# A review of the capabilities of the National Disability Insurance Agency

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# Contents

# Introduction

A review of the capabilities of an organisation is a forward-looking review that assesses an agency's ability to meet future objectives and challenges. Such reviews consider how an organisation aligns processes, systems and the expertise of its people to deliver on objectives. Reviews of capabilities focus on strengths and development areas in the context of the anticipated future operating environment.

This review uses the methodology adopted by the Australian Public Service Commission (APSC), which undertakes regular and systemic reviews of Commonwealth agencies. The methodology used by the APSC draws heavily from the United Kingdom Capability Review Programme.

This review focuses on leadership, strategy and delivery capabilities in the National Disability Insurance Agency (the Agency; NDIA). It highlights the Agency's internal management strengths and weaknesses using the model set out in Figure 1. Ratings are assigned to each of the ten elements of the model as part of this report.
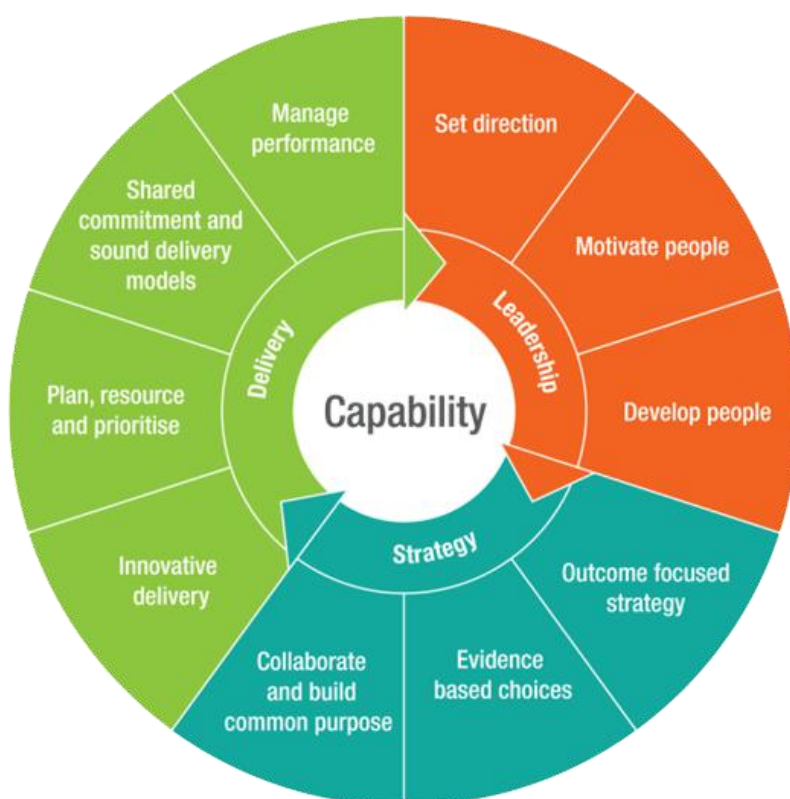


**FIGURE 1: MODEL OF CAPABILITY**

## What is capability?

Organisational capability can be defined as: 'the sum of the expertise of people and the capacity of the organisation to apply this expertise'.

## Scope of the Review

As part of the Review, 46 one-on-one interviews were conducted with the senior leadership, middle management and external stakeholders including relevant ministers' offices, representatives from the disability sector, State officials, Commonwealth officials and Central Agencies. A list of those interviewed is at Attachment A. Five workshops were also conducted in Canberra and Geelong, with a total of 27 Executive Level (EL) and APS level staff participating face-to-face or via the Agency's videoconferencing facilities.

## The Review Team

The Review Team comprised of:

- Mr Jeff Whalan AO (Chair)
- Dr Peter Acton
- Dr Jeff Harmer AO

Further details on each on the Review Team members is at Attachment B. The Review Team was assisted by Ms Helen Hambling, Consultant, and Ms Alexandra Madsen, NDIA.

The Review Team extends its thanks to all of those who made themselves available for interview, particularly as many people gave up their time while on annual leave.

# Executive Summary

## Remarkable start

It has been truly remarkable that the Agency, with the assistance of the Department of Social Services (DSS) Taskforce, was able to commence operating the National Disability Insurance Scheme (NDIS; Scheme) on 1 July 2013 in trial sites located in Barwon, the Hunter, Tasmania and South Australia (SA).

It is easy now to forget how great was the achievement of successfully opening the doors on 1 July 2013. Many people considered that the task was impossible.

The Scheme has a very high level of support from the Australian public. There is recognition that this is a long overdue reform, that it is a huge task and that it should be done well. In the eyes of the public, the Scheme is going well. Although expectations are high, the media has been very responsive to the idea of the Scheme and there has been little negative coverage.

The Agency has achieved these successes against the odds. Implementation of the Scheme was brought forward by one year from the already demanding timetable proposed by the Productivity Commission. Furthermore, a decision was made in June 2013, one month before launch, to shift the headquarters (the National Office) of the Agency to Geelong. This has made recruitment and retention a particular challenge.

Bipartisan support in the lead up to the 2013 Federal Election, the ongoing support of States and Territories, and the continued support of the current Federal Government have been critical to the successful launch of the Scheme.

## All effort on getting to the launch, but at a cost

The bringing forward of the commencement date, together with the results of compromises to the proposed design of the Scheme in response to stakeholder concerns, has caused a large number of significant problems:

- the ICT system put in place was the best available at very short notice but is not fit for purpose
- the Board was not established until 1 July 2013. The Board is composed of nominees from State and Territory jurisdictions and while the members are high quality individuals, the selection process is not optimal for achieving the best mix of skill
- the Board did not select the Chief Executive Officer (CEO) and the CEO did not select his temporary Senior Executive staff
- most staff in the Agency's National Office are temporary, pending permanent recruitment to positions in Geelong

- the data available from States is poorer than it would have been had there been time to cleanse it before commencement. As a result a lot of time has been spent trying to get clarity over which people are current customers of State services
- the capability of the Agency is weaker than it otherwise would have been and the systems and processes to help ensure consistency of approach are less developed, and
- lack of clear guidance for staff on the way the Scheme operates, including eligibility and reasonable and necessary support.

The biggest impact of the decision to bring forward the start date is that all effort was on getting to the trial phase and insufficient effort was devoted to preparation for the next phases of the rollout for the Scheme. As a result, there are some challenges emerging. Many of these challenges are to be expected at this point in the Scheme. They can be managed successfully, but will require major effort by the Leadership Team.

## The next stage of the rollout is fast approaching

The work programme going forward is demanding and complex. On 1 July 2014, the Scheme will launch trial sites in Western Australia (WA), the Northern Territory (NT), and in the Australian Capital Territory (ACT). Also, on 1 July 2014, the National Office relocates from Canberra to Geelong.

## The biggest challenge of all is over the horizon

The purpose of the early years of the Scheme is to trial, to change, to learn and to build the systems, processes and capability of the Agency to be able to scale up quickly. Figure 2 shows that 93 per cent of eligible participants will enter the Scheme during the four year period from 2016-17 to 2019-20.

In the course of the interviews, a number of people raised concerns about the ambition of the project, and some questioned whether the current timetable for full scheme roll out is achieveable. Further, questions have been raised about the appropriateness of the current business model, including whether third parties could better deliver some parts of the Agency's work. These are critical issues, but need to be informed by the evidence and data collected and analysed from the experience of the first years of the Scheme.

It is vital that the Agency has the capability to manage the operations of the trials, and to collect the necessary evidence, to be in a position to advise governments on these matters. Beyond that, these broader questions are beyond the scope of this Review. However, if substantial changes are made to the business model in the future, it is likely to be necessary to revisit the required capabilities.

There are also major pieces of work to be done on service provider development, workforce availability, housing, mental health, market regulation and design. This will be particularly important as whole jurisdictions become covered by the Scheme, beginning with the ACT.
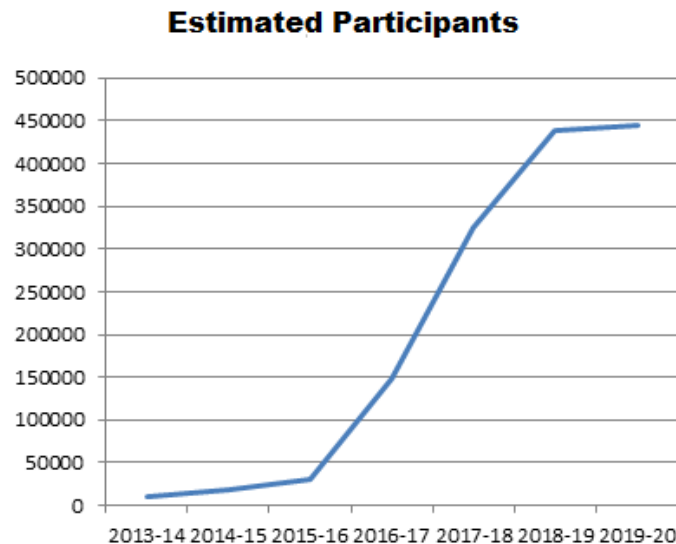
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**Estimated Participants**

**FIGURE 2: ESTIMATED PARTICIPANTS**

## Reviews

Meanwhile, the Board is settling, there is a new Federal Government, the role of the DSS Taskforce is diminishing, the Agency leadership is changing and early data and communication problems are putting a strain on trust and relationships.

As a result, a number of reviews have been initiated to provide independent advice on the performance of the Agency. A thorough analysis of Agency performance and capability is desirable, but reviews, in themselves, can become a drag on capability development and will distract the Leadership Team. A list of current and forecast reviews is at Attachment C.

## 'Building the plane while flying'

The Agency is like a plane that took off before it had been fully built and is being completed while it is in the air. This is not uncommon for new government programs. What is less usual is that the Agency itself is a start-up and has less scale and capability to do the in-air build and redesign as well as to prepare for the next phases.

## Capability will drop before it increases

In addition to having to 'build the plane while in flight', the majority of the staff in the National Office in Canberra will not go to Geelong and over the next five months most of the senior management in the Agency will change. Also, the current scheduling of recruitment combined with the loss of temporary staff seeking permanent opportunities elsewhere means that many new recruits will not arrive until after the current occupants have left. As a result, there will be a drop in capability over the next six months. This is unavoidable, but can be mitigated with appropriate recruitment, retention and knowledge transfer measures.

When the Agency's National Office is established in Geelong there are likely to be advantages over locating in Canberra, including access to more appropriate skills. The location of the central offices of the Victorian Government's Transport Accident Commission and WorkCover will help create a market for skills appropriate to insurance schemes.

## Observations

### Strengths

The staff of the Agency have high levels of intrinsic motivation. They care deeply about their role and are very hard working. They are resilient, flexible, cooperative and have a diverse skill base. They were recruited at a time when the focus of the Agency was on ensuring that the initial launches went well and there was a heightened concern about acceptance by participants. As a result, the balance of their skills is weighted more to strengths in relationships, empathy, knowledge of the sector and a willingness to help people.

The vast majority of Commonwealth and State and Territory stakeholders consider the CEO, David Bowen, to be performing very highly. Stakeholders noted that while they often had difficulties dealing with the Agency, once they were able to speak to the CEO, these difficulties were resolved.

The staff at the front line are committed to a learning approach to the work and are able to fill the micro-policy and practice gaps that emerge.

The legal, governance and property areas of National Office are strong. The operational areas of National Office have done a remarkable job, but have driven implementation with some cost to relationships within the Agency and externally.

### Weaknesses

Given the external pressures, not surprisingly, the Agency has devoted almost all its effort on commencement of the Scheme, and is now focused on meeting the targets that have been set around plan completion for this financial year. This has been at the cost of planning for the next phases of the Scheme and building capability to make the next phases more achievable.  It has also been at the cost of National Office and future planning.

The interim ICT system enabled the Scheme to start operating but is not fit for purpose and is inhibiting the development of a sound insurance prudential model. While longer-term solutions are developed, there will need to be short-term investment in improving the current system.

National Office is particularly weak in the corporate area—including in finance, human resources (HR), project management, risk management, internal communication and external communications. We touch in more detail upon HR and internal communications below because of their importance to the success of everything else.

## HR capability

The lack of HR capability and decisive, delegated decision-making has had a major impact on the capability of the whole Agency. The head of HR is an acting EL2 who is temporarily appointed to a job in Geelong. He leads a team of six staff in Canberra; only one of whom is going to Geelong. While they are supported by a contract with DSS to provide a lot of the infrastructure required, the Agency has the bulk of the work to do on selecting staff, induction, training, and creating an Agency culture.

Senior Executive recruitment has been slow. Positions were advertised in August and were caught in the freeze imposed across the public service. This could have been predicted and key jobs brought to conclusion before the freeze. Many senior positions are still months away from being finalised. As a result, temporary Canberra based staff are being extended, and then extended again, and they are spending more of their time seeking permanent jobs elsewhere in a difficult market.

The process to engage non-SES staff for the ACT, NT and WA trial sites had not been initiated (or put to the APSC for agreement) as this report is being drafted. Our estimate is that these jobs will take four months to fill.

Similarly, the interviews for the senior HR, finance, communications and project management positions have not yet been finalised, or, in some cases commenced. Once again, these positions were advertised in August. HR is a critical long-term function in the Agency, because as the Scheme grows, the need for staff will also increase exponentially. A graph of the required staffing levels is at Figure 3.



**FIGURE 3: ESTIMATED STAFFING LEVELS**

## Internal communications

The lack of clear and consistent internal communication is having an ongoing impact on Agency capability. The CEO does send out some all staff emails and there is an intranet site which contains a broad range of information. However, internal communications is poor and it is not clear who is responsible for taking action on the issues identified in a recent internal report which considered internal communication processes.

There is no organisation chart which is available to staff. Staff are not clear on who is responsible for what. While those staff with strong internal networks and knowledge readily find their way through, the absence of an accessible organisation chart reflects an organisation that is finding it difficult to move from start-up to a higher level of maturity.

It appears that the proposed structure of the organisation has been under consideration in conjunction with the selection of the senior management team. However the vacuum created by its absence has been destabilising for staff.

Also needed is information on accountabilities and internal governance mechanisms. If these were in place there would be greater clarity, certainty, and less wasted effort. There are some governance committees that have been established, but most do not meet regularly or make the results of their decisions available. Good governance requires that the committees meet, that minutes and decisions are recorded and made available, that there is follow-up to ensure that the action is completed, and that staff know that this has occurred.

There are some senior staff who do know a lot about progress on key achievements and priorities. For many junior staff members, what they know depends too much upon their networks and who they work for, rather than through structured internal communication.

## Relationships

As noted above, relationships are under pressure. While there is a lot of goodwill from most stakeholders, issues to do with data quality and communication mean that there is more work to do with the Board and with the Minister.

The stakeholders interviewed as part of this review had different perspectives about what success should look like. These differences make the task of the Agency more challenging. Where there was common ground, was the interest of all stakeholders in the long-term sustainability of the Scheme. This needs to remain an ongoing focus of the Agency to hold the broad range of stakeholders together.

The Taskforce provided a lot of support to managing external relationships, particularly with Central Agencies and with States and Territories. As the role of the Taskforce diminishes, the Agency must take on greater responsibility for these relationships. However the Agency is not currently represented at some of the key meetings with States and Territories

concerning the future design and rollout of the Scheme. The Agency, which has the best knowledge about what is practical, should be represented at these meetings to avoid repeating some of the mistakes of the first bilateral agreements. Decisions on the future design and scheduling made in isolation from the Agency will impact on its future capability to deliver.

The Board and the NDIS Independent Advisory Council provide well developed links to the disability community and to service providers. These relationships have to be complemented with strong strategic communications from the Agency. This is currently an area of weakness.

There will also be a major ongoing role building strong relationships with State and Territory governments.

Too much of this work is falling on the CEO and selected Board members. To enable the workload to be managed in the most effective way, the senior recruitment needs to be finalised, the internal communication needs to improve and systems and processes around data quality need to be bedded down.

## Role clarity and approach

Changes are already being implemented to give planners at the front line greater clarity about what is 'reasonable and necessary' support as set out in the NDIS legislation. This shift in approach is an example of the Agency and their staff learning from experience. However, a continuing potential conflict has been identified between the extent to which the planners' jobs are to be stewards of sustainability and the extent to which they are to be an advocate or an enabler for the person with disability. This should be an area of continued focus to ensure staff have the guidance and tools necessary to balance this role.

A further difficulty is one of the design flaws in the interim ICT system. There is no link between assessment and resource allocation.

As key parameters of the Scheme, the boundaries of 'reasonable and necessary' require clear articulation for participants and the community to ensure that expectations are aligned. This may take some time to get right, and the Agency needs the capability to manage this sensitive calibration with the support of its stakeholders.

There may be value in the Agency considering trialling some separation of these functions, for example by splitting the planning and assessor role.

# Critical Concepts

The Agency has three broad tasks before it to:

- RUN the organisation and to deliver on short term priorities
- PLAN and BUILD to be able to achieve future priorities, and
- LEARN and apply that learning to ensure the future sustainability of the Scheme.

Too much of the current effort of the Agency is on the short-term priorities and more attention needs to be given to PLAN and BUILD and to LEARN.

## Plan and build

Under the draft organisation structure for the Agency, one of the five General Managers will have responsibility for the planning and preparation for full scheme rollout (PLAN and BUILD). This is essential as resources need to be quarantined from the work on the here-and-now (RUN) to ensure that the Agency is prepared for the future stages of rollout.

In order to meet short term targets there will be pressure on diverting resources from PLAN and BUILD. The danger of devoting all effort to immediate priorities (RUN) is that the planning and preparation for future priorities (PLAN and BUILD) will not be done and a later, much larger failure, will result. As noted above, resources for the Plan and Build tasks need to be quarantined and dedicated to this work. This is important early planning task for the new Leadership Team.

## Learn

The future sustainability of the Scheme is dependent upon the ability of the Agency to learn and to apply that learning. The Agency will need to devote substantial resources to actuarial capability underpinned by research. The Scheme Actuary was recently appointed by the Board, has long experience with the development of the Scheme, and is currently supported by some contracted staff. However there have been delays in finalising her substantive team. The Actuarial Unit needs to be resourced and positioned within the Agency to monitor the critical relationship between support need and resource allocation; and the consistency of the assessment processes. The Actuarial Unit must have substantive input into ICT decisions to ensure the development of an effective prudential governance cycle.

# Recommendations

## Some early wins

It is recommended that the following actions receive priority (in no particular order):

- Action 1: Get the senior management on board
  - finalise the appointment of the SES and project manage their arrival, and
  - appoint a Deputy CEO or a nominated General Manager who stands in when the CEO is unavailable and who can help ensure National Office gets up and running.

- Action 2: Build the new Leadership Team
  - work with them to finalise the Strategic Plan and organisational structure
  - build 'united leadership' amongst the Leadership Team, and
  - build an appropriate culture for the organisation.

- Action 3: Finalise recruitment for National Office and trial sites
  - make the Deputy CEO responsible
  - project manage to ensure oversight, and
  - dedicate staff to the panels who can select well and do not sacrifice quality of those selected for speed in filling.

- Action 4: Plan for continuity and knowledge transfer
  - extend all National Office staff who are required, to after the date that permanent staff are expected to arrive so that knowledge transfer can occur.

- Action 5: Get clarity over who is responsible for what
  - publish the organisation chart
  - make it clear who is responsible for what, and
  - ensure that the governance committees meet and make their decisions available.

- Action 6: Develop clear internal decision-making processes
  - the CEO / Deputy CEO should chair regular meetings
  - formal papers should be considered, and
  - all relevant SES stakeholders consulted before decisions are made.

- Action 7: Improve internal communication
  - give someone accountability
  - make it clear that all SES are to cascade important messages to their staff
  - update to staff at least once a fortnight, and
  - Barwon have adopted a process of summarising each day what is new and what documents each category of staff should read. Adopt this nationally.

- Action 8: Performance expectations
  - CEO to finalise his performance agreement with the Board within a month and to incorporate actions to be taken in response to key elements of this report
  - performance agreements of all SES to be in place within two months (or a month after their arrival, whichever is the latter), and
  - ensure performance agreements clearly articulate roles and responsibilities.

- Action 9: Improve HR capability
  - establish an SES position for HR and an HR position in major trial sites, and
  - buy in assistance to bridge the capability gap.

- Action 10: Bridge the capability gap
  - identify systems and staffing gaps in critical areas of National Office as a result of the move to Geelong and recruitment lags
  - buy in temporary assistance in these areas
  - maintain onsite systems assistance in trial sites (referred to as Enable IT) as this will make the existing planners more productive, and
  - discuss with DHS their ability to help bridge the capability gap—property, systems, and the potential transfer of CRS staff in trial sites.

- Action 11: Do not reinvent the wheel
  - identify two agencies which provide good practice in terms of different areas of corporate policies and procedures. Get the agreement of their Chief Executive/Secretary to be able to use and rebadge their standard procedures.

- Action 12: Advice to the Minister
  - the Chair and the CEO should advise the Minister on what they believe is achievable and where they recommend that changes should be made to the forward schedule to ensure the sustainability of the Scheme.

- Action 13: Project management
  - develop in-house project management expertise
  - the Agency to propose to the Board, in the context of strategic directions and available resources, what the priorities should be and how resources should be allocated, and
  - where resources are unlikely to meet project needs, this advice should be provided to the Board.

- Action 14: The Agency should advise staff about the outcome of this Report and the actions that are being taken in response.

There is a danger that haste will undermine quality. The most important thing for the Agency is to build trust with the community, stakeholders, the Board and the Minister. This is best done if they are able to complete plans with care, to collect the data they need to inform the approach being taken, and to be consistent in their messaging and approach.

## Conclusion

This has been a very opportune time to look at the capability of the Agency. The Agency has been given a challenging role, with a very, very difficult timetable.

Given this background and that the Agency is a start-up organisation, it is to be expected, at this point, that the NDIA would not have high levels of capability.

The decision to bring forward the commencement date by a year and to move the National Office to Geelong without any change to the forward timetable increased the risks to the Agency by putting it into operation before it could fully prepare and by diverting resources to manage the move to a regional site.

Going forward, one of the greatest external risks for the Scheme is that it will not be given the time to consolidate and establish the systems and processes that will allow it to gain the maximum benefit from these first trial years. Pressure to move faster may compromise the ability of the Agency to learn and to collect the evidence needed to inform a successful and sustainable rollout across the whole country.  With so much at stake, this early investment is a critical priority. The focus should be on quality not time.

The current plan is to complete 93 per cent of the eligibility assessments and activate almost 300,000 participants over a three year period commencing 2017-18. This mammoth increase in activity will put huge pressures on the available workforce in the sector, let alone the Agency. A realistic reassessment of these plans should be done sooner rather than later.

## Next steps

The CEO should provide the Board with a response to this Report. The response should contain an action plan, including a timetable to address the 'early wins' outlined above. This action plan should then become part of the CEO's performance agreement.

# Ratings

In accordance with the APSC capability framework, the Review Team has assessed the Agency against the leadership–strategy–delivery structure of the capability review model (see Figure 6). Assessments were made according to the assessment criteria set out in Figure 7 of this report (see Attachment D).

## Leadership

| Capability | Assessment rating | Rating image |
|---|---|---|
| Set direction | Development Area | D |
| Motivate people | Well placed | W |
| Develop people | Serious concerns | C |

**FIGURE 4: LEADERSHIP**

## Strategy

| Capability | Assessment rating | Rating image |
|---|---|---|
| Outcome-focused strategy | Development area | D |
| Evidence-based choices | Serious concerns | C |
| Collaborate and build common purpose | Development area | D |

**FIGURE 5: STRATEGY**

## Delivery

| Capability | Assessment rating | Rating image |
|---|---|---|
| Innovative delivery | Development area | D |
| Plan, resource and prioritise | Development area | D |
| Shared commitment and sound delivery models | Development area | D |
| Manage performance | Serious concerns | C |

**FIGURE 6: DELIVERY**

# Background

The Agency was informally established in July 2012 as an extension of the DSS Taskforce. The Agency was not legally established until 1 July 2013, when the relevant provisions of the *National Disability Insurance Scheme Act 2013* (NDIS Act) commenced.

The concept of the NDIS was placed on the national agenda at the 2020 Summit in 2008. In February 2010, the previous Government referred the feasibility of establishing such a scheme to the Productivity Commission, which presented its final report on 31 July 2011.

In its report, the Productivity Commission recommended that the NDIS be established to provide reasonable and necessary care and support to individuals with a significant disability. The Commission recommended that the scheme commence on 1 July 2014, providing full services in 'a few regions' of around 10,000 clients per region. This testing phase was to provide further confidence in the estimates, particularly in light of the very poor disability data previously available. The scheme would then be progressively rolled out across Australia from 2015 to 2019.

## New timeframe and key milestones

In response to the Productivity Commission report, the previous Government confirmed in August 2011 that it would establish the NDIS, and in December 2011 announced that the Scheme would commence on 1 July 2013—shaving off a full year of preparation time. Key milestones during the development of the NDIS include:

| | |
|---|---|
| July-12 | Productivity Commission releases report, recommends commencement of NDIS 1 July 2014 |
| Aug-12 | Previous Government announces plan to establish NDIS |
| Dec-12 | Previous Government announces plan to commence NDIS on 1 July 2013 |
| Apr-12 | NDIS Taskforce commences |
| Jul-12 | Agency informally established, interim CEO appointed |
| Nov-12 | NDIS legislation introduced into the Commonwealth Parliament |
| Dec-12 | Intergovernmental agreement, along with bilateral agreements for launch signed with NSW, Victoria, South Australia, Tasmania and ACT |
| Mar-13 | NDIS Act passes both houses of Parliament |
| Apr-13 | - Northern Territory commits to launching NDIS in Tennant Creek / Barkly Region from July 2014<br><br>- Heads of agreement for full launch signed with SA and ACT |
| May-13 | - *Medicare Levy Amendment (DisabilityCare Australia) Act 2013* passes both houses of Parliament |

| | |
|---|---|
| | - Heads of agreement for full launch signed with NSW, Victoria and Tasmania |
| Jun-13 | - the previous Government announces that the National Office of the Agency will be based in Geelong |
| | - members of the Board and Independent Advisory Council announced, to commence on 1 July 2013 |
| | - national campaign with series of TV and radio advertisements |
| | - NDIS Rules tabled in Parliament |
| Jul-13 | - NDIS commences |
| | - Board appointments take effect |
| | - Agency commences as independent legal entity |

Despite the truncated preparation period, the Agency successfully opened its doors on 1 July 2013, and was ready to enable funded supports for eligible NDIS participants in the trial sites. The Agency has continued to intake participants during its first six months of operation, albeit at a slower rate envisaged by the bilateral agreements, and at a higher average cost than estimated. There are a number of explanations for these early results including poor data quality, but it is beyond the scope of this Review to consider intake rates and cost estimates.

With all focus on commencement on 1 July 2013, a number of significant preparatory milestones were not achieved before the Scheme commenced. These include:

- **The Board**: the Productivity Commission recommended that the Board be appointed a full year before the NDIS commenced. This would enable them to have significant input into the Scheme design and appoint their own CEO. Instead, the composition of the Board was announced twelve days before the Scheme commenced.

  The Productivity Commission also recommended that the Board be selected on the basis of skill. The Board is composed of nominees from State and Territory jurisdictions and while the members are high quality individuals, the process used for selection compromises achieving the best mix of skill.

- **Developing and Testing:** the assessment tools, and NDIS Rules, were not finalised until June 2013. The Agency's operations guidelines are still not finalised because they are requiring constant adjustment to respond to early lessons.

- **Development of an ICT system:** the Commission recommended that ICT infrastructure be purchased in July 2014, once the key elements of the Scheme were designed and implemented. Instead, the ICT system was built prior to finalisation of the NDIS legislation and decisions regarding what constitutes reasonable and necessary support. It was also built before work was undertaken by the Scheme

Actuary to determine the data that needed to be collected to assess the long-term sustainability of the Scheme.

- **Internal systems:** at commencement, the Agency did not have any of its own internal HR, finance and other systems. It entered into a MoU with DSS who continue to provide services to the Agency on a fee for service basis.

- **Recruitment of staff and transition to Geelong:** recruitment for Agency staff in the trial sites commenced on September 2012, with sufficient numbers of staff in place for commencement. However, the requirement to move to Geelong was announced less than a month before the NDIS commenced. Consequently, the Agency's National Office has been operating out of Canberra, with temporary staff until it transitions to Geelong in the first half of 2014.

- **Sector capacity building and workforce strategy:** The Productivity Commission highlighted the need to ensure the capacity of the sector to adapt to the NDIS was prioritised as their business models would need to transform for a competitive market. In addition, the Productivity Commission recommended the development of a workforce strategy to plan for a dramatic increase in workers required to deliver services under the NDIS. These plans were to be developed from June 2013 to July 2014. While these matters are being addressed, the focus on operations and a lack of permanent National Office staff has hindered the capacity of the Agency to genuinely prioritise these tasks. It has recently outsourced the scoping of a workforce strategy.

The inability to undertake this preparatory work has become a major pressure point for the Agency as it attempts to build its capability.

## Critical milestones up to 1 July 2014

- Relocate the National Office to Geelong
- Open the doors of new trial sites in WA, the ACT and the NT, including recruiting staff in each location
- Significantly expand the trial sites in New South Wales (NSW), SA and Victoria
- Ensure sufficient staff are recruited for trial sites and National Office
- Prepare a second pass business case for the ICT system
- Consider outsourcing options for suitable parts of the business

## Critical milestones for 2014-15

- Assess and intake a further 10,000 eligible participants in new and existing trial sites
- Employ approximately 350 new staff

- Prepare for a further intake of 10,000 eligible participants and 300 new staff during 2015-16
- Enter into funding agreements for the Sector Development Fund in line with Board priorities
- Continue to scale for full scheme

A key priority for 2014-15 must be on readying the Agency to scale up for full scheme roll out. This includes planning for the expansion of operational activities and the development of sound policies that will ensure the NDIS is sustainable (workforce planning, sector development, market regulation etc).

# Summary of capability against framework

This section provides an assessment framed by the leadership–strategy–delivery structure of the capability review framework. A more detailed assessment, including ratings against the elements of capability is in the next section of the report.

## Leadership

### Set direction

- The current Leadership Team has done a remarkable job at overcoming resistance to implement changes, but this has not been done in a sustainable way.
- The current Leadership Team is not currently working in a culture of teamwork. A new Leadership Team has been recruited and this provides an opportunity to build united leadership. Building a united Leadership Team is a priority for action.
- Internal communication is inconsistent and underdeveloped. Significantly improving internal communications is a priority for action.
- Lack of clear documented internal decision-making processes has resulted in poor consultation and ambiguous decisions.
- The leadership is committed to continuous improvement, but they now need to focus on the systems and processes to enable this to become systemic.

### Motivate people

- The staff have a high level of intrinsic motivation.
- The culture of the Agency is still developing. There are plenty of good building blocks but the real work in this area has not started.
- With the exception of the CEO, the permanent Senior Executive team has yet to take up their roles. The CEO needs to do less himself to provide the time to be visible and outward looking.
- The Agency has operated with a 'crisis management' approach to achieving results and this now needs to transition to an approach which builds capability rather than relying on the efforts of key individuals.

### Develop people

- The early focus in the Agency has been on technical training. Attention has not yet been paid to developing people to grow into bigger jobs.
- Performance management systems are embryonic and inconsistent in their application.
- The people area is under-resourced, has temporary staff and will require more senior leadership.

- Recruitment is poorly organised and delays now threaten Agency performance because of problems with turnover, continuity and knowledge transfer. This is a priority for action.
- Ten per cent of Agency staff identify as having a disability.

## Strategy

### Outcome focussed strategy

- Greater clarity in roles and accountabilities is essential to enable all parts of the organisation to operate efficiently.
- Some important parts of the organisational infrastructure that are needed to mobilise the organisation are underdeveloped or missing.
- A diverse range of views is evident about the insurance principles that underpin the Scheme, and how these are incorporated into the way the Agency runs.
- The Agency needs strategies to ensure priority is given to gathering the data and experience to refine the assumptions in the actuarial model.

### Evidence-based choices

- A high priority for the Agency is to lift the capacity of the ICT system to collect the data needed for the Actuary to ensure that the Scheme is sustainable.
- Because of the long lead times in developing new ICT systems, there will need to be short-term investment in improving the current system.
- Orderly and transparent processes are needed for identifying and analysing emerging issues, proposing options, seeking input from staff, participants, external experts and stakeholders, and then communicating the changes.
- More systematic ways of documenting and promulgating what's working will strengthen the evidence base.
- Strong feedback loops from participants and other stakeholders, such as service providers, are essential to develop best practice.

### Collaborate and build common purpose

- The Agency needs to invest substantially in building and maintaining trust to underpin the complex statutory governance relationships.
- Ambiguities in the respective roles of the Agency and DSS in areas such as briefing Commonwealth Ministers should be clarified.
- There needs to be a greater effort to engage the broader community in the story of establishing and developing the NDIS.

## Delivery

### Innovative delivery

- The staff of the Agency is actively innovating.
- They are exchanging information between staff about what is working well.
- The systems to support the management of this innovation and the evaluation of what works are interim—it was always known that they would need to be rebuilt.
- Effective innovation and the sustainability of the Scheme is dependent upon good data and good ICT systems which have been well designed and built.
- The Agency is 'building the plane while in flight'.

### Plan, resource and prioritise

- The Agency has done a remarkable job in delivering to date but at the cost of planning for future priorities.
- Business planning processes are immature.
- The finance team needs to have permanent staff appointed and stronger governance processes to underpin their work.
- There are strong program management skills in some teams, but the capability of the Agency needs to be strengthened.
- It is unclear whether National Office resources match expectations of output, this should be considered by the CEO, and the Board provided with advice.
- The Agency needs to be careful that 'haste' does not undermine 'quality' and the ultimate financial sustainability of the Scheme.

### Shared commitment and sound delivery models

- The Agency started with a lot of goodwill but ongoing communication and outreach is needed to maintain this goodwill.
- Community expectations about the scope of the Scheme need to be managed.
- There are issues around the job design of frontline roles.
- Continued focus is necessary on refining what constitutes 'reasonable and necessary' supports in practice.

### Manage performance

- Actuarial capability is critical to the sustainability of the Scheme. A strong team is being built, but is not yet in place.
- The early days of the Scheme will require tough and rigorous oversight.
- Performance targets have been set in trial sites but a performance management system is still being established.

- Agency performance requires greater clarity over roles, accountabilities, expectations and governance.
- Resources need to be quarantined from short term priorities for strategic work.

# Detailed assessment of agency capability

This section provides further detail on the Review Team's assessment of the Agency's capability, including ratings according to the assessment criteria set out in Figure 7 in Attachment D and the guidance questions set out in Attachment E.

## Leadership

### Set direction

*Rating*

Development area

By necessity, the Leadership Team operated as a flexible, highly responsive and loosely structured group during the early days of the Agency. It was only by taking this approach that a small team of experienced operators were able to achieve so much in such a short period. This type of structure and approach is useful in times of crisis. A different approach is required to organise and sustainably operate the day to day business of an organisation, and to be able to create a consistent approach as the organisation grows. The challenge for the Leadership Team is to make this transition.

The initial staff of National Office have been temporary awaiting the permanent appointment of staff who will largely be based in Geelong. The recruitment of the permanent staff of the Agency has been affected by the broader 'freeze' of APS recruitment. In addition this work has not been given sufficient priority and it is now essential that it be given a very high priority.

The General Managers (SES 2) have been selected and will commence shortly. Four of the five General Managers are new to the Agency, and this will provide the opportunity to build united leadership at the top of the Agency. United leadership takes concerted action, often with external support, to build a team that works well and is greater than the sum of the parts.

In the absence of the permanent Leadership Team and in the scramble for commencement, many of the organisational underpinnings expected in a high functioning organisation have yet to be bedded down.

There is a draft Strategic Plan which contains a Vision, Mission and Goals. This information is supplemented by information provided by the CEO during his visits to workplaces and in his emails to all staff. The staff have a high level of intrinsic motivation. They care deeply about the NDIS and will do everything in their power to make it work. A finalised Strategic Plan

would help provide certainty in communicating a clear, compelling and coherent vision, mission and strategy.

Even more importantly, internal communication needs to be substantially improved. An internal report prepared in early December recommended a range of actions to consider. Responsibility for internal communication needs to be allocated and a disciplined approach introduced to ensure consistent communication to staff.

Clear internal decision-making processes need to be implemented, and decisions need to be documented so that they are agreed and can be confidently acted on by staff within the Agency.

## Motivate people

### *Rating*

 Well placed

As with any new Agency, the culture is embryonic. It differs from team to team and site to site. As mentioned above, the staff are highly committed, and under the CEO's leadership are energetic, enthusiastic and proud. The hard work has only just started, and the Agency needs to develop a culture which will sustain the enthusiasm of staff over the long term.

There is a lack of united leadership at the General Manager level and the CEO is attempting to do too much himself. As a result the CEO is not as visible as he should be because he is pulled in too many directions and is doing work that ought be done by his subordinates.

The Senior Executive are hardworking and have proved themselves able to drive hard and achieve remarkable results. At times the drive for completion has been at the cost of relationships and effective planning and communication. Too much of this achievement continues to be based on the heroic efforts of individuals operating bilaterally with the CEO rather than as a result of the normal operations of the whole Agency.

The task now, as the new Senior Executive arrive, is to move from a reactive, individual approach to achieving results to an approach which utilises the combined efforts of the whole Agency. Expressed differently, the task now is to move from a 'crisis management' approach to leading to a more orderly approach which will build the capability of the Agency.

## Develop people

*Rating*

**C** Serious concerns

The current capability in the HR area is low. Reasons for this include that the permanent staff have not been appointed, there is turnover of the existing temporary staff, there is insufficient Senior Executive attention paid to this work and the area is currently led by an acting EL2 who is based in Geelong while his temporary staff are based in Canberra. The acting EL2 is doing a good job in very difficult circumstances. The staffing for this team needs to be settled and the area should be led by an SES officer as the selection, induction, training and development of staff and the culture of the organisation will be underpinned by the work of this area.

Performance management systems are embryonic and inconsistently applied. As the Executive staff arrive in their permanent positions, they should establish a performance agreement which cascades from the CEO's agreement (which has yet to be finalised). Many of the new staff in the trial sites have come from organisations that do not have a performance culture. They are in supervisory positions but do not know how to adequately supervise.

Much of this is not unexpected in a start-up where the commencement date was brought forward and where by necessity, the work is being done in parallel streams rather than sequentially. However, there is insufficient orderly action being taken to put in the foundations for progressive improvement.

Recruitment has not been done well. Delays have been extended by the decisions of Government and exacerbated by internal decisions and lack of good oversight. The recruitment, which started in August needs to be brought to conclusion. Resources need to be dedicated to panels, communication with remaining applicants and the finalisation of these processes. There is a significant risk over the next five months of increased turnover of temporary staff in National Office, gaps in continuity, and the loss of significant knowledge if not effectively handed over. This needs to be actively managed.

The organisation carries a high level of 'key person' risk. A few individuals carry much of the knowledge and some of these people are not continuing with the Agency. Over the next five months, as the National office moves to Geelong and most of the current National Office staff leave the orderly handover of responsibilities and effective knowledge transfer are major risks to be managed. This is a priority area for action.

Other capabilities which will need to be built in the medium term include approaches to identifying and nurturing talent, a succession planning capability (to try and reduce 'key person' risk going forward) and the ability to fill key capability gaps through people

management initiatives. Once again this work is dependent upon the capacity of the new Senior Executive and the quality of support from the people area once it is settled.

The Agency has recruited one in ten staff who identify as having a disability.

# Strategy

## Outcome focused strategy

### *Rating*

 Development area

After six months of operation, the Agency is still establishing its way of doing things. The heroic effort to open the doors and start operating within almost impossible timeframes seems to have embedded a way of working that is 'all hands to the pump'. This gets quick results and probably contributed to the Agency's early success, but is not scalable or appropriate for a large delivery organisation. Greater clarity in roles and accountabilities is essential to enable all parts of the growing organisation to operate efficiently.

The reduction in preparation time has meant that some of the necessary organisational development work has had to be done concurrently with running the Scheme. Important parts of the organisational infrastructure needed to mobilise the organisation are underdeveloped or missing. The corporate areas are particularly weak and this has exacerbated problems with attracting and retaining the right people, and putting in place the systems and strategies that are critical to support the Agency's work.

At the time of writing, the Agency's Strategic Plan was out for public comment. The three goals of the plan are:

- people with disability are in control and have choices, based on the United Nations Convention on the Rights of Persons with Disabilities
- the Scheme is financially sustainable and is governed using insurance principles, and
- the community has ownership, confidence and pride in the Scheme and the Agency.

Agency staff appear to have a good general understanding of most of these goals. However, a diverse range of views is evident about the insurance principles that underpin the Scheme, and how these are incorporated into the way the Agency runs. It should be noted that this is also an issue amongst stakeholders and the wider community.

The Actuarial Unit has been slow to establish and it does not seem to have good visibility throughout the Agency. Its central role is not well understood throughout the Agency and its work is also hampered by the shortcomings of the ICT system.

The Agency is not only a start-up organisation facing all the usual challenges; it is also tasked with implementing a very new approach to supporting people with disability. There are still many unknowns. Comprehensive data about the client group and their needs was not available prior to the commencement of the Scheme. Consequently an important objective of the first two years of the Scheme is to gather the data and experience to refine the assumptions in the actuarial model to ensure the successful rollout of the full Scheme. This can clash with other objectives such as meeting intake targets.

The first two years of the Scheme are clearly identified by the previous and current Governments as an opportunity to learn and to trial approaches. This means that the strategic focus of Agency operations in these first years is likely to be very different from that in the longer term. It is to be expected that in its early years the Agency would commit a much higher proportion of its resources to learning about its business than in later years.

Some tensions are emerging about the early strategic and operational focus of the Agency. More clarity about the objectives of the trial stage of the Scheme would help decision-making about allocation of resources, but would also assist stakeholders to understand the necessary trade-offs.

## Evidence-based choices

### Rating

 Serious concerns

The greatest challenge for the Agency in building an evidence-based culture is the shortcomings of the ICT system. Because of the shortened lead-time and redirection of some of the funds earmarked for the development of the ICT system, a compromise system was provided by DSS. The system enabled the Agency to begin operating, but it is not fit for purpose. This is limiting both the effectiveness of the Actuarial Unit and the flexibility of the Agency to respond to the experience of the planning staff.

The Actuarial Unit requires granular and longitudinal data for its reports to the Board and other stakeholders. This is not available from the current system and is seriously limiting the development of the prudential management of the Scheme. When available, this data should be a key source for the Agency's research effort. A high priority for the Agency is to lift the capacity of the ICT system, and link assessment and resource allocation.

The greatest danger to the future of the Scheme is that the design and building of the data collection and ICT foundations is rushed, is not informed by the actuaries and knowledge

from front-line staff, is not done sequentially, or is not fit for purpose (because there are insufficient funds). Because of the long lead times in developing new ICT systems, there will need to be short-term investment in improving the current system.

Refinements to the operations are inevitable, particularly in the early years of the Scheme. Currently there are no clear processes for identifying and analysing emerging issues, proposing options, seeking input from staff, participants, external experts and stakeholders, and then communicating the changes. These processes are important to ensure that changes are considered and implemented in an orderly and transparent way, particularly in the early years.

Feedback from participants and other stakeholders such as service providers needs to be better incorporated into the operations of the Agency.

## Collaborate and build common purpose

*Rating*

 Development area

The Agency has some complex governance arrangements with partners and stakeholders, which are still bedding down.

The Agency has been established under Commonwealth legislation (the NDIS Act) and is governed by a Board. The Board is responsible for the Agency's performance and strategic direction, and is advised by the Independent Advisory Council.

Decisions on NDIS policy issues are made by the COAG Disability Reform Council, which is made up of Treasurers and Ministers responsible for disability from the Commonwealth and each State and Territory.

The Commonwealth Minister is responsible for administering the NDIS Act, and often requires agreement of the States and Territories to exercise powers, including the making of some NDIS Rules and giving directions to the Agency.

These statutory relationships are critical, and need to be underpinned with trust between the players. There will never be complete clarity and all parties need to be as open and transparent as possible in the grey area between them. The Agency needs to invest substantially in building and maintaining these relationships.

Because of the close role of the Commonwealth Government in the development of the Agency, it may be useful for the Chair of the Board to pay particular attention to building on the relationships between the Agency and State and Territory governments.

DSS advises the Commonwealth Minister and has worked closely with the fledgling Agency. DSS delivered a range of corporate services to the Agency under contract, in the first months of the Agency's operations. There are some ambiguities in the respective roles of the Agency and DSS in areas, such as briefing the Commonwealth Minister, that should be clarified.

The Agency engaged well in the first trial sites.  In the first half of 2013 conducted 600 separate engagement activities with prospective participants, service providers and others. However there is a strong view among stakeholders that there needs to be a greater effort to engage the broader community in the story of establishing the NDIS. There is also a view that community expectations have not been well managed.

# Delivery

## Innovative delivery

### Rating

 Development area

The success of the Scheme is dependent upon the Agency being established in a way that it can progressively learn and improve. Sustainability of the Scheme requires good data and good analysis.  It also requires innovation in the way that the support needs of individuals are best met and the way the Agency goes about its work.

Agency staff at the front line understand the need to progressively learn and they are already trialling new and innovative approaches and learning from them. The staff are being encouraged to innovate, and the results of this innovation are being exchanged between teams and across sites. More now needs to be done to put in place the structures and systems to support the Agency as a whole to progressively learn from the frontline.

In particular closer links are needed between the Actuarial Unit and the frontline staff to ensure that information flows both ways to improve decision-making and data collection.

The value of individual innovations is being assessed through an action learning approach. This will need to be supplemented by evaluation of the impact of different interventions and approaches over time. This evaluation will be dependent upon the quality of data and the systems to collect it.

One of the consequences of bringing forward the commencement of the Scheme by twelve months is that interim arrangements were put in place to staff the Agency, to provide the necessary systems, and to collect data. This work was done in parallel by separate teams

who provided the minimum necessary systems for operating the trial sites, with the knowledge that all would need to be replaced once the Scheme was operating.

The Agency will not be able to fully evaluate the success and 'value-add' of innovation until it has better ICT systems and data collection capability.

## Plan, resource and prioritise

*Rating*

Development area

The business planning processes are immature. Capability varies and there are some areas that have not given it a priority. One of the reasons for this is that teams are waiting for their permanent leaders to be appointed.

The Agency has put in place monthly financial reporting arrangements. These reports vary in their quality as a result of the staff being new, systems being embryonic, and governance committees being established.

A permanent Chief Financial Officer has now been appointed. Priority should be given to the permanent staffing of the finance area, continuity management and knowledge transfer as most of the temporary finance staff have not applied to transfer to Geelong.

The CEO has been tracking and reporting to the Board on the progress of 29 major projects. The CEO has undertaken to advise on the relative priority of these projects. This will require some hard decisions, and will need to align with available resources.

Project management capability is immature. It has been underpinned by contracted capacity. Either this will need to be improved and expanded, or an internal capability needs to be built.

There are three dimensions to projects – time, money and quality. In the absence of additional funding the trade-offs are extra time or lower quality. The Agency needs to be aware that in giving a priority to timeliness that it will reduce quality and this may undermine the financial sustainability of the Scheme.

The current approach to accounting for 'in-kind' contributions provided by States and Territories as part of their bilateral agreements is causing major practical difficulties to providers, States, Territories and the Commonwealth. More concerning than this is that the current approach is likely to cause problems for people with disability accessing services.

The arrangements are not working, are an impediment to planning and allocating resources, and the upcoming review (see Attachment C) should recommend changes.

## Shared commitment and sound delivery models

*Rating*

 Development area

The Scheme has had a huge level of public support. Service Providers, advocates and people with disability combined to give their strong support to a grass roots campaign to back the new Scheme.

The announcement of the Scheme and the bipartisan support for it has engendered a lot of goodwill from the community. There is a danger that community expectations, especially following the advertising campaign that was run in 2013, are not aligned with the scope of the Scheme.

The Agency did a good job at local community engagement on the lead up to the launch in each of the sites. There has not been as much attention paid to media engagement or to stakeholder engagement. More work needs to be done here to manage expectations and to ensure ongoing shared commitment to the Scheme.

Issues were raised by some stakeholders about the current structure of the financial arrangements with governments and the extent to which they allow the Agency to operate a prudential management model. However that is considered outside the scope of this review.

One issue raised that is relevant to the delivery capability is the clarity of the role of frontline staff undertaking plans for a person with disability. Some interviewees noted that the role should be more assessor than planner. It is certainly a complex task for a single staff member to reconcile the role of being fiscally prudent while also working with participants on life plans. One option would be for the Agency to consider a limited trial of separating these functions.

Changes are being implemented to give greater clarity about what in practice can be considered "reasonable and necessary" supports as set out in the legislation. It will be necessary for the Agency to continue to focus on this and to work closely with the Board, stakeholders and staff on refining the definition of 'reasonable and necessary'.

## Manage performance

### Rating

C  Serious concerns

The establishment of the Actuarial Unit, which is based in Sydney, has begun. The bringing forward of the commencement date of the Scheme means that the internal Actuarial Unit is not yet in place and nor do they have adequate data to be able to assess Scheme performance. The success of the service delivery model on which the Scheme is based is dependent upon the Actuarial Unit being involved in the design of the data collection and ICT systems. This will be critical for the systems underpinning full scheme.

The Agency is having to learn quickly as it expands geographically and in scale. The approach taken in the initial trial sites will set expectations and the Agency would be prudent to take a conservative and tough approach at the start. We have observed that staff are learning from experience and moving to focus more on sustainability. This is a wise move. The Board and the Agency leadership need to be demanding and rigorous during this establishment phase.

The Board and the Agency has set performance targets in trial sites. However, the performance management system has not been effectively implemented across the Agency. Performance management is weakest at the National Office.

The effective management of Scheme performance requires clarity about what exactly is required from front-line staff. Client satisfaction? Long-term outcomes? Short-term cost containment? Performance in one of these dimensions can undermine other dimensions. There is no clarity about relative weight given to each.

The political environment is relevant here. It would appear that under the previous Commonwealth Government, the approach was weighted towards client satisfaction. Under the current Commonwealth Government there appears to be greater weight on the sustainability of the Scheme. In this context, confusion within the Scheme about what performance is required from the front line is understandable. If this ambiguity persists it will undermine the effective management of performance.

It would be reasonable to trial different approaches in different locations to learn the most effective approach before the full rollout. If this approach were to be adopted it would need to be underpinned by strong communication with stakeholders.

The effective management of performance also requires clarity around structure, who is doing what role, who is accountable, what the internal governance processes are and how they operate. A lot of these basics are not in place or have not been well enough communicated.

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The broader delivery system is about to be transformed in size and shape. There will be a large number of issues around regulation, market transformation and assistance and future market design. There will also be very major issues around workforce availability.

The draft new structure quarantines senior leadership effort to look at strategic issues which need to be addressed in the medium term, including those which affect the broader service delivery system. The Agency needs to avoid the temptation to divert these resources to short term priorities.

## Abbreviations and acronyms

**Agency -** National Disability Insurance Agency

**APS -** Australian Public Service

**APSC -** Australian Public Service Commission

**CEO –** Chief Executive Officer

**COAG -** Council of Australian Governments

**DSS –** Department of Social Services

**EL -** Executive level (1 and 2)

**General Managers** – SES Band 2

**HR -** Human resources

**ICT -** Information and communication technology

**NDIS -** National Disability Insurance Scheme

**Agency -** National Disability Insurance Agency

**NDIS Act -** *National Disability Insurance Scheme Act 2013*

**Senior Executive –** SES Band 2 / General Managers

**SES -** Senior Executive Service

# List of Interviewees

### NDIA Board Members

- Mr Bruce Bonyhady AM – Chairman
- Dr Rhonda Galbally, AO – Member
- Ms Geraldine Harwood  – Member
- Mr John Hill PSM – Member
- Mr Glenn Keys – Member
- Mr Martin Laverty  – Member
- Ms Fiona Payne – Member
- Mr John Walsh AM – Member

### Sector Representatives

- Mr Ken Baker – Chief Executive of National Disability Services and Member of the NDIS Independent Advisory Council
- Ms Joan McKenna Kerr – Chief Executive Officer of the Autism Association of Western Australia, and Member of the NDIS Independent Advisory Council

### Department of Social Services

- Mr Finn Pratt – Secretary
- Ms Serena Wilson – Deputy Secretary
- Dr Nick Hartland – National Disability and Insurance Scheme Group
- Ms Felicity Hand – Chief Operation Officer

### Other Commonwealth Officials

- Ms Kathryn Campbell – Secretary, Department of Human Services
- Ms Rebecca Cross – Deputy Secretary, Department of the Prime Minister and Cabinet
- Ms Malissa Golightly – Deputy Secretary, Department of Human Services
- Mr Mark Thomann – First Assistant Secretary, Department of Finance

### Ministerial Offices

- Ms Helen Moreland – Chief Of Staff, Minister Andrews
- Mr Robert McMahon – A/g Chief Of Staff, Minister Fifield

### State Officials

- Ms Joslene Mazel – Chief Executive, Department for Communities and Social Inclusion (SA)

- Mr Jim Longley – Acting Director-General, NSW Department of Family and Community Services
- Ms Anne Skordis – Executive Director, NDIS Design & Transition (NSW)
- Ms Gill Callister – Secretary, Department of Human Services (Vic)
- Ms Maureen Sheehan – Executive Coordinator, National Disability Insurance Scheme (ACT)
- Ms Kate Starick – Director, NDIS Taskforce (ACT)

# National Disability Insurance Agency Staff

## Chief Executive Officer

- Mr David Bowen

## Scheme Actuary

- Ms Sarah Johnson

## Senior Executive Service – Band 2

- Ms Margaret Carmody – General Manager, Operational Management
- Mr David Fintan – A/g General Manager, Corporate Governance Branch
- Ms Cath Halbert – General Manager National Strategy & Transition Office
- Ms Carolyn Hogg – Senior Executive Advisor
- Dr Helen McKenna – A/g Chief Financial Officer

## Senior Executive Service – Band 1

- Ms Liz Cairns – Launch Manager, Barwon
- Mr Bill Gemmell – Insurance & Performance Modelling
- Ms Stephanie Gunn – Client Services and Delivery Design
- Ms Sue Ham – Launch Manager, Tasmania
- Ms Mary Hawkins – Quality and Provider Network
- Mr Dougie Herd – Communications & Engagement
- Ms Ginny Peisley – Chief Information Officer
- Mr Michael Sassella – A/g Corporate Counsel
- Mr Robert Towner – Enabling Services
- Ms Meryl Zweck – Launch Manager, South Australia

## Other – Executive Level 2

- Ms Kristine Schultz – Geelong Transition
- Mr Ross Carlton – Human Resources
- Ms Tracy Hobden – Finance

**Agency Workshops**

*Executive Level workshop*

- 7 staff from the NDIA National Office and Launch Sites

*APS Level workshop*

- 8 staff from the NDIA National Office and Launch Sites

*Geelong workshop*

- 7 staff from Geelong
- 3 staff from ICT and Finance Branches
- 2 staff in Planner and LAC role

# Review Team Members

## Mr Jeff Whalan AO

Mr Jeff Whalan AO is a former Chief Executive of Centrelink. He has used the Capability Review Framework to review the Department of the Prime Minister & Cabinet; the Department of Environment, Water,Sustainability,Population and Communities; and the New Zealand Ministry of Social Development. Mr Whalan is a Fellow of the Australian Institute of Company Directors. He is director of two listed companies in the financial sector and a company specialising in leadership development.

## Dr Peter Acton

Dr Peter Acton is a former Managing Partner with the Boston Consulting Group, working for them in Europe and Australia for more than 20 years. He has done substantial work for National Mutual Insurance, the Victorian Workcover Authority and the Transport Accident Commission. He also headed BCG's health care practice in Australia and New Zealand. Dr Acton is also a Fellow of the Australian Institute of Company Directors and of the Australian Institute of Management.

## Dr Jeff Harmer AO

Dr Jeff Harmer AO is a former Secretary of the Department of FAHCSIA and the Department of Education Science and Training. He has used the APSC Capability Review Framework to review the Department of Employment Education and Workplace Relations (DEEWR) and the Department of Finance and Deregulation (DoFA). Dr Harmer holds a range of directorships on Not for Profit Organisations and is a Fellow of The Australian and New Zealand School of Government (ANZSOG).

# Current and Forecast Reviews

| Review | Description | Authority | Timeframe |
|---|---|---|---|
| Review of Business Activities | The CEO commissioned Boston Consulting Group to consider whether any of the Agency's functions should be outsourced at this time to create efficiencies. | CEO | Jan-14 |
| Operational Review | The Minister commissioned an internal operational review to determine the cause of the first quarterly report (slower intake / high cost) | Minister | Jan-14 |
| DSS Review of Operational Review | DSS to employ external consultants to review Agency Operational Review | Minister | Feb-14 |
| COAG Standing Council | The Standing Council has requested a report on the cost drivers of the NDIS | Standing Council | Feb-14 |
| Commission of Audit | Review across government | Prime Minister/Treasurer | Jan-14 |
| Review of In-kind | DSS is leading a review of cash and in-kind arrangements. The review will be progressed through bilateral negotiations with 2013 launch jurisdictions and the Agency. | Clause 30 of the Intergovernmental Agreement (IGA). | Mar-14 |
| Total client numbers in South Australia | Total client numbers set out in table 1 of appendix a will be reviewed after twelve months from the commencement of the agreement (7/12/13). | SA bilateral appendix A para 3 | Dec-13 |
| Client phasing | Participant phasing arrangements will be subject to adjustment taking into account lessons learnt during 2013-14. | VIC bilateral appendix D para 12 NSW bilateral appendix C para 15 SA bilateral appendix C para 10 TAS bilateral appendix C para 12 | Feb-14 Feb-15 |

| | | | |
|---|---|---|---|
| Continuity of support | All parties agree to regularly review arrangements for continuity of support and to further refine these arrangements based on the experience of launch. There will be a formal review of these arrangements no later than 1 July 2014 and at any other points agreed bilaterally between the Agency, Commonwealth and host jurisdictions. | Annex E para 20 | Final report by Feb-15 |
| Review of Act | The Minister must cause an independent review of the operation of this Act to be undertaken commencing on the second anniversary of the commencement of Chapter 3 (1/7/13). | NDIS Act 2013 s208(1) | Commence: Jul-15 Report: Jan-16 |
| Review of IGA | The review of this Agreement will be undertaken by the Ministerial Council alongside, and in line with, the timeline for the review of the NDIS Act 2013. | IGA para 121 | Commence: July-15 Report: Jan-16 |
| Review of developmental delay rules | Requires a review of the impact of the developmental delay provisions on participant numbers and Scheme costs. | Letter of agreement to rules from SA (4/6/13) | In line with timelines for the performance indicators and evaluation (Jun-16) |
| PC review | Ministerial Council will set out terms of reference for a Productivity Commission independent review of Scheme costs prior to commencement of the full scheme in NSW rollout for COAG consideration. | Heads of agreement para 28 | Commence: Jul-17 End: Dec-17 |
| Review of the list of supports in the GST legislation | Ongoing reviews of lists of supports excluded from the GST in legislation, in order to maximise choice for participants. | Explanatory statement to the determination of GST-free supply | Ongoing monitoring Review in Jul-15 |
| Evaluation and review of NDIS launch | External evaluation of client experiences and outcomes against plans during launch to track progress, consider impacts and identify any changes needed for a | IGA para 106(a) | Baseline component: 2012-13 Final evaluation |

| | | | |
|---|---|---|---|
| | full scheme. The evaluation will run for four years, starting with a baseline component in 2012-13. | | and review report: May-16 |
| Review of financial outcomes of launch based on independent actuarial report and monitoring | Will monitor outcomes against estimates of lifetime costs of participants; medium and long term projections of cash flow and accrued liabilities; and expenditure against reference packages, factors driving care and support costs. | IGA para 106(b) | May-16 |
| Agency performance against benchmarks and client service standards | Includes administrative efficiency and cost-effectiveness of delivery. | IGA para 106(c) | May-16 |
| Review of external factors impacting on launch | External factors inlcuding workforce, market capacity, service availability, and availability of and linkages with mainstream services. | IGA para 106(d) | May-16 |
| Review of mainstream interfaces | Applied principles to determine responsibilities of NDIS and other service systems and arrangements needed to operationalise them will be reviewed through the process set out in part 8 of the IGA for the NDIS launch. Review will be ongoing. | IGA part 8 COAG meeting 13/4/13 COAG decision (principles to determine the responsibilities of the NDIS and other service systems) | Annually, with final report to COAG: Jun-15 |
| Commonwealth Grants Commission review | Review of the methods used to calculate the relativities for distributing the pool of GST among the States and Territories. The Commission should consider the most appropriate treatment of disability services during transition to the NDIA (the National Disability Insurance Scheme) and once the full scheme is operating nationally. | Terms of reference - Commonwealth Grants Commission 2015 methodology review introductory paragraph and para 5 | Final report by Feb-15 |
| Review of agency cash flow | The Agency's cash flow projections will be reviewed after three, six and nine months. Should the agreed strategy require cash to be brought | IGA para 36 | Mar-14 |

| | | | |
|---|---|---|---|
| | forward, the Commonwealth would cover that cash flow. | | |
| Review and update schedules (funding arrangements for host jurisdictions and the Commonwealth) | Schedules A – E will be reviewed and updated by Treasurers, in consultation with Disability Ministers, in December each year. | IGA para 30 | Begin Dec-13 and then annually |
| Amounts of the national disability SPP, the special services SPP, and the HACC | Review and amend payments under these SPPs and NPs will be reviewed and amended if necessary if actual client numbers are lower than estimated client numbers. | IGA para 58 | End of each financial year |

The assessment criteria and ratings used as part of the APSC's capability review framework.

| Assessment rating | Rating image | Rating description |
|---|---|---|
| Strong | S | Outstanding approach for future delivery in line with the model of capability<br><br>Clear approach to monitoring and sustaining future capability with supporting evidence and metrics<br><br>Evidence of learning and benchmarking against peers and other comparators |
| Well placed | W | Capability gaps are identified and defined<br><br>Is already making improvements in capability for current and future delivery, and is well placed to do so<br><br>Is expected to improve further in the short term through practical actions that are planned or already underway |
| Development area | D | Has weaknesses in capability for current and future delivery and/or has not identified all weaknesses and has no clear mechanism for doing so<br><br>More action is required to close current capability gaps and deliver improvement over the medium term |
| Serious concerns | C | Significant weaknesses in capability for current and future delivery that require urgent action<br><br>Not well placed to address weaknesses in the short or medium term and needs additional action and support to secure effective delivery |

**FIGURE 7: RATINGS**

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The guidance questions used as part of the APSC's capability review framework.

## Leadership

### Set Direction

*Guidance Questions*

- Is there a clear, compelling and coherent vision for the future of the organisation? Is this communicated to the whole organisation on a regular basis?
- Does the leadership work effectively in a culture of teamwork, including working across internal boundaries, seeking out internal expertise, skills and experience?
- Does the leadership take tough decisions, see these through and show commitment to continuous improvement of delivery outcomes?
- Does the leadership lead and manage change effectively, addressing and overcoming resistance when it occurs?

### Motivate People

*Guidance Questions*

- Does the leadership create and sustain a unifying culture and set of values and behaviours which promote energy, enthusiasm and pride in the organisation and its vision?
- Are the leadership visible, outward-looking role models communicating effectively and inspiring the respect, trust, loyalty and confidence of staff and stakeholders?
- Does the leadership display integrity, confidence and self-awareness in its engagement with staff and stakeholders, actively encouraging, listening to and acting on feedback?
- Does the leadership display a desire for achieving ambitious results for customers, focusing on impact and outcomes, celebrating achievement and challenging the organisation to improve?

### Develop People

*Guidance Questions*

- Are there people with the right skills and leadership across the organisation to deliver your vision and strategy? Does the organisation demonstrate commitment to diversity and equality?
- Is individuals' performance managed transparently and consistently, rewarding good performance and tackling poor performance? Are individuals' performance objectives aligned with the strategic priorities of the organisation?

- Does the organisation identify and nurture leadership and management talent in individuals and teams to get the best from everyone? How do you plan effectively for succession in key positions?
- How do you plan to fill key capability gaps in the organisation and in the delivery system?

## Strategy

### Outcome focused strategy

*Guidance Questions*

- Does the organisation have a clear, coherent and achievable strategy with a single, overarching set of challenging outcomes, aims, objectives and measures of success?
- Is the strategy clear about what success looks like and focused on improving the overall quality of life for customers and benefiting the nation?
- Is the strategy kept up to date, seizing opportunities when circumstances change?
- Does the organisation work with political leadership to develop strategy and ensure appropriate trade-offs between priority outcomes?

### Evidence-based choices

*Guidance Questions*

- Are policies and programs customer focused and developed with customer involvement and insight from the earliest stages? Does the organisation understand and respond to customers' needs and opinions?
- Does the organisation ensure that vision and strategy are informed by sound use of timely evidence and analysis?
- Does the organisation identify future trends, plan for them and choose among the range of options available?
- Does the organisation evaluate and measure outcomes and ensure that lessons learned are fed back through the strategy process?

### Collaborate and build common purpose

*Guidance Questions*

- Does the organisation work with others in government and beyond to develop strategy and policy collectively to address cross-cutting issues?
- Does the organisation involve partners and stakeholders from the earliest stages of policy development and learn from their experience?
- Does the organisation ensure the agency's strategies and policies are consistent with those of other agencies?
- Does the organisation develop and generate common ownership of the strategy with political leadership, delivery partners and citizens?

## Delivery

### Innovative Delivery

*Guidance Questions*

- Does the organisation have the structures, people capacity and enabling systems required to support appropriate innovation and manage it effectively?
- Does the leadership empower and incentivise the organisation and its partners to innovate and learn from each other, and the front line, to improve delivery?
- Is innovation explicitly linked to core business, underpinned by a coherent innovation strategy and an effective approach towards risk management?
- Does the organisation evaluate the success and added value of innovation, using the results to make resource prioritisation decisions and inform future innovation?

### Plan, resource and prioritise

*Guidance Questions*

1. Do business planning processes effectively prioritise and sequence deliverables to focus on delivery of strategic outcomes? Are tough decisions made on trade-offs between priority outcomes when appropriate?
2. Are delivery plans robust, consistent and aligned with the strategy? Taken together will they effectively deliver all of the strategic outcomes?
3. Is effective control of the organisation's resources maintained? Do delivery plans include key drivers of cost, with financial implications clearly considered and suitable levels of financial flexibility within the organisation?
4. Are delivery plans and programs effectively managed and regularly reviewed?

*Rating*

### Shared commitment and sound delivery models

*Guidance Questions*

- Does the organisation have clear and well-understood delivery models which will deliver the agency's strategic outcomes across boundaries?
- Does the organisation identify and agree roles, responsibilities and accountabilities for delivery within those models including with third parties? Are they well understood and supported by appropriate rewards, incentives and governance arrangements?
- Does the organisation engage, align and enthuse partners in other agencies and across the delivery model to work together to deliver? Is there shared commitment among them to remove obstacles to effective joint working?
- Does the organisation ensure the effectiveness of delivery agents?

## Manage performance

*Guidance Questions*

- Is the organisation delivering against performance targets to ensure achievement of outcomes set out in the strategy and business plans?
- Does the organisation drive performance and strive for excellence across the organisation and delivery system in pursuit of strategic outcomes?
- Does the organisation have high-quality, timely and well-understood performance information, supported by analytical capability, which allows you to track and manage performance and risk across the delivery system? Does the organisation take action when not meeting (or not on target to meet) all of its key delivery objectives?