

Mid-term Review of DES – Boston Consulting Group (BCG)

Early Consultation Findings

- The BCG Review considered the effectiveness of the program with a focus on the reforms from 2018. The Review noted the following pain points:
 - Mixed quality service: Participants and employers, particularly large corporates, expressed negative opinions of service quality, including regarding provider's skill levels, industry knowledge, and professionalism, and the lack of a 'single front door' into the program;
 - Insufficient flexibility: Participants and employers felt their needs and context are not understood, while providers considered they do not have scope to innovate; Excessive complexity: Processes, information, and incentive structures were considered to lack transparency and are difficult to understand or use as a basis for informed decision-making;
 - Lack of clarity: Both providers and participants expressed confusion regarding key features of program design, from star ratings to risk-adjusted funding tool updates;
 - Ineffective competition: Even after the 2018 reforms, market discipline has not forced outcome improvements, despite provider perception of intense competition;
 - Cross-program misalignment: Uncoordinated incentive design across jobactive and DES has led to uncontrolled outcomes, while supports from the NDIS and DES are not integrated; and
 - Increasing costs per outcome: The number of employment outcomes achieved has remained steady while costs have risen, increasing spend-per-outcome and presenting challenges to program sustainability.