AI tools should be required to demonstrate that those tools support, rather than undermine, diversity and inclusion.

Access DCA's [Inclusive AI in Recruitment research](#) for more information.

Since releasing our research, other research has continued to show that AI is prone to bias against people with marginalised identities. For example, [hiring algorithms show clear racial disparities in hiring decisions](#), or [bias against older women](#).

This is why DCA is calling for a [human-rights first approach to AI in recruitment](#).

DCA contributed to the development of the federal government's Voluntary AI Safety Standard which includes [10 Guardrails](#) to create a foundation for safe and responsible AI use.

The government should build on and strengthen the Voluntary AI Safety Standard's guardrails to provide stronger protections against discrimination and bias in recruitment and hiring decisions, and to ensure that AI use in recruitment strengthens, rather than undermines, human rights.

RECOMMENDATION 8: The government should establish clear regulations for use of AI in recruitment to ensure that algorithmic decision-making does not produce discrimination or undermine human rights.

Inclusion drives retention

Retention matters as much as recruitment

Increasing workforce participation requires more than helping people secure employment. It also requires supporting people to remain in work and progress throughout their careers.

Too often, policy discussions focus on placement outcomes without considering whether workplaces are inclusive, safe, and supportive enough to retain employees in the long term.

DCA's research consistently shows that inclusion is associated with higher levels of employee engagement, wellbeing, job satisfaction, and retention.

DCA's [2025-2026 Inclusion@Work Index](#) found that workers in inclusive teams are:

- 10 times more likely to be very satisfied with their job than workers in non-inclusive teams
- 4 times more likely to feel work has a positive impact on their mental health
- 3 times less likely to leave their organisation
- 9.5 times more likely to be innovative
- 8.5 times more likely to work effectively as a team
- 2.5 times more likely to be willing to work extra hard to help their team succeed.

For many workers, inclusion can be the difference between remaining in employment and exiting the workforce altogether.

Implications for employment services reform

Employment services reform should not focus solely on helping people obtain jobs. It should also encourage employers to create inclusive workplace cultures that support long-term retention, progression and participation.

RECOMMENDATION 9: The government should support employers to build inclusive workplace cultures that improve retention and long-term workforce participation.

Inclusion within the three service streams

The service streams should be designed and implemented in accordance with inclusive principles and practices to ensure equitable access and participation for all jobseekers. In particular, stream design should recognise and address the barriers disproportionately experienced by people from marginalised and underrepresented groups.

Inclusive practices could include:

- Physical and service accessibility
- Digital accessibility, including accessible online platforms and application processes
- Access to computers, internet connectivity, and digital tools required for job searching and applications
- Use of plain language in communications, processes, and documentation
- Availability of services, information, and supports in multiple languages
- Access to interpreting and translation services.

Importantly, DCA's research found that experiences of disadvantage are often intersecting and compounding. Individuals who belong to multiple marginalised groups frequently face additional and more complex barriers to employment and workforce participation.

The process for assigning jobseekers to streams should therefore recognise the impact of intersecting forms of disadvantage, bias, discrimination, and structural barriers. Assessment approaches should be sufficiently responsive and flexible to account for the cumulative effect of these experiences, ensuring that jobseekers are connected with the level and type of support most appropriate to their circumstances.

RECOMMENDATION 10: Ensure jobseeker streaming and assessment processes recognise and respond to intersecting forms of disadvantage, discrimination, and structural barriers, so individuals receive support that is appropriately tailored to their circumstances and level of need.

Conclusion

Australia cannot afford to overlook the skills, capabilities, and potential of millions of people who are willing and able to contribute to the workforce. Employment services reform presents a valuable opportunity to address not only the barriers experienced by jobseekers, but also the recruitment practices, systems, and technologies that can unintentionally exclude talent.

DCA's research shows that more inclusive recruitment practices benefit everyone. They help employers access wider talent pools, improve workforce representation, strengthen organisational performance, and reduce the risks associated with bias and exclusion. They also help ensure that people from marginalised and underrepresented groups have equitable access to meaningful and sustainable employment opportunities.

To achieve these outcomes, reforms must be guided by an intersectional approach that recognises the diverse and overlapping barriers people experience. Employers and employment service providers need practical support to adopt inclusive recruitment practices, challenge outdated assumptions about merit and employability, and create pathways that are accessible and responsive to different needs. As the use of AI in recruitment continues to grow, strong safeguards and accountability mechanisms will also be essential to ensure technology supports, rather than undermines, fairness and human rights.

By placing inclusion at the centre of employment services reform, the Government can help unlock Australia's full talent potential, strengthen workforce participation, and support a labour market that works better for people, employers, and the broader economy.

This inquiry presents a critical opportunity to move beyond awareness to sustainable systemic change, grounded in lived experience, backed by accountability, and embedded in policy.

Please feel free to contact myself or Dr Rose D'Almada-Remedios, Head of Research at rose@dca.org.au, should you require any further information about this matter.

Yours sincerely,



Catherine Petterson

Acting CEO, Diversity Council Australia

Endnotes

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