

DES Budget Model Review

Department of Social Services:
Disability Employment Services

3 May 2024

DRAFT
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Glossary

Term	Definition
AvE	Actual vs Expected (analysis of actual experience compared to that previously projected)
DEWR	Department of Employment and Workplace Relations
DES	Disability Employment Services
DMS	Disability Management Service
DSP	Disability Support Pension
DSS	Department of Social Services
EA	Employment Assistance phase
ESAt	Employment Services Assessment
ESS	Employment Support Services
FLT	Funding Level Tool
GST	Goods and services tax
JCA	Job Capacity Assessment
JSP	JobSeeker Payment
NDIS	National Disability Insurance Scheme
OS	Ongoing Support phase
PPS	Post Placement Support phase
RAFL	Risk Adjusted Funding Level
SAS	SAS analytical software, a statistical software suite
SAP	SAP data management software
SF	Service Fee
WA	Work Assist
YAO	Youth Allowance (Other)

Executive summary


The Disability Employment Services (DES) program, overseen by the Department of Social Services (DSS), engages service providers to assist people with a disability, injury or health condition to prepare for, find and keep employment. A range of possible reforms to the DES program are currently under development and are expected to be implemented from 1 July 2025.

DSS requires a model that is fit-for-purpose to estimate the cost of these reforms over the forward estimate period (1 July 2024 - 30 June 2028). Expenditure and caseloads for DES are currently projected by the DES Budget Model ('the Model'). Ernst & Young (EY) has been engaged by DSS to review the previous Model¹ to assess whether it is fit for purpose to support cost modelling of future potential DES reform options, along with other aspects, and to implement modifications in an updated Model to address priority recommendations.

Approach

This report presents the complete findings and recommendations from the Model review, including potential future adjustments required to reflect structural, fee and assumption changes under proposed reform options for implementation from 1 July 2025.

s 47(1)(b)



¹ '1. MYEFO - DES Budget Model 17.10.2023 (Current).xlsx'

2. Background and approach

The Disability Employment Services (DES) program, overseen by the Department of Social Services (DSS), engages service providers to assist people with a disability, injury or health condition to prepare for, find and keep employment. DES is a demand-driven service based on the number and mix of participant referrals and outcomes. Costs for the program are forecasted by the DES Budget Model (the Model).

Having previously been reformed in 2018, a range of possible reforms to the DES program are currently under development with implementation expected from 1 July 2025. These reforms are intended to make DES more responsive and improve employment opportunities and outcomes for people with disability.

To support their development, DSS requires a model that is fit-for-purpose to estimate the cost of these reforms over the forward estimate period (1 July 2024 to 30 June 2028). DSS is looking to develop their existing DES Budget Model - a Microsoft Excel based projection of DES expenditure - to support in the costing of reforms, in addition to its main purpose of projections of expenditure required by government.

2.1 Purpose and scope of the review

Ernst & Young (EY) has been engaged by DSS to review and modify the previous DES Budget Model in order to:

- ▶ Support cost modelling for future potential DES reform options
- ▶ Assess the accuracy of expenditure forecasts and identify potential improvement areas for future forward estimates
- ▶ Assess the extent to which the Model meets its objectives, including its useability
- ▶ Where feasible, reflect anticipated changes to the DES Performance Framework and Performance Measurement System.

This report presents the complete findings and recommendations from the Model review, including recommended future adjustments required to reflect structural, fee and assumption changes under proposed reform options for implementation from 1 July 2025 that have been incorporated into the EY-updated Model. The preliminary review focused on the adequacy of the previous Budget Model⁴ for cost modelling purposes.

s 47(1)(b)

⁴ 1.MYEFO - DES Budget Model 17.10.2023 (Current).xlsb