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KPMG
10 Shelley Street
Sydney NSW 2000

REQUEST FOR QUOTATION (RFQ)

**PROVISION OF A REVIEW OF THE TRANSITION TO FULL (NATIONAL DISABILITY INSURANCE)
SCHEME**

Dear ██████████,

National Disability Insurance Scheme trading as DisabilityCare Australia (the Agency) is seeking a service provider for the provision of a review of the transition to full scheme.

We would like to invite KPMG to provide a quotation for the services described in Statement of Requirement at Attachment A and the draft contract at Attachment B to this RFQ.

It is anticipated that the services will be required between mid February and end April 2014.

Broadly the requirement of the services is to identify the context and risks for the national rollout of the NDIS, with a particular focus on potential mitigations and required deliverables from the National Disability Insurance Agency (NDIA), the optimal timetable to roll out full scheme and key milestones to meet that timetable.

A more detailed description of the requirement, along with the evaluation criteria to be used for evaluating your quotation, is provided in Attachments A and B. You are invited to comment on the project specification as part of your response.

The Agency reserves the right to:

- (a) vary the process and timetable relating to this process in its absolute discretion;
- (b) vary the terms of the RFQ;
- (c) cease the RFQ process;
- (d) accept or reject any Quotes whether or not they are compliant;
- (e) seek additional information or clarification from Respondents (including their sub-contractors or agents);

- (f) select and negotiate with more than one Respondent; or
- (g) cancel, add to or amend the information, requirement, terms, procedures or processes set out in this RFQ.

Neither the issue of this RFQ by the Agency or any response to it by any party commits, obligates or otherwise creates a legal relationship between the Commonwealth and that party.

The Agency does not guarantee, warrant or otherwise represent that any business, revenue or other benefit or any minimum volume or value of business, revenue or other benefit will be earned or received by the successful respondent(s).

Your response is to be submitted to the following address:

The RFQ will close at 2pm (Canberra Time) 13 February 2014. Responses must be lodged via email to procurement@ndis.gov.au

Yours sincerely,

Margaret Carmody
General Manager Special Projects
NDIA Phone: 02 6146 1733

STATEMENT OF REQUIREMENT

INDEPENDENT REVIEW OF THE TRANSITION TO FULL SCHEME

BACKGROUND

Through Intergovernmental Agreements all States (except WA) have committed to the full roll out of the NDIS from 2016. The roll out schedule commits Governments to implementing the full scheme over two years in NSW and South Australia and three years in other States.

The Agency has provided advice to government that there are considerable risks with the roll out over this time frame. These include:

1. Speed of roll out;
2. that the necessary disability workforce capacity may not be available or not have sufficient time to build a useful capability;
3. that the disability sector will not be ready to meet the full Scheme roll out schedule;
4. implementation and delivery risk with necessary Agency systems, processes and capability in place; and,
5. that the demand for services, ahead of supply, could lead to a significant inflation in costs.

At the end of the three year launch, only 6.5 per cent of the estimated total participants will be in the NDIS. The remaining 93.5 per cent will enter from 2016-17 over a further three year period.

- an additional 118,000 in 2016-17, 178,000 in 2017-18 and 114,000 in 2018-19.

It is also clear that people with disability, their families and carers are in many cases desperate to receive reasonable and necessary support through the NDIS and so the NDIS should be implemented as soon as possible, consistent with a timetable that will maximise sustainability.

Therefore, having regard to the above needs and risks the Board of the Agency is seeking advice on the optimal timetable for transition to full Scheme.

The consultant is to note that jurisdictions are yet to fully agree on specific details and therefore a range of material provided in this review will be subject to confidentiality requirements.

TERMS OF REFERENCE

1. The review is to identify the context and risks for the national rollout of the NDIS, with a particular focus on potential mitigations and required deliverables from the National Disability Insurance Agency (NDIA), the optimal timetable to roll out full scheme and key milestones to meet that timetable.
2. Key contextual issues for consideration by the review include:
 - a. the distinctive nature of the NDIS as a model based on actuarially estimated support need resulting in a doubling of the gross funding of disability support, to be governed within a framework of prudential insurance principles;

- b. the development of a market for disability supports, existing service providers' capacity to adjust to the NDIS and steps to encourage new market entrants;
 - c. estimated support workforce needs and strategies to ensure sufficient supply to mitigate potential risk of labour, provider and other cost inflation caused by the NDIS rollout;
 - d. consumers' ability to operate in a 'control and choice' environment as well as the role and supply of Disability Support Organisations to support consumers;
 - e. NDIS readiness of each jurisdiction and in particular status of concurrent complementary reforms under the National Disability Agreement;
 - f. the upside risks of cost escalation to the Scheme, including the risks of superimposed inflation and excess induced demand; and
 - g. the currently agreed phasing options by jurisdiction.
3. The review is to identify the nature of transition risks and mitigations (using the prudential and ISO frameworks) including:
- a. NDIA resourcing and capacity to manage the scale and complexity of transition including network workforce skills and potential to source these skills from existing disability support capability;
 - i. Including the changing capability demands on the organisation immediately prior to and during 2016 – 17 and 2017 – 18 due to the intense surge in new participants in those two years;
 - b. The potential lack of sufficient understanding of insurance principles and the required framework to monitor and report on scheme outcomes and sustainability within the NDIA;
 - c. the flexibility and scalability of the current delivery model, systems, processes and capability, including the IT system taking into account known potential delivery failures including:
 - I. the process for client transition from current systems to the NDIS including the lack of accessible individualised data on people currently in receipt of Commonwealth or State disability support and timing of data collection;
 - II. the process of determination of eligibility of potential participants and the assessment mechanisms required to facilitate reasonable, equitable and sustainable resource allocation;
 - III. the particular characteristics of the required IT system to facilitate longitudinal and transactional reporting of client support needs, support utilisation and individual outcomes;
 - IV. the complexity caused by "in-kind" support and whether this could operate in full scheme (as allowed for under current agreements with some states);
 - V. any further risks identified as part of the review.
 - d. readiness of participants, families and carers for engaging on control and choice in the context of reasonable and necessary supports;
 - e. risks of cost shifting from other systems and to ensure sustainable informal care remains in situ;
 - f. any opportunities for learning in the current trial phase that have not been highlighted to date and which would assist with a smoother and quicker transition to full Scheme;

- g. risks arising from the current timetable including phasing options to minimise the transition load, noting that the current trial sites are both population and cohort-based and that other intake processes could be considered; and
 - h. ascertaining shareholder government strategic intent, their desires/plans for future involvement in the disability sector once the NDIS reaches full scheme.
4. The report is to document and analyse the above and:
 - a. In relation to risks, these are to be prioritised (using the relevant prudential and ISO frameworks), resources required to mitigate those risks quantified along with identification of the desired timeline for the implementation of that mitigation strategy;
 - b. advise on the overall feasibility of the current rollout timetable given Agency, workforce, provider transition and consumer readiness;
 - c. make recommendations about the optimal timetable and phasing schedule for rollout to full Scheme; and
 - d. identify key milestones and deliverables against which implementation progress can be measured and critical strategies to deliver the recommended approach.
5. The review is to provide the final report to the NDIA Board by 14 April 2014, noting the requirements below regarding engagement at key milestones with Board members.

ACCESS AND ADVICE

The review team will be expected to meet regularly with the Operational Steering Committee comprising the CEO, General Manager Full Scheme Transition, General Manager Special Projects, Scheme Actuary, NDIA CFO and a DSS representative. These committee members will primarily be based in Geelong from April 2014 and meetings will be primarily conducted using videoconferencing where possible.

The review team will also be expected to engage with the Board working group on commencement, and at key milestones to report progress and discuss progressive findings.

In conducting the review, the review team will have access to a designated senior officer of the agency and other senior managers as required, on a day-to-day basis.

Documents that will be made available to the review team include:

- NDIA planning and project material relating to transition to Full Scheme
- NDIA review of core and non core functions and opportunities for more efficient delivery
- Background information on inflation forecasts and funding indexation rates.

EVALUATION CRITERIA

Particular focus will be on the capability and experience of the team to undertake the review, which should include expertise in large scale change management, the disability sector, insurance principles relating to long-term liability systems, market restructuring and growth, market entry strategies and actuarial and macro-economic modelling.

Where organisations do not have all the necessary expertise in-house, it is expected that they will supplement their internal capabilities with external expert input.

Please provide two customer contacts other than in the Agency for similar work in the last 3 years. The evaluation process may involve discussions with these referees.

FEES, EXPENSES AND COSTS

Fees, expenses and costs should be summarized as a total overall all inclusive cost and also broken down into segments of work, such as research, drafting report etc, expected travel expenses and hourly and daily rates for specified personnel. All fees, expenses and costs should be GST inclusive.

Payments will be made in two instalments:

1. 50% upon delivery of the draft report; and
2. 50% upon delivery of the final report.

DRAFT CONTRACT

Draft contract attached.