

## Emails – August 2014

Folio no	Date	Document	Status	
1-71	01/08/2014	Email chain – re: public version of the report + attachment (final report)	Partial release	S 43, FOI Act 1989
72-76	01/05/2014	Email chain – re: Possible key messages	Full release	
77-178	03/08/2014	Email chain – re: EI Information for the NDIA plus background + attachment	Partial release	S 43, FOI Act 1989 Some information is outside the scope of the request
179-184	03/08/2014	Email chain – re: CM Talkback – 8 August 2014	Not released	Information is outside the scope of the request
185-186	03/08/2014	Email chain – re: DRAFT Brief to Minister – KPMG Early Intervention	Full release	
187-188	04/08/2014	Email – re: Very Draft costing model for EI – Sarah King.xlsx + attachment	Exempt in full	S 44, FOI Act 1989
189-190	05/08/2014	Email chain – re: Early Intervention – KPMG	Not released	Information is outside the scope of the request
191-192	05/08/2014	Email – re: NDIS and Role of Government	Not released	Information is outside the scope of the request
193-198	05/08/2014	Email chain – re: URGENT – SELECT COMMITTEE ON ESTIMATES	Not released	Information is outside the scope of the request
199-200	05/08/2014	Email chain – re: Early Intervention – KPMG	Partial release	Some information is outside the scope of the request
201	05/08/2014	Email chain – re: Early Intervention – KPMG	Partial release	Some information is outside the scope of the request
202-218	05/08/2014	Email – re: my first draft draft draft for comment, advice and input + attachment	Not released	Information is outside the scope of the request

Folio no	Date	Document	Status	
219-222	06/08/2014	Email chain – re: KPMG Report FYI	Not released	Information is outside the scope of the request
223	06/08/2014	Email – re: Indicative costings related to tenders EI..to provide a starting point	Exempt in full	S 44, FOI Act 1989
224	06/08/2014	Email – re: Very Draft costing model for EI	Exempt in full	S 44, FOI Act 1989
225-228	06/08/2014	Email chain – re: KPMG Report FYI	Not released	Information is outside the scope of the request
229-230	07/08/2014	Email chain – re: Very Draft costing model for EI + attachment	Exempt in full	S 44, FOI Act 1989
231-232	07/05/2014	Email chain – re: Very Draft costing model for EI + attachment	Exempt in full	S 44, FOI Act 1989
233-248	07/08/2014	Email chain – re: pEI procurement – we know have A, B,C,D clusters for tender	Not released	Information is outside the scope of the request
249-250	07/08/2014	Email – re: Very Draft costing model for EI + attachment	Exempt in full	S 44, FOI Act 1989
251-297	07/08/2014	Email – re: final versions as they stand Kate + attachments	Not released	Information is outside the scope of the request
298-299	08/08/2014	Email chain – re: Draft costing model for EI + attachment	Exempt in full	S 44, FOI Act 1989
300-302	08/08/2014	Email – re: Draft costing model for EI + attachment	Exempt in full	S 44, FOI Act 1989
303-325	08/08/2014	Email chain – re: Papers for 11 August Strategic BOM Meeting + attachments	Not released	Information is outside the scope of the request
326-334	08/08/2014	Email chain – re: FOR ACTION: QTB Update   Due COB today 8 August + attachment	Partial release	Some information is outside the scope of the request
335-344	09/08/2014	Email chain – re: Follow up ACT + attachment	Exempt in full	S 43, FOI Act 1989

**Gotovac, Jessica**

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**From:** Starick, Kate  
**Sent:** Friday, 1 August 2014 3:28 PM  
**To:** Short, Joe  
**Subject:** 7RE: public version of the report

**Categories:** Red Category

We've been there before with the other work undertaken in the other project – so I understand!

Cheers

Kate

Kate Starick | Director |

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ACT NDIS Taskforce | Community Services Directorate | ACT Government

Level 2 Nature Conservation House | 153 Emu Bank, Belconnen ACT 2617 | [www.act.gov.au](http://www.act.gov.au)

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**From:** Short, Joe [<mailto:jjshort@kpmg.com.au>]

**Sent:** Friday, 1 August 2014 3:22 PM

**To:** Starick, Kate

**Subject:** RE: public version of the report

Understood – will see what I can do. Please bear with me on this one – arguing with the risk department of an accountancy firm can be hard going!

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joe

**From:** Starick, Kate [<mailto:Kate.Starick@act.gov.au>]

**Sent:** Friday, 1 August 2014 3:20 PM

**To:** Short, Joe

**Subject:** RE: public version of the report

Hi Joe

Preferably the whole document. I would not be changing content, just drawing information from different parts of the report together for release

Regards

Kate

Kate Starick | Director |

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ACT NDIS Taskforce | Community Services Directorate | ACT Government

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**From:** Short, Joe [<mailto:jjshort@kpmg.com.au>]

**Sent:** Friday, 1 August 2014 2:32 PM

**To:** Starick, Kate

**Subject:** RE: public version of the report

Hi Kate – would you need the whole report, or just the highlighted elements? As standard practice our reports are provided as a locked document, but I could see if I can get around this if the whole report is required.

Regards,

joe

From: Starick, Kate [mailto:Kate.Starick@act.gov.au]  
Sent: Friday, 1 August 2014 11:55 AM  
To: Short, Joe  
Subject: public version of the report

Hello Joe

There are parts of this report I would like to pull together for a public version (once final is received).

I have started to highlight parts that lend themselves to providing good information publically. Is it possible to get a version of the report that I can manipulate more than this locked version?

Regards

kate

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*cutting through complexity™*

ACT Community Services Directorate

**Early Intervention Services  
transition support**

**Final report**

**25 July 2014**

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**Inherent Limitations**

This report has been prepared as outlined on p2. The services provided in connection with this engagement comprise an advisory engagement, which is not subject to assurance or other standards issued by the Australian Auditing and Assurance Standards Board and, consequently no opinions or conclusions intended to convey assurance have been expressed. No warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by, ACT Government personnel or wider organisations consulted as part of the process.

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The ACT Government engaged KPMG to conduct a programme of market sounding, focus group and research activities which will seek to inform options available for the forthcoming transition of Early Intervention Services (EIS). Project activities were completed between 27<sup>th</sup> May and July 25<sup>th</sup>. This document represents our final report summarising the findings of our activities. Please note that our review of best practice is presented in a separate document.

In scope	Out of scope
<ul style="list-style-type: none"> <li>▣ 30 market sounding interviews with Non Government Organisations who may be interested in the delivery of existing ACT Early Intervention Services</li> <li>▣ 5 market sounding interviews with peak body organisations and wider providers in order to understand best practice delivery models for early intervention</li> <li>▣ 14 focus groups with clients (parents, families and carers) in order to identify opportunities for service model improvement and to inform thinking regarding the attributes of a preferred provider</li> <li>▣ Facilitation of a stakeholder forum to present the proposed changes to Early Intervention Services and invite feedback from key stakeholders</li> <li>▣ High level desktop review to identify best practice models for Early Intervention based on national and international practice and research</li> </ul>	<ul style="list-style-type: none"> <li>▣ Early Intervention Service level analysis</li> <li>▣ Additional or organisational level research into the capacity of providers to perform a transition beyond that stated during the course of interviews</li> <li>▣ Development of procurement or tender specifications</li> </ul>

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Our engagement has identified the following key messages which should be considered in light of a planned EIS transition

- Market soundings suggest that there is a market of providers who are interested in providing Early Childhood Intervention Services in the ACT. Interest will need to be confirmed on the release of further specific service information that will allow potential providers to perform associated due diligence. Market interest is tempered by the transition timescale which may prevent some providers from being able to mobilise and establish services.
- Risk management as part of a transition process is seen as a priority by providers. Providers perceive there to be risks in three key areas which are directing thinking with regards to next step activities:
  - Reputational risks: Providers are keen to manage any broader issues that arise from the transition process which may reflect on their brand and image. As such, providers are keen to avoid being associated with an unsuccessful transition process that may have broader detrimental impacts for their business.
  - Financial risks: Providers have concerns that the funding allotted as part of NDIS packages may not be sufficient to support the delivery of the full range of service required by children in the ACT. This issue was particularly relevant for small to medium sized providers.
  - Organisational risks: Providers are keen to manage organisational based risks that are associated with their practical ability to be able to establish a fully functioning and robust service within what is perceived to be a challenge timescale. Concern is driven by a perception of workforce shortages and a need for some providers to identify and establish local infrastructure (particularly relevant for interstate providers).
- Incentives being offered by government may play an important part in successful transition and risk management. Government is likely to be required to play a role in risk mitigation: either through incentives or broader activities, and will need to think innovatively with regards to how to address provider concerns.
- The transition provides an opportunity for service model enhancements. Whilst the existing service is well received, there is an opportunity to move it closer towards established best practice. This would appear to be supported by non government providers. The ability to implement any changes will need to be carefully managed given the existing timeline and broader concerns expressed by the sector.
- Client risks and parental concerns will need to be managed through solid and detailed transition planning. Strong concerns have been registered by families, parents and carers with regards to the transition process and the potential for current service users to experience service gaps or have wider detrimental experiences. A robust transition planning process should be considered in order to provide clarity to families regarding next steps and to support the management of transition risks.
- Strong appetite exists from families and providers for communication on next steps. Parents, families and carers have identified a clear preference for further information relating to the arrangements surrounding the transition, government planning and potential providers. This partly reflects a lack of broader awareness regarding the implications of the NDIS at a practical level. A communications strategy that underpins a clear transition plan will play an important role in gaining the support of these groups.
- In light of feedback, government will need to consider how best to structure a transition process. This will require consideration of how best to ensure service continuity, whilst also supporting wider objectives of building provider capacity and supporting an appropriate market structure in advance of a full NDIS environment.
- In preparing to support a transition process more broadly, government may consider the role of pre-procurement activities to leverage provider interest. Central to this will be the release of further service information, and clarification of the scale and detail of transition. Communication activities may also include communications for parents families and carers, and be part of broader transition planning arrangements that seek to manage key risks and provide comfort and assurance to stakeholders.





Against the context of the introduction of the National Disability Insurance Scheme (NDIS), the Community Services Directorate (CSD) and Education and Training Directorate (ETD) is assessing options for transitioning its directly provided Early Intervention Services to non government organisations (NGOs).

- In order to ensure that the ACT is best prepared for an NDIS environment, the CSD are assessing the options to transition existing Early Intervention Services to the non government sector. A service transition will provide the opportunity to help establish greater choice for individuals with a disability, build a stronger and more sustainable service across the ACT and ensure that high quality and safe services continue to be delivered.
- The government is committed to ensuring that individuals currently supported by Early Intervention Services continue to receive the level of support needed; that quality assurance arrangements and safeguards are maintained, and provider supply is sustainable. As such, the CSD has sought to inform the planning of transitioning arrangements through a range of activities including market soundings, focus groups and a review of best practice.

KPMG have been engaged to support the development of thinking around the planned transition of services by assisting government in their sounding activities with providers, parents, families and carers. The full scope of our assistance is set out below.

- KPMG to deliver market sounding interviews with 31 NGO providers who may be interested in the delivery of ACT services. Soundings to identify providers' interest, capacity and capability to take on the delivery of services in the ACT, as well as identify any wider issues that would need to be managed as part of a transition.
- KPMG to deliver 14 focus groups with parents, families and carers in order to identify opportunities for service model improvement, inform thinking regarding the attributes of a preferred provider, and to identify the key activities that will ensure a smooth service transition. KPMG to also review written submissions of input from this group.
- KPMG to deliver market sounding interviews with five peak body organisations and wider providers in order to understand best practice delivery models for Early Intervention.
- High level desktop review to identify best practice models for Early Intervention based on national and international practice and research, drawn from existing literature scans provided by Disability ACT. The outcomes of this work are presented in a separate KPMG report.

Results of the market soundings with providers appear to show interest in the delivery of Early Intervention Services and an appetite to work collaboratively with government in order to successfully transition them. Key points are:

- The majority of providers expressed a high interest in delivering services, identifying this as a good opportunity to establish and provide services in the ACT. Providers also identified a commercial focus to business expansion, reflecting the broader changes due to the NDIS and a need to be competitive. The majority of providers indicated that they held the financial and operational capacity to expand service delivery.
- Providers are actively seeking further service information from government in order to confirm interest, prepare themselves for a transition process and to minimise the associated risks. Risks are largely driven by the transition timeline and include reputational risks (ie being associated with an unsuccessful service transition), operational risk (taking on too many new clients without the ability to establish the necessary supporting infrastructure), and financial risk (NDIS funding packages would not be sufficient).
- Soundings indicated an appetite for government to provide support to stabilise providers during the transition phase and assist in managing risks. Suggested assistance included funding arrangements, the secondment of government staff and access to existing workforce. Other suggestions also included the transition of the service as-is (fully funded) on a short-term arrangement in order to ensure a smooth transition. Once the new providers were established, it was proposed that government could then remove funding.
- Providers were also motivated by the opportunity to enter into the market and evolve the existing service model, thus sharing government's ambitions. For a number of providers, the ability to do this was an important condition of their involvement.
- The majority of providers articulated strong expansion capacity and capability, having invested in back office functions as part of NDIS preparedness. However, availability and access to workforce was raised as key area of potential capacity concern, with an appetite for government support in addressing this.



## Commercial in confidence

Findings from the focus groups with families, parents and carers indicate concern with regards to the transition timelines and arrangements, and the impact that this may have on services that are on the whole well received.

- Overall, parents articulated good experiences with the current Early Intervention Services, with many aspects highly valued and that parents would like to see continued under the new scheme. These include small teacher to child ratios, the variety of services provided, information provision, the facilitation of connections between parents and communities, and support in transition to schooling.
- The transition is seen as an opportunity to address a number of aspects of the current programs such as reduced time taken for initial assessments and improved coordination of services (using the school-based EI service as a central coordination hub for other public and provider services). Other model improvement opportunities identified relate to playgroup hours, diagnosis support, supporting administration and the location of therapists and services.
- Parents expressed a number of views about potential providers. There is clear preference for experience in high quality service delivery, as well as for not for profit providers given a view that profit generation may be incompatible with service investment. Parents also had a preference for some form of government provision to remain as a provider of last resort, driven by fear of providers being able to cherry pick children, leading to some individuals being left without support.
- A variety of concerns about the transition to a new service provider were expressed by parents. The majority of these concerns are driven by the timeline, a need for detailed and robust transition plans for each child, a lack of knowledge regarding transition arrangements and a lack of understanding about the NDIS. Concern was also raised around the adequacy of funding arrangements, and implications for the continuity of support.
- Strong and detailed transition planning, and access to further information was seen as key to addressing raised fears. Visibility and choice of provider was also raised as important during focus groups.

The transition timeline, introduction of the NDIS and sounding feedback create a complex context for transition. In determining next steps, government will need to ensure that the transition process achieves the objectives of creating a robust and viable provider market that supports a successful transition, and also provides the foundations for service choice and control once in a full NDIS NDIA operated environment.

- In finalising government's approach to the recommissioning of existing services, it will be important to consider how the packaging of services and use of incentives can support the achievement of wider objectives. Whilst the appropriateness of the market structure within an NDIS environment will be the ultimate responsibility of the NDIA, ACT government's transition of Early Intervention Services at 1 January 2015 will play a major role in capacity building and providing the foundations of an appropriate structure.
- It is therefore important that due consideration is given to the ideal dynamics of a future market that would best suit Early Intervention Services in the ACT, and that ACT Government where possible takes an approach that demonstrates alignment to NDIA thinking.

In determining government's next steps, consideration should be given in a number of key areas that will help to ensure a robust and well structured transition process:

*Pre-procurement planning*

- Government should consider clarifying to the market the nature and scope of the services being commissioned as well as whether it will include any associated assets such as infrastructure or equipment. This will assist in capitalising on existing interest and ensure that providers are able to make informed and timely decisions regarding service opportunities.
- Whilst the inclusion of wider assets in a commissioning arrangement should be structured to best maximise provider interest, there may be financial implications or other associate liabilities for government that are unforeseen. Government should therefore consider further work to understand any associated liabilities as a priority.

## Commercial in confidence

*Pre-procurement planning continued*

- ❑ Consideration should be given to the ability for government to provide direct financial incentives, either through provision of funding for a defined transition period leading up to a full implementation of the NDIS, or through the provision of other incentives to aid in the establishment of services. Government should consider the extent to which they currently have a clear understanding of the implications of any financial incentives, and are able to award them or not.
- ❑ Further analysis may assist government to 'design' the ideal market structure to serve the sector, and thus leverage the respective skills of different providers. Design arrangements should be considered against service 'tender packaging' and incentives that promotes quality, sustainability, innovation, access and service outcomes.
- ❑ Government should also consider the extent to which wider and more general supporting information can be released. Access to this would help to assist providers in making planning decisions and will be particularly important to interstate providers looking to enter the ACT market for the first time.

*Service model enhancement*

- ❑ Consideration should be given as to how best to enable service model enhancements through any procurement or provider assessment process. In facilitating enhancements, government should consider the extent to which change may be accepted or not by service stakeholders.

*Procurement*

- ❑ Consideration should be given as to how best to leverage the market interest through a procurement process. A competitive tender process may facilitate service model innovation and investment through competition, however decisions will need to be taken against an awareness of the short timeline. The overarching priority will need to be service continuity for clients, change & risk management and communication strategies, however government should consider what else could be achieved alongside this, and ultimately develop a procurement strategy that is fully aligned.
- ❑ In order to build on service interest, consideration should be given to the opportunity for industry briefings prior to a formal process. This will help to give providers key information that will allow them to confirm their interest in the service and begin planning arrangements.

*Transition planning*

- ❑ Consideration should be given to the opportunity for co-design of client transitioning arrangements, using the output of focus groups, broader information sources and participation from parents and potential providers. A forum or workshop with selected groups bringing together best practice, knowledge and stakeholders may help people to positively engage within the transition, and allow providers to learn more about the market and key factors of importance for parents, families and carers.
- ❑ Development of a detailed implementation and transition plan to support children and families through the transition should be considered by government. This should be underpinned by best-practice change management principles, and provide families with confidence that the transition will be well managed and key risks have been considered.
- ❑ Consider developing individual transition plans for service users to ensure continuity of service delivery is maintained and that there is a smooth transition to the new service providers.
- ❑ Once the new providers are known, ongoing communication to families, parents and carers should be considered. A standard 'information pack' setting out details of their staffing models (including staff qualifications and experience), service ethos / philosophy, and points of difference would support parents to make informed decisions and may address concerns around quality standards and wider provider issues.

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*Communication strategy for parents, families and carers*

- Focus groups have identified a need for further communication about the planned changes, as well as broader factors related to the NDIS. Government should consider development of a communication strategy that enables stakeholders to provide input to government, and that provides clarity on key aspects of the transition such as timelines and points of involvement.
- Communication strategies for consideration could include letters and information sheets to all families, broader communications with the disability / education / early childhood sectors, a 1300 enquiries number and enquiry mailbox and internet sites to provide access to information for a broad range of stakeholders.

*Communication for providers relating to the NDIS*

- Given the existing dominance of service provision by government, and the potential of providers entering from other jurisdictions, government should consider the extent to which broader communication are made in order to further understanding about the ACT market. These communications should look to go beyond the Early Childhood Intervention Services market, and provide information on the broader disability sector and areas where provision will be required. This activity will seek to ensure that providers establish an improved awareness of market opportunities as well as ACT dynamics, and may therefore also support future service transitions.

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**Project context**

The ACT Government currently delivers a range of Early Childhood Intervention Services that support children with a developmental delay or disability. Programs provide intervention for the child and also serve to build and develop key skills with families, parents and carers. As at April 2014, 302 children were accessing Early Intervention Services across 17 school sites.

**What is early childhood intervention?**

Early childhood intervention is the process of providing services and support for children with a developmental delay or disability and their families. The period of 'early childhood' is typically defined as between birth and school age.

The purpose of childhood intervention programs is to enable children to transition to mainstream education programs. In addition to providing appropriate intervention for the child, these programs aim to equip families with the knowledge, skills and support to assist the child to participate fully in community life.

**Early Childhood Intervention Services in the ACT**

The ACT Government currently delivers early intervention programs, such as small group education classes for children with a disability or developmental delay, through the Education and Training Directorate (ETD). ETD early intervention program staff work closely with Therapy ACT. At present, the vast majority of services are delivered by government with only a negligible NGO sector in existence. This sets the ACT apart from other jurisdictions where mixed service markets are more prevalent. It should be noted that:

- Of the 60 community sector providers of disability services in the ACT, 30% have less than \$1m in revenue and 40% have less than \$2m in revenue.
- Recent research suggested that up to 27% of existing providers of disability services may become unviable due to cash flow pressures in an NDIS environment.
- The ACT suffers from a number of workforce challenges within the disability sector due to remuneration, competition and choice of employment factors.

The 2014-15 ACT Government Budget showed that expenses related to the provision of early intervention and prevention services (with a focus on children pre-birth to eight years old and their families) was estimated to be \$25.5m in 2013-14.

In 2011-12, government service provision constituted \$54.5m or 56% of the total funding pool of NDIS-eligible disability and therapy services

**Programs available in the ACT**

There are a number of Early Childhood Intervention Services provided by the ACT ETD:

- Early Intervention Playgroup: Co-attended by children between 2-3 years old and their parents.
- Early Intervention Unit: Programs for children prior to school entry with mild developmental delay.
- Autism Intervention Unit: Programs for children prior to school entry with Autism Spectrum Disorder.
- Language Intervention Unit: Programs for children aged 3 years to school entry with a specific language disorder. Jointly provided with Therapy ACT.
- Early Childhood Centres: Programs available for children aged 3 years to school entry with mild to moderate developmental delay or disability.
- Early Childhood Units: Programs for children aged three years to school entry with significant developmental delay or disability.
- Vision and Hearing Support: Programs for children from age of diagnosis with a vision or hearing problem.
- Support at Preschool: Resources provided to schools to support children with a developmental delay or disability attend a local mainstream preschool.

As at April 2014, 302 children were accessing early intervention programs across 17 school sites. Group sizes and length of participation in Early Childhood Intervention Services vary depending on the age and type of disability of the children.

Source: [http://apps.treasury.act.gov.au/\\_data/assets/pdf\\_file/0018/601056/Community-Services-Directorate-Budget-Statement.pdf](http://apps.treasury.act.gov.au/_data/assets/pdf_file/0018/601056/Community-Services-Directorate-Budget-Statement.pdf) accessed on 25/6/14

The introduction of the NDIS is expected to place increased pressure on the market to deliver support that is not only tailored to the individual requirements of children with a disability but is also sustainable and financially accessible.

### National Disability Insurance Scheme

The ACT Government is a trial site for the NDIS and commenced a phased implementation in July 2014. The ACT will be the first jurisdiction in Australia to have all eligible residents included in the Scheme by July 2016. A bilateral agreement between the Commonwealth Government and ACT Government provides the overarching framework for the introduction of the NDIS in the ACT. The agreement set out the funding arrangements, including the Commonwealth and State contributions, and the estimated number of participating clients. The bilateral agreement also sets out the planned yearly intake of clients for the ACT, with the majority of the estimated 5,097 participants expected to transition in the first two years.

The Scheme heralds a fundamental change in the way ECI Services are currently administrated, funded and delivered in the ACT. By July 2016 funding responsibility for ECI Services will shift from the ACT Government to the sole responsibility of the NDIA. As part of the overall transition to the NDIS, in preparation for full implementation, from 2015, the government's role as both a funder and provider of ECI Services will change. At this time, ECI Services will be delivered by non-government providers allowing for more inclusive, integrated and family-centred support for children with a disability and their families and carers. In addition, funding administration for ECI Services will shift from the ACT Government to the NDIA under individualised funding package arrangements. This will deliver more individualised support to children and families, allowing them more choice and control over which services are delivered and how they engage with providers.

### Implications for the transition of Early Intervention Services

The planned withdrawal of service provision by the ACT Government aims to maximise preparedness for the full introduction of the NDIS in the ACT by 2016. This will be achieved in a number of ways including:

- Supporting NGO preparations for the NDIS and enabling them and the broader sector to build sufficient capacity and capability to better respond to the needs of families.
- Providing increased time for service establishment (which will be particularly important for interstate providers), which will help to ensure that the NGO market is sufficiently well embedded.
- Providing time for families to understand the full range of service options and to prepare for these significant changes.
- Enabling the opportunity for the identification of key issue areas amongst providers, where government may be required to provide direct capacity building assistance in order to ensure market stability.

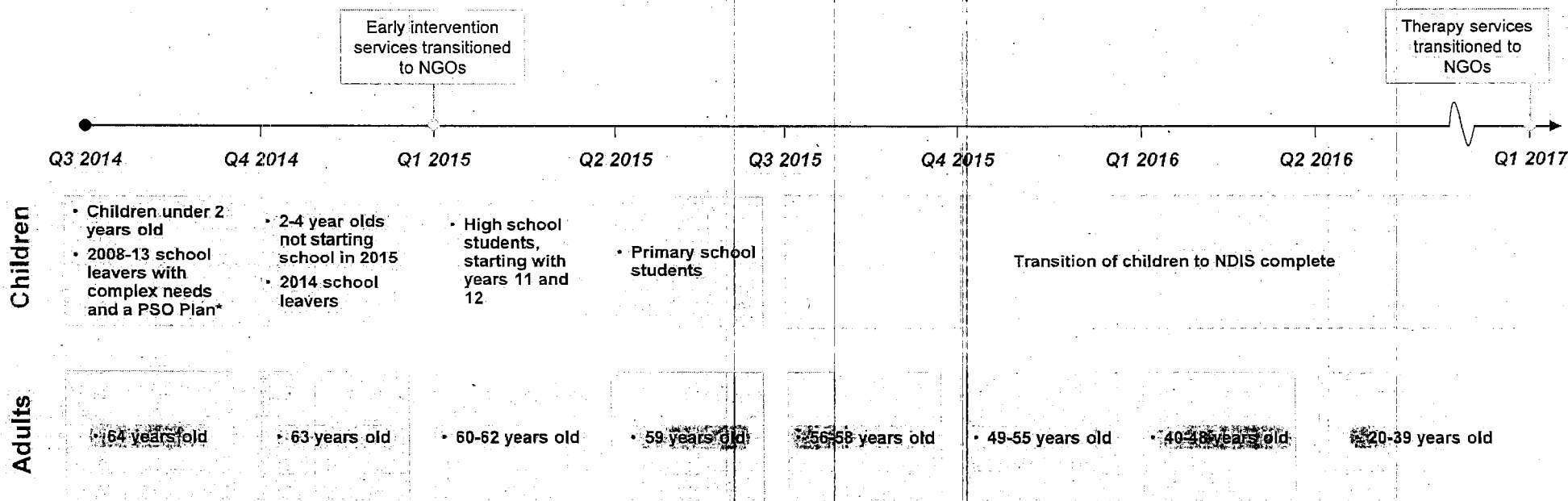
As such, this service transition represents an important stage of sector development that will help to ensure longer term provider stability for Early Intervention Services.

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The ACT Government and ETD have developed a proposed NDIS Transition Plan that will see eligible individuals transitioned to the NDIS over a number of years. The proposed transition plan prioritises adults nearing the NDIS cut-off age of 65 and children eligible for early intervention services. Early Childhood Intervention Services will be the first services transitioned to the NGO sector.

**Transition overview**

- All Education and Training Directorate early intervention programs will cease by the end of 2014, and ACT Therapy services will cease by the end of 2016.
- The majority of children currently in Early Childhood Intervention Services will progress through normal processes to schools in 2015. Eligible children will still have access to both special and mainstream schooling.
- All young children will be transitioned to the NDIS in 2014. Therefore, from the beginning of 2015 Early Childhood Intervention Services will be provided by NGOs. Remaining children (i.e. those that have progressed beyond early intervention services) will be transitioned to the NDIS in the first half of 2015.
- By the beginning of 2017 all eligible people should have been transitioned to the NDIS. At this point therapy services will be provided by NGOs.



\* Post School Options Plan

<sup>1</sup> NDIS Transition Plan, ACT Government





**Market sounding  
and consultation  
approach**



## Market sounding and consultation approach

### Purpose and approach

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Market sounding is a critical process in the transitioning of services, and provides clear inputs into procurement and wider planning activities. The process of soundings also play an important part in developing a market of potential providers within the ACT – which is key given the dominance of existing provision by government.

Market sounding will principally support the transition of Early Childhood Intervention Services in three areas:

1. **Market seeding:** Generating interest in the transitioning process and opportunities from providers who are currently aware of government's plans as well as through 'seeding' or generating interest amongst potential new entrants. This is achieved through increasing their awareness and understanding of the service opportunity, and government's thinking (as appropriate).
2. **Market stimulation:** Stimulating and developing interest in transitioning opportunities and prompting initial discussion within organisations regarding opportunities and offerings (in terms of services, service models and innovation). The outputs of this activity enable government to gain valuable input to develop their understanding of potential incentives that can be offered to further generate interest and preferred outcomes.
3. **Intelligence gathering:** Gathering information and intelligence from existing and potential market players on the extent and nature of interest in transitioning opportunities as well as their current capacity and capabilities (and constraints). In addition to this, soundings explore and understand the key issues, barriers, and pre-conditions for organisations to take on additional service delivery in a future NDIS context (including issues relating to workforce capacity and capability, infrastructure and sustainability).

Market sounding activities will directly inform the development of the transitioning strategy, including how it should take account of or address issues, barriers and pre-conditions identified by organisations.

In developing our market sounding approach for Early Childhood Interventions Services, we have sought to ensure focus in three areas:

- a. **The purpose of the market sounding:** Absolute clarity is required with regards to the objectives of the market sounding in terms of the key issues that it is seeking to explore and test as well as the central information that it is looking to communicate to the market. As such, clarity needs to have been achieved prior to commencement with regards to the desired outcomes of the process.
- b. **The market sounding approach:** It is important that the process that is to be used to interact with the market, in terms of communicating information and in receiving feedback, and in the choice of organisations involved, is clear and well defined. The method and approach need to be fully aligned with the desired outcomes of the sounding, and also fully complement the objectives of the process (e.g. sensitive discussions should be explored in small groups / interviews rather than in a workshop format or through surveys).
- c. **Probity and independence:** It is important that the market sounding process is sensitive to providing unfair advantage to an organisation or group of organisations unintentionally. Whilst this is particularly relevant during the procurement process, these probity and independence principles should be considered throughout the process. As such, the process should consider the consistency of information and responses whilst also creating an environment for open and frank discussion.

The approach that has been developed for the purposes of this project have focussed on these characteristics, building on KPMG's experience in performing commissioning and market sounding engagements, as well as our experience of interacting with disability service and other human services providers.



Market sounding and consultation approach  
**Purpose and approach**

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KPMG's work has involved four forms of market soundings and consultation which are set out below. Our approach has enabled us to generate an understanding of the opportunities and issues surrounding service transition from both a provider and service user perspective.

**Approach 1: Market soundings with providers**

**Purpose**

- ▣ Engagement with potential providers in order to stimulate and discuss service interest as well as to understand the extent of barriers, incentives, and key issues in detail.

**Approach**

- ▣ 31 providers selected in consultation with CSD and approached for interviews.
- ▣ 1 provider workshop organised.
- ▣ Selection made to ensure that interviews generated a representative sample of feedback from the broader market. As such, providers were selected based on size, type, geographical focus and scale and included interstate providers and potential new entrants.
- ▣ Private one-to-one discussions led by KPMG to ensure independence and to encourage an open dialogue.
- ▣ Discussions supported by high-level fact sheets that provided a service overview of the existing service and NDIS transition.

**Approach 2: Market soundings with professional associations**

**Purpose**

- ▣ Engagement with professional associations in order to gain an understanding of the wider transition and provider issues that should be considered. This included those that may be encountered as part of a move to the NDIS.
- ▣ Soundings were used to also understand best practice delivery models for Early Intervention.

**Approach**

- ▣ 5 professional bodies selected in consultation with CSD and approached for interviews.
- ▣ Selection made to ensure that interviews generated a broad spectrum of potential responses.
- ▣ Private one-to-one discussion led by KPMG to ensure independence and to encourage an open dialogue.

**Approach 3: Focus groups with parents, families and carers**

**Purpose**

- ▣ Engagement with parents, families and carers in order to understand key transition issues and concerns that would need to be managed.
- ▣ Sessions also looked to identify opportunities for service model improvement and to inform thinking regarding the attributes of a preferred provider.

**Approach**

- ▣ 13 focus group sessions held, open to interested parties. Analysis was performed by ACT government after 10 sessions to check that attendees were representative of the range of existing services.
- ▣ Sessions were led by KPMG to ensure independence and to encourage an open dialogue.
- ▣ KPMG also received feedback from a separate session held by an industry peak body.

**Approach 4: Written submissions from parents, families and carers**

**Purpose**

- ▣ Additional communication channel provided to allow parents, families and carers to provide feedback into transition planning.

**Approach**

- ▣ Parents, families and carers who were unable to attend focus groups were provided with the opportunity to give feedback directly to ACT Government.
- ▣ Feedback was passed on to KPMG in order to consolidate and incorporate into broader analysis.
- ▣ In total, 3 written submissions were received.

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**Results of market soundings with providers**



## Results of market soundings with providers

### Service interest

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The market soundings appeared to identify strong levels of initial interest in the Early Intervention Services currently provided. Interest has been principally driven by a strategic desire to gain a footprint within the ACT market or consolidate / expand existing services there.

- ❑ The majority of providers expressed a strong initial interest in delivering services, identifying this as a good opportunity to enter the ACT market for the first time or expand / consolidate their existing ACT service base.
- ❑ Interest has also been generated by a range of wider secondary factors which include the opportunity to expand services to particular cohorts of children (e.g. children with hearing loss or children with autism) and a belief in the long-term growth of ECIS in the ACT.
- ❑ Interest also reflected a broader commercial shift in line with the NDIS, and a belief that it will present a market opportunity for agile and consumer focussed operators who deliver quality outcomes for service users. Of note is that a number of providers were also motivated by the opportunity to enter into the market and evolve the existing service model towards one more closely aligned to best practice. This was typical of a broader commitment to the sector expressed by a number of providers.

**In summary, soundings identified the following level of interest:**

- ❑ 22 providers expressed high levels of initial interest in delivering services. These providers identified a strong commercial focus to business expansion, reflecting the broader changes due to the NDIS and a need to be competitive.
- ❑ 5 providers expressed a moderate level of initial interest. This includes two providers who would potentially participate in any approach to market but would not commit until undertaking further due diligence on the opportunity.
- ❑ 2 providers sounded indicated a low interest, primarily due to limited capacity and capability to take on additional services at this point in time with organisational resources focused on preparation for the NDIS.

**Specific motivations for service delivery appear to reflect the broader strategic objectives of providers:**

- ❑ Large interstate providers appear keen to use the transition as an opportunity to capture significant market share and provide themselves with a sustainable volume of scale. This is seen as being an important part in helping them to manage the associated financial risks of establishment.
- ❑ Smaller providers are seeking sufficient operating capacity to ensure services are commercially and operationally viable. These providers are keen to consolidate and grow their existing services to particular cohorts / geographical areas and view partnerships and consortiums as a method to facilitate scale and financial stability.

**Soundings highlighted a number of transition related issues that were seen by providers as constraining interest levels. Key issues were:**

- ❑ Financial risk: Providers identified concerns in relation to adequate pricing of services to sustain appropriate service delivery in the ACT, and the importance of securing sufficient market share to ensure ongoing organisational financial viability.
- ❑ Transition timeframe: A number of providers highlighted concerns with regards to the proposed timelines, and their ability to successfully digest service information, compete in a tender process and ensure robust transition planning. Interstate providers were particularly concerned, given their need to establish a new presence if successful.
- ❑ Information: Whilst indicative interest appeared high, providers were keen to have adequate time to consider the commercial and operational aspects of the opportunity and obtain Board / Management support. This process would require full details of service offerings to be provided by government, and the planned timeline was seen as making this process challenging. Providers were also keen for broader information regarding the local context, incentives, procurement and transition approach.
- ❑ Workforce: Providers expressed concern with regards to potential labour shortages in the ACT, impacting on their ability to recruit adequate numbers of qualified ECI staff.
- ❑ Reputational Risk: Providers were concerned about the potential loss in reputational capital based on real / perceived public / client concerns associated with the transition.



## Results of market soundings with providers NDIS readiness and capacity

Commercial in confidence

All providers expressed strong support for the NDIS and noted the significance and benefits of the Scheme to people with a disability in the ACT. However, providers also noted the transformational change required in order to fully prepare and realise a mature and vibrant market. Key changes foreseen by providers included:

- A need to become more consumer focused: Consumer choice of provider will drive a significant focus for providers on the quality of customer service and achievement of client outcomes. This incorporates a greater emphasis on delivering flexible and responsive services tailored to the individual needs of families. Customer satisfaction will have a much greater emphasis and impact on the operations and ongoing viability of a provider.
- Service pricing and operational efficiency: Consumer choice will drive providers to review their pricing structures to ensure competitiveness within the market. Pricing will also place a significant focus on improving provider operational and administrative efficiencies requiring providers to review their business models to ensure pricing is financially sustainable.
- Market share and positioning: Providers will be required to employ more sophisticated strategic market positioning approaches to identify the right market segments in which to focus growth efforts, prioritise development efforts and inform strategic investments, to achieve medium to long-term sustainability.
- Reputation management and branding: Consumer choice will drive the need for providers to create, build, market and sustain organisational brand and reputation within the market. This will require a new focus and investment by providers to develop comprehensive reputation management and marketing strategies.
- Workforce recruitment and retention: Providers will be required to focus more on strategies to attract and retain skilled staff within a competitive labour market. Providers will also be required to ensure their workforce profile reflects the skills and knowledge required to successfully operate a commercial business alongside more traditional skills required to deliver quality disability support services.
- Organisational cultural change: Transforming to a market-focused sector requires cultural change which takes time to develop and foster throughout an organisation.

Providers recognised that the NDIS represents a transition for ECI service delivery, that will significantly change the nature, focus and funding arrangements in the ACT. Providers highlighted a number of associated concerns:

- Providers indicated that the timing of any transition may affect their ability to deliver services with the majority of providers indicating they don't believe they will be commercially viable by January 2015. Providers particularly expressed concern that if economies of scale are not realised, or are lower than expected, they could incur significant financial losses.
- Interstate providers particularly believe the timeframe does not allow adequate assessment of the ACT market structure, or the development of service and brand differentiation. Providers suggest this will negatively impact on their ability to gain sufficient market share to ensure ongoing service viability.
- Providers whose income relies heavily on funding from clients with NDIS packages believe they are particularly financially vulnerable given the perceived unpredictability and insecure nature of this funding.
- Some providers, predominately those based in the ACT, advised they would be adequately prepared to take on service offerings on a small scale only. This is primarily due to constraints in relation to a lack of adequate facilities to deliver expanded services from (e.g. centre based services and office accommodation), concerns in relation to attracting suitably qualified staff, a lack of organisational capability and capacity issues constraining their ability to expand back office functions.

More broadly, NDIS preparation and readiness was a key strategy for a number of providers, with many suggesting that they were well positioned to respond to new opportunities given a focus on strategies including:

- ❑ Collaboration and expansion: Some providers are proactively pursuing service partners to form alliances / consortiums / mergers to ensure they have adequate economies of scale, capability and capacity to respond to the new market environment.
- ❑ Investment programmes: Some providers are making infrastructure investment in back office systems in order to ensure operational capability to deliver additional services.
- ❑ Improved efficiency and operational improvements: Providers are strengthening governance, business processes and systems, reducing excessive costs associated with non-direct service delivery and developing more efficient and effective service delivery models. This will better position providers to be able to offer consumers a competitively priced package of services.
- ❑ Improved marketing and communications: Providers are invested in improving marketing and branding activities in preparation to increase brand recognition and differentiation in the market.

Despite readiness activities, the main capacity concerns raised by providers related to workforce issues.

- ❑ Perceived limitations in workforce capacity (i.e. securing adequate workforce numbers (staffing levels) and availability): This was driven by difficulties experienced by providers in attracting and retaining Early Childhood Intervention staff. This is further complicated by provider perceptions that the ACT is a small market with a limited pool of suitability skilled and experienced professionals. Providers also questioned their ability to compete with the government and private sectors in terms of offering competitive salaries.
- ❑ Perceived limitations in workforce capability (i.e. staff with adequate knowledge, skills and attitudes). This was driven by the view that providers are required to develop and build the skills of new employees and acculturate them to the organisation before they are adequately equipped to deliver best-practice service delivery to this cohort of clients.
- ❑ Casual employee employment practices may also increase, presenting a concern as more inexperienced casual employees are required to staff positions.
- ❑ Employment growth due to the introduction of the NDIS will exacerbate shortage of workers and increase competition for staff, particularly between government and NGOs.

Collectively, providers identified that workforce issues had the potential to compromise the deliver of services with a number of transition implications.

- ❑ The loss of experienced government staff represents a potential for high service delivery risk, as key expertise and knowledge of the existing client base is lost.
- ❑ Service capacity may be limited, potentially leading to delays in service commencement and reductions in services or temporary service closures. Furthermore, shortages among key occupational groups, specialist early childhood practitioners (e.g. speech pathologist, ABA trained staff) and in geographic areas may also worsen issues.
- ❑ Moves to new models of service delivery will require investment in developing the skills of the workforce, and a need to support culture change. Workforce issues are likely to challenge changes and the pace at which they can be implemented.
- ❑ ECI providers deliver specialist support and care for children and families, therefore access to practitioners from a range of professional occupations is critically important if quality care outcomes are to be achieved. Workforce issues may lead to reduced service quality and service responsiveness.
- ❑ Providers will be required to confront concurrent challenges of establishing a new service, sustaining NDIS related reform, professionalising its existing direct support workforce in readiness for NDIS (i.e. changing skill sets), and manage the withdrawal of existing government experienced workers - all in an environment of potential workforce shortages and increasing competition for skilled labour.

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Most providers identified the need for government to undertake comprehensive pre-procurement planning to inform the development of the transition approach. Government was encouraged to be clear and open about what they proposed to transition including service requirements, when and how the process would run and details of what government was seeking from the market in terms of provider characteristics. Pre-procurement planning was seen as playing an important part in informing decisions in relation to the most appropriate procurement method and enhancing the transparency and predictability of the procurement process.

- ❑ Providers have a strong appetite for further information which is primarily focussed on developing a greater understanding of the full nature and scope of the services and needs of existing service users. This was seen as important part of exploring and confirming their interest.
- ❑ Other information requested by providers included: service waiting lists, estimated future service demand, transitional arrangements, funding arrangements, existing staffing profiles, availability and cost of using existing facilities, service interface with ACT Therapy, client eligibility assessment and referral processes, facility design, labour market conditions, options for employment of government staff and potential transmission of business implications.
- ❑ Communication of appropriate information in a timely manner following the market soundings was seen as an opportunity to capitalise on initial provider interest and better position government to achieve timeline objectives.

**Should government look to transition services on a segmented basis, providers provided feedback as to the size and scale that would be considered most accessible:**

- ❑ Most providers were keen that procurement packaging arrangements were of an operational and commercially justifiable scale, both in terms of volume and income levels. This was of particular importance to interstate providers who would need to operate on a self sufficient and sustainable basis.
- ❑ Equally, consideration would need to be given to the effects of packaging on smaller providers already based in the ACT, who may be limited in their ability to take on large service volumes.
- ❑ A number of ACT based providers suggested that government offer each ECI service to the market separately to make it more manageable and attractive to smaller and / or niche providers.

**Providers also provided feedback with regards to the procurement approach or process undertaken by government.**

- ❑ Providers requested government commence the procurement process promptly to allow adequate time for transition and service establishment, which most providers estimate would take at least four months. Given risk considerations and the sensitive nature of support, providers identified the absolute importance of allowing adequate time for this.
- ❑ The market has indicated a strong preference for a two stage procurement process (i.e. Stage 1: Expression of Interest, Stage 2: Request for Proposals). This would both limit the significant operational cost on medium to smaller providers of responding to a full tender process, and would provide the opportunity for more detailed and iterative discussions to take place with Stage 2 providers. The market is keen to see government take a pragmatic view on timing to ensure that tender documentation is well supported by detailed specifications and service / user / support need information. This would be best delivered in the second stage of the procurement process.
- ❑ Smaller providers were keen not to be disadvantaged as a result of traditional procurement processes which may unintentionally favour larger providers with greater resources to devote to tender submissions. Providers were keen for government to acknowledge this and use a process that sought to evaluate provider performance fairly.

**Providers identified the use of incentives as playing a key role in solidifying interest and managing associated risks. In many cases, there was an expectation that government would be providing incentives.**

- ❑ A number of providers (particularly interstate providers) expressed an expectations that government would provide a range of financial and non-financial incentives to promote market interest, facilitate entry, and assist in reducing financial and other risks associated with service establishment.



- This expectation was driven by the transition timeline and the need by some providers to invest heavily in the ACT in order to develop a sustainable and appropriate presence.
- Wider factor driving an appetite for incentives included:
  - Concerns about financial sustainability under a NDIS 'free market' model. A number of providers noted that in a competitive NDIS environment they would be faced with increased commercial pressures with potential for significant short-term cash-flow problems as expenses, particularly labour related costs, outstrip income from NDIS clients.
  - Concern in relation to NDIS funding. Caution exists within the market regarding funding, driven principally by views that NDIS funding for transdisciplinary and group support packages do not cover all related costs of service delivery.
  - An ability for some providers to absorb expansion costs and charges. Providers raised a potential barrier in relation to having access to, or funding for, adequate service delivery infrastructure including facilities from which to deliver services.
  - Support to meet government's timeline and management of the associated reputational and organisational risk. Providers consistently raised concerns regarding the tight timeframe for transition and potential flow on risks. Incentives to build capacity prior to service commencement such as knowledge sharing between government and providers were strongly supported.

Providers identified a range of potential incentives that were seen as being beneficial. These included both traditional financial support arrangements, as well as access to existing government staff through secondment arrangements.

- Financial funding incentives (guaranteed operating funding): Most providers suggested government should consider offering block funding on a time limited basis. Providers suggested this would provide sufficient financial stability to enable providers to build the necessary operational relationships critical to achievement of client outcomes. It would also allow them to establish critical service provider networks to facilitate seamless client pathways and implement a range of organisational capacity building activities to ensure the long-term sustainability of services in the ACT under the NDIS. This would also protect their position within the market place and was a particularly common view amongst interstate providers.
- Commercially viable service volumes: Providers suggested that aggregation or clustering of services could be used as an incentive whereby services are grouped and packaged to the supply market. The grouping of services could assist to deliver economies of scale by providing greater (more attractive) volumes to suppliers, drive efficiencies and leverage the government's buying power to achieve improved value for money. However, it was seen as important to remember that large groupings could disadvantage smaller organisations, which represent a significant proportion of the ACT market.
  - Alternatively some smaller organisations may see this as an opportunity to strategically positioning themselves to achieve some of the benefits of economies of scale that larger NGOs enjoy by developing partnerships or merging with other providers.
- Operating and establishment funding: Providers were keen for government to consider recurrent funding to be provided over the life of a contract period ranging from 6 months to 2 years, to cover the 'true' cost of delivering services, before moving to an individualised funding approach under the NDIS. Suggestions included 'seed' funding; output based funding, fee for service, a fixed price for a particular 'service model' and input funding derived from FTEs required to deliver current services. Establishment costs were particularly important to interstate providers to assist with office establishment, recruitment of staff, initial advertising and promotion of services, sector and family engagement activities and transition planning.
- Transitional one-off funding for staff: Some providers suggested the need for 'transition funding' to enable the recruitment of staff prior to January 2015. This would enable provider staff to work alongside existing government staff to ensure a smooth transition and deliver continuity of care for clients through funding to support exceptional costs where incurred.



## Results of market soundings with providers Procurement and incentives

Draft

### Commercial in confidence

- Access to staff on a secondment basis. Given the perception of workforce shortages, providers were keen to receive government support in addressing this. Ideas including providing access to existing EIS staff through a program of secondments, or through enabling the introduction of staff to providers for those looking to continue service delivery.
- Use of existing facilities: Providers were keen to explore opportunities to lease (preferably at peppercorn rates) existing government facilities. Providers were of the view that the retention of existing facilities would allow for greater service delivery stability for families and more easily manage the transition to the new provider. This approach would give families some reassurance and stability at a time when they may be anxious about change, and recognises that providers may not have the readily available assets to transfer people in to. Providers also were keen for government to allow use of other assets to support service delivery, including plant, equipment and leased vehicles (particularly specifically modified vehicles), during the life of the funding contract. Some providers suggested that the responsibility for equipment utilised to support direct service delivery to clients should be transferred to providers as part of the transition.
- Collaborative practices: Providers were of the view there is significant opportunity for government and providers to work collaboratively throughout the transition. Providers expressed a strong desire to be seen as key partners in the transition, although were clear that government should continue to take a proactive leadership role in communicating with families and other key stakeholders in relation to the transition implementation. Collaborative opportunities identified included: industry briefings for providers, transition planning workshops, working committees, joint engagement activities with families, joint media statements and communiqués, handover meetings, release of client and service information as appropriate and joint working arrangements for a set period of time.
- Facilitation of networks and introductions to other providers: Smaller providers were particularly keen for government to facilitate the opportunity for introductions to complimentary providers, with a view to supporting the development of networks and collaborative working arrangements. Providers felt that this may also provide significant long term benefits to service users.
- Administration support: Smaller providers identified that the delivery of additional services may present administrative issues to them given perceptions of government reporting requirements, and limited administrative support. Support from government in the form of reduced administrative burdens, or central administrative support for smaller providers was sought as a means to address this.

Transition planning was a key area of focus by providers, with concerns driven in part by the proposed timeline and need for planning arrangements to commence promptly. Central to thinking in this area was a need to manage associated risks that could arise, and ensure that arrangements minimised unnecessary issues arise for service users, families, parents and carers.

- Providers consistently highlighted the challenges associated with the transition timeline and associated potential risks including that of market failure. This was driven by views that the market may not be adequately prepared for the transition.
- Providers felt that special attention must also be given to ensure quality assurance arrangements and safeguards are maintained to reduce risk of serious incidents and client complaints. Many providers suggested the transition is a significant public relations risk for government and likely to attract significant media attention and scrutiny. This has heightened concerns by providers in relation to reputational risks and impact on their brand in the lead up to the implementation of the NDIS nationally.

For most providers, effective transition arrangements must include considered and detailed planning, sensitive implementation, and above all, consultation and involvement of families affected by the changes, providers and other key stakeholders. Providers were clear that the transition must be realistic and achievable in terms of timelines for planning, engagement, and implementation. Most importantly, providers expressed a strong desire to work in partnership with government to support families through the change process by providing relevant and timely information, ensuring they feel empowered to make decisions on available service options for their children and ensuring continuity of existing service provision. This is driven by the following key principles:

- Family's safety and well-being is of primary importance requiring a strong focus on support throughout the change process.
- Families will go through the transition at different speeds and in different ways requiring a range of support options that can be tailored to their needs.
- Families should continue to receive the quality and level of service throughout the transition.
- Families should be provided with the opportunity to participate in the transition as appropriate.
- Families existing relationships with government staff and / or service(s) could be harnessed to facilitate support and release of timely information.
- Information about the transition should be accessible and provided in a timely way.
- Transition implementation is best achieved by a collaborative relationship between government and providers.

Providers were looking to government to provide broader transition information in a timely manner to support planning. Providers felt that pre-transition planning by government would be strengthened by sharing with the market a clear transition strategy and implementation plan that outlines respective roles, responsibilities, tasks and activities that need to take place. Other important information required included:

- Detailed service information and specifications.
- Broader community overviews and background.
- Detailed transition schedule with clear timelines and milestones.
- An outline of specific government resources available to support providers complete the transition (e.g. IT facilities and personnel).
- Anticipated number of personnel, types of personnel, skill levels and expertise requirements for providers during the transition process.

Providers felt that good transition planning must be augmented with consultative communications with families. A number of providers welcomed the opportunity for there to be a collaborative approach taken with clients, families, carers and government in order to co-design areas of service model improvement. This was seen as a good opportunity to obtain buy-in from stakeholders regarding new service providers and an evolved service model.

- Providers were also keen to ensure that the transition process includes ongoing consultation mechanisms with families to identify and resolve issues quickly and sensitively. This was seen as a key step in managing risks and ensuring providers were able to deliver against requirements. Providers saw this activity as forming a key part of ongoing sector engagement.
- Communications to families parents and carers by government (once the new providers are known) was also considered to be important. Providers suggested the use of standard 'information packs' setting out details of their staffing models (including staff qualifications and experience), service ethos / philosophy, and points of difference, which could be used by parents to make informed decisions, and address raised concerns around quality standards and wider issues.

Providers also raised a number of broader ideas for consideration by government.

- Suggestions included government taking a phased approach to transition, that would involve transitioning a specific service first, rather than all services at the same time. This was seen as providing the opportunity for both government and the market to obtain key learnings on a gradual basis, whilst reducing the impact of ongoing transition risks.
- Wider suggestions included the potential for front-line government staff to be seconded to NGOs to reduce potential staff shortages, provide continuity of service to clients, transfer knowledge and assist in building organisational capability. Providers also suggested government consider developing individual transition plans for service users to ensure continuity of service delivery is maintained and that there is a smooth transition between the old and new service providers.

**Results of  
consultations with  
parents, families  
and carers**

Overall, parents have had very good experiences with the current Early Intervention programs. There are many aspects of the current programs that parents value and would like to see continued when transitioned, in particular the quality of the educators and the high level of support for families that is provided. Parents, families and carers did, however, also indicate some aspects that they considered could be improved, notably a perceived disconnect in communication across some of the services, perceived inflexibility of service times, and waiting periods for assessments and access to the services.

Overall feedback on the existing service was positive, and focused predominately on the results that parents have observed in their children and which they attribute to the Early Intervention Services.

- ❑ Many parents have seen large improvements in their child's progress as a result of the Early Intervention programs in areas such as speech, confidence, socialisation and school readiness, and reduced challenging behaviours.
- ❑ Parents valued the opportunity for their child to attend the service without them, as it supported the child to develop independence and reduced reliance on the parent by the child.

Feedback was particularly positive about the quality of staff.

- ❑ The quality of the Early Intervention educators is perceived by parents to be very high. They consider that the educators' experience and qualifications makes a significant difference to the progress of their child, and also provides valuable advice and support for parents and families.
- ❑ Small teacher to child ratios are valued by parents given they allow teachers to spend more time interacting with each child. The frequent reporting of children's progress to parents was also valued.
- ❑ The importance of access to teaching assistants with special training was also cited by parents as a key enabler of the services.

Most parents appreciate variety of services available under the current system, as well as the variety of access points.

- ❑ Most parents valued the variety of services that are currently being provided and the option of choosing those services they feel their child needs (although some parents would like to have had more choice regarding the location of services). The capacity for some (mostly public sector) practitioners and therapists to visit the child's home and school was also appreciated, as it enabled the development of a holistic treatment and education program for the child.
- ❑ The availability of the Therapy ACT 'drop in' service was considered by parents to be important service that should be retained. Parents viewed it as an inexpensive and informal pathway for families to identify a developmental delay in a timely manner.

Positive feedback was also received on the environment that the existing Early Intervention services were successful in creating.

- ❑ Most Early Intervention programs have established a safe and positive environment not only for the children, but for the parents as well. Many parents feel supported and understood, and have been provided with advice and materials on how to continue their child's development at home.
- ❑ Playgroups, drop-in sessions and information sessions have also been useful in creating an information sharing environment for parents and in connecting them together to establish a community and individual networks. Parents felt that this was particularly useful in the first stages of diagnosing their child.

Parents highlighted the importance of Early Intervention services to support their child in successfully transitioning to mainstream schooling, where possible.

- Parents felt that the Early Intervention services played an important role in helping to prepare children to transition to schooling (including mainstream school environments where possible). The school-based venue of service delivery and the perceived integration of the services with the (public) school sector was cited by many parents as a strength of the current model, although a small number of parents expressed a desire to see better integration with private schools as well.
- Some parents highlighted the uniqueness of the 'educational' setting, as opposed to a purely therapeutic setting. This aspect of the service was highly regarded.

Although most feedback about current services was very positive, parents did identify some areas for potential improvement within existing services. Waiting periods for Therapy ACT assessments and to access to some services was seen as the main area to be addressed.

- A number of parents experienced waiting periods ranging from a few weeks to several months for an initial assessment by Therapy ACT. Some parents also experienced long waiting lists for their child to gain access to Early Intervention Services (and Therapy ACT services) after their assessment was completed. This was a concern for those parents given that during this time, their children were not receiving services.
- Additionally, some parents did not receive an offer of placement into an Early Intervention Service until week 2 or 3 of the school term. This created tension due to uncertainty for some parents, and also prevented them from planning activities. Parents outlined a preference to receive placement confirmations 4 to 6 weeks in advance.
- Some parents expressed a degree of frustration with what they perceived to be a lack of transparency of waitlists and associated administrative and communication processes related to the service. Parents would like greater transparency and the opportunity to have more information around the progress and status of arrangements to enable them to be better informed and to support wider planning activities.

Another area cited for improvement was the perceived disconnect between some services in terms of communication and management of children between physical locations. This issue was mentioned by a number of parents.

- Many children see multiple practitioners (Therapy ACT as well as private providers) and attend different programs such as playgroups, Early Intervention and mainstream preschools. In such circumstances, many parents performed a central coordination role between services, relying on information between the various points of contact for their child, and travelling to each location. This placed an initial burden on some parents.
- A small number of parents had positive experiences from this, where the different practitioners and programs communicated together to provide a coordinated and integrated treatment program (although this was more likely to occur where all of the child's services were provided by public providers – some parents reported poor coordination of Early Intervention Services with private providers).
- Parents were keen to see improved coordination of services, using school-based Early Intervention Services as a central coordination hub, for other public and private services. It was proposed that this would also address issues relating to the location of different therapists and services with a clear preference for services to be co-located or accessible in certain areas throughout the ACT.

Feedback also suggested that service hours could be more flexible.

- The current playgroup hours do not align with school hours meaning that parents with multiple children find it difficult to co-ordinate drop-off and pick-up times. Additionally, many parents expressed that it was difficult to re-enter the workforce due to the hours of their child's schedules. Having the Early Intervention Service extend its hours was desirable for some parents while others felt the start time could be delayed.

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## Results of consultations with parents, families and carers Future provider considerations

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In considering a new provider environment, parents are primarily concerned with the quality of services, and transparency around quality assurance. Parents are also keen to see retention of school-based locations across the ACT. Most parents were of the view that not-for-profit organisations would deliver a higher quality service. Some parents expressed a desire for government to retain some service provision. Parents highlighted a need for service providers to deliver an integrated service underpinned by educators who are highly skilled, experienced and sensitive to the needs of the child as well as the parents.

Many parents expressed a preference for the new service providers to be not-for-profit organisations due to their belief that they were more likely to be committed to delivering a quality service.

- ❑ Parents highlighted that the service demands of Early Intervention are high, and resource intensive. As such, it was felt that this would require a provider to invest all available capital into service delivery, and therefore the ability of for-profit providers to do this would be compromised by the need for the organisation to generate a profitable margin.

Parents were also keen to ensure that future providers were duty bound to accept all children, and did not have a right of refusal. Apprehensions by parents in this area helped to strengthen views amongst some parents who felt that government should retain some level of service provision.

- ❑ Some parents communicated a preference for government provided services as they believed that government would provide services of better quality than a non-government operator. This was strengthened by a view that government provided services are more inclusive and capture a wider range of children, and would be unable to refuse to provide services to particularly high needs children, or those demonstrating high levels of challenging behaviours.

Parents identified a number of characteristics which they would like to see from the new service providers. These largely focused on staff quality, use of technology and connectivity between services.

- ❑ Parents would value service providers who are able to connect to each other to provide a consistent individualised treatment plan that is integrated across all aspects of the child's life. Additionally parents would like to see services embedded into schools that are more aligned to the private schooling system in addition to public schools (as per the current model), reflecting the needs of the family - i.e. family based interventions and including consideration of respite.
- ❑ It was also seen to be beneficial for new providers to be themselves well connected into the service system, thus enabling them to assist in directing families to appropriate alternative services if the child's needs were beyond their own knowledge or capability.
- ❑ One parent mentioned a desire to see new service providers with access to the latest technologies and equipment, given a view that the current system used out-of-date equipment. This was not raised in other sessions.

Parents also highlighted the key qualities that would be sought from the staff of new service providers. Within this, there was a strong focus on deep skills and experience, and a clear understanding of the nature of support required by children and families.

- ❑ Highly skilled and experienced educators was the most frequently mentioned characteristic that was important to parents. Many parents iterated the vast difference in the quality of service that was provided by practitioners / teachers with experience and training in comparison to those that have had minimal exposure outside of a mainstream environment. A distinction between qualification and experience was also seen as been important, as some parents felt that experienced practitioners could particularly have a significant positive impact on their child's development.
- ❑ It was expressed that new service provider staff should be sensitive to the needs of the parents as well as to those of the child. An environment that is flexible to parent involvement and is appreciative of parent input was seen as being highly valued.

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Results of consultations with parents, families and carers  
Future provider considerations

Commercial in confidence

Feedback was also provided by parents in relation to service delivery, and using the transition process as a means to ensure service flexibility and consistency and a continued focus on education.

- ❑ Parents expressed the importance of being able to access services which do not require the participation of the parents. These services were seen as forming a key part of children developing independent skills and benefitting from time away from their primary caregivers (and vice versa). Whilst the option to help support children by being present should exist, the requirement of having parents present and involved for the duration of sessions was not seen as being fully beneficial.
- ❑ Maintaining the educational focus of the service is seen as a critically important factor by parents. As such, parents were keen for it to not evolve and become a form of day care or therapy alternative, and that an emphasis on teaching and early learning to promote transition to school should be retained.
- ❑ An important feature for parents is consistency of service. Most children find it difficult to adapt to change, new environments and new people. Parents also desired minimal staff turnover and disruption to services, with many expressing that whilst the provider will change, they would like to continue to work with the practitioners / teachers who they are currently seeing.

Of particular importance to parents in a new provider state, is assurance of a transparent system that has clearly established quality controls to ensure that families are provided with a quality service. Transparency of fee structures was also seen as being important.

- ❑ Parents would like to see quality controls be implemented to ensure the service providers deliver adequate services to families. This may involve a clear system for evaluating service providers to be established, with many parents advocating for a quality accreditation system, possibly with provider ratings, to assist families in identifying and choosing the best service providers.
- ❑ Parents also believed that there would be benefit derived from monitoring this system, and it being used to hold providers to account for quality deliverables and outcomes.
- ❑ Furthermore, parents also placed an emphasis on having a system that is supported by a clear and transparent fee structure. This would need to provide clarity around what (if any) minimum hours families would be 'entitled' to before they needed to pay for additional services.

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## Results of consultations with parents, families and carers Transitioning planning feedback

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Parents articulated a number of concerns with regards to the transition of services, with these largely centring around the timeframe and a need for further information from government. Concerns stemmed from fears about the likelihood of the risks associated with a transition, and the impact on children currently receiving well supported services.

The main concern highlighted by parents relates to the timeframe of the transition to a new service provider, and the added risks that this may generate given an absence of a comparative provider market within the ACT at present.

- Parents highlighted concerns that the new service providers will not have sufficient time to be operational by the specified deadline and that there may be a period of time in which services are not able to be accessed. Parents believe that any such gap in the provision of services will result in a regress in child progress, which could potentially have long lasting effects.
- Parents also highlighted fears that the short time line would mean that they do not have sufficient time to be aware of the future service selection, or range of providers. This was seen as potentially meaning that individual children may see their service interrupted.
- Additionally, some parents felt that a transition of providers would require themselves to develop and perform individual transition planning arrangements, and that these may require up to six months of preparation.

Many operational concerns were also raised by parents who were seeking to understand how the new regime would work on a practical level. It is believed that these concerns resulted from a lack of information about the new service providers and about how the NDIS will operate.

- Concerns was raised in regard to the transfer of information from the current to new service providers, with parents fearing that information would be lost in the system and broader management and disclosure of personal information may not be appropriate. Parents were seeking assurances from government that appropriate systems would be put in place to address this.
- Additionally, parents are unclear about the assessment process that will occur under the NDIS in order to access funding and Early Intervention Services. Parents feel that an assessment which only considers a child's performance on a particular day will not adequately capture their behaviour and needs. Parents believe that greater parent input could assist in increasing the accuracy of assessments. Furthermore, parents would like to have an option for their assessment to be reviewed or retaken if they are unsatisfied with the results.
- There is concern whether children who do not have moderate to severe disabilities / developmental delays will be provided with services under the NDIS. Parents would like to know what services will be available for children who fall outside the NDIS criteria, but who are currently accessing Early Intervention Services. Wider concerns also included a fear that the level of funding under the NDIS may not be sufficient to support access to all of the services required.
  - A specific concern that was raised was in regard to the protocols under the new scheme around children in foster care. It was unknown who would be involved in the process of assessing a foster child.
- There was a strong appetite to have advanced access to information on potential service providers, as well as the range of services that may be available. Additionally some parents addressed the possibility of an influx of providers attracted by NDIS funding, which may add complexity in choosing the most appropriate provider, and have detrimental impacts in terms of the long stability of the provider market.
- Some parents also expressed a concern around the ability of new providers to 'cherry pick' which individuals they provide services to, which had the potential for some individuals to be left without support. Parents were keen for the necessary safety nets to be put in place – including government remaining as a service provider.

In looking to manage these concerns, parents expressed a strong desire to have access to further information regarding the timings, providers, staff, service models and supporting arrangements.

- Principally, parents would like to be provided with clear information on the timeframes and phasing of the new scheme, with a clear understanding of the process of decisions that they need to make.
- Information regarding the diagnosis and assessment of children was expressed as a concern given the age cohort of children receiving services. Parents were seeking to know how the assessment will work for them and the implications surrounding diagnosis or lack thereof and access to services.
- Equally, there was also a strong desire for information around the potential providers who may deliver services, given the wider concerns reflected. As part of this, information was sought on the practitioners / therapists; their qualifications, experience and location. Parents were keen to understand about the supporting arrangements and continuity of teachers, therapists and purpose built facilities, as well as the extent to which contingency strategies were in place for any anticipated gaps.
- Parents were also keen to have access to details of the types of Early Intervention Services that could be funded with their packages.

Parents were also keen to start planning and considering wider necessary arrangements.

- In order to aid planning and prepare their child for transition, clarity around the service models and range of services to be provided, as well as the location of services was sought. Specific information around the protocols regarding accessing new services was also requested.
- Parents were keen to start using this information as soon as possible in order to make necessary planning arrangement to support continuity of service, and to minimise any associated transition risks.

A timely transition process was seen as important in order to ensure that children were able to adapt to the new services with minimum overall disruption to them.

- A number of parents suggested that at least 3-4 months notice was needed so that they could start preparing their children for the changes. The transition would need to include provision for gradually exposing children to new staff and venues, if applicable.
- Some parents felt they may be able to do this by using photos of the new teachers or by accessing the premises a number of times and where therefore keen to have the necessary details.
- Parents expressed a strong desire for them to be supported by robust transition planning activities that were in place for each child. This was seen as a key part in mitigating any individual risks, and ensuring service continuity was maintained. As part of this, a designated case worker to assist each family was considered helpful.

In order to provide information on the transition process and arrangements, parents provided their opinions on the best forms of communication. Central to thoughts was easy access to regularly updated and thorough information.

- Multiple forms of communication were discussed in order to ensure the information is received, such as phone calls, periodic emails, letters, in person, through a central point, from the schools or at the EI services themselves.
- Parents were seeking broad information on the planned changes on the areas identified, and also suggested a FAQ sheet may also be of benefit.
- Parents also highlighted the need to get information to those parents that are not necessarily linked in via a service – the suggestion was to use hubs like child and family centres and community centres.
- In further planning the transitioning, parents also suggested a website that could enable parents to search for services by filters such as by location or by disability. This would assist parents in finding the right services and understanding their range of choice, and would reduce time manually filtering through information.

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**Service model  
enhancement**

Service transition provides an opportunity to make potential improvements within the existing Early Childhood Intervention service model. A review of recent best practice shows that the earlier a child is identified as having a developmental delay or disability, the more likely they are to benefit from strategies targeted towards their needs. Intervening early to build the strengths and skills of both children and their families has been shown to lead to better outcomes over the long term.

Recent years have witnessed a shift in approach to ECI to include a focus on inclusion and capacity building:

- ❑ In the past, children with disability were treated differently to other children. While the Early Childhood Education and Care sector (ECEC) was a universal service targeted towards the mainstream, ECI was developed specifically to support children with disability and developmental delay. This siloed approach has been widely discredited, with the evidence base now highlighting the importance of ensuring that ECEC settings have the capacity to provide learning environments for all children regardless of their ability.
- ❑ The focus on 'inclusive practice' represents a change in approach, which is underpinned by an understanding of the need to enable children to participate meaningfully in their environment and develop a sense of belonging and inclusion.

The achievement of inclusive, effective and strength based practice for children with developmental delay and disability can be pursued through a number of best practice elements, including:

*Family centred practice:*

- ❑ Family centred practice supports children and families build their capacity to optimise their child's development and enable them to meaningfully participate in their environment. Building parental capacity is especially critical given that formal ECI activities account for just 20% of a child's awake time.
- ❑ As part of family centred practice, ECI practitioners undertake home visits, conduct one on one sessions with caregivers and with children to identify how the home learning environment can be enhanced, and how best to build capacity of family to support effective family functioning.
- ❑ This approach also recognises the diversity of family needs, and focuses on working with families in their context.

*Strengths-based approaches:*

- ❑ Strengths based approaches reflect a shift in best practice towards empowerment. Activities are premised upon a re-conceptualisation of the understanding of disability, and the shift in goals – rather than identifying and addressing limitations, this approach promotes the identification of strengths.
- ❑ Practitioners have a responsibility to work with children and families to understand their strengths, and then develop and implement strategies to build their capacity to participate in their environment, thus recognising and appreciating the individual diversity, strengths and capacity of the child.

*Natural and inclusive learning environments*

- ❑ The shift towards natural and inclusive learning is built on a solid evidence base which demonstrates that children with disability and development delay benefit from interactions with children without disabilities.
- ❑ Inclusive practice refers to the need to go beyond traditional notions of inclusion, and conceptualise practice in terms of creating environments that are able to cater for the individual and collective needs of all children and families.
- ❑ Inclusive practice provides children with the opportunity to learn through developmentally advanced environments, which provides a more socially stimulating environment, and accelerates learning. Under inclusive early childhood programs, all aspects of program design including policies, laws, institutions, services, facilities and technologies, are developed on principles of universal design.
- ❑ Programs should be designed to have the capacity to cater to a diverse range of needs, abilities and circumstances, thus driving policy to integrate ECI into ECEC settings.

*Integrated services*

- ❑ Best practice across health and human service sectors has underscored the need to provide more comprehensive and integrated services to ensure that people have access to the services they need, and are able to easily navigate the service system. A 'one-stop' model of service delivery also enables children and family to build relationships with one key worker.
- ❑ Children with developmental delay or disability may need a number of services. The provision of services by multiple agencies with different procedures, processes and personnel can be daunting for children and their families. For this reason, best practice in ECI program delivery involves a cross-disciplinary integrated team approach.
- ❑ Under current models of best practice, the ECI team member works collaboratively with universal and primary services to facilitate early identification, referral and secondary consultation and to ensure access and participation in a broad range of family, community and professional resources available for all children and families. The key worker therefore provides the linkages to other required services, but remains as the consistent contact and source of support for the family.

*Integration of ECI and ECEC sectors*

- ❑ The central tenet of current best practice in ECI is meaningful participation. It therefore follows that children with developmental delay or disability should be included in mainstream ECEC settings and have access to the same services and opportunities as other children.
- ❑ The integration of ECI and ECEC programs represents a key service enhancement opportunity that could be explored as part of the transition process.

**The market sounding exercise highlighted support from providers of best practice. Of note was the endorsement of key elements including:**

- ❑ Inclusion of children with developmental delay or a disability in mainstream activities and programs in community settings.
- ❑ Practitioners working with family members and supporting them to help their children learn new skills. This includes using the child's home environment and identifying learning opportunities to maximise the child's practice of key skills.
- ❑ Practice and service interventions based on demonstrated evidence of positive client outcomes.
- ❑ The need for appropriately qualified and sufficiently experienced ECI staff- with some organisations recommending minimum qualifications and certification regimes.
- ❑ Flexibility of service provision was linked to the ability of providers to deliver services in the home and in other settings (i.e. child care centres, sporting clubs).
- ❑ Providing appropriate supportive learning environments (i.e. fit-for purpose facilities).
- ❑ Assisting families to access resources and services to address their needs and those of their children. There was real concern with the NDIS that parents don't feel adequately informed to make service choices for their children.

**Providers highlighted a number of key enablers of a successful service model, which may require government to consider how best to ensure support:**

- ❑ Sufficiently qualified and experienced staff was viewed as the most significant determinant of service quality. In addition, providers identified the need for adequate funding to be available to also support best practice.
- ❑ Providers highlighted a need for appropriate structures to be in place that enabled the ability to demonstrate the effectiveness of a service models – particularly in the context of government focus on outcome based measurements. A number of providers had aligned themselves to Universities or hired researchers to fulfil this role.

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Provider feedback also suggested that in a new model of care, both centre-base and home based services are equally important to ensuring a continuum of services to meet the full range of children and families needs.

- While it was recognised that children with developmental delay or a disability have shared needs it was noted that different children respond differently to different interventions and service approaches. Therefore, a range of models should be developed to address diversity of needs and learning styles, including:
  - Centre based: Supported playgroups, long day care centres (with dedicated positions for children with a disability) and more specialist disability centres catering for specific cohorts of children with a disability (i.e. autism).
  - Home-based supports
  - Tele-services: These are provided by a few providers dealing with a small number of clients

Evidence gathered from the literature review and market sounding highlighted a number of opportunities for ECI service model enhancement. Key opportunities include:

- The opportunity to pursue enhancements that are aligned with best practice through the transition process within any provider assessments. Capturing elements of current best practice in ECI (such as a focus on family centred practice, cross-disciplinary teams and inclusive learning environments) in the development and assessment of tenders is one strategy that the CSD could pursue.
- The opportunity to drive improvements in service quality through staff training and development, including requirements around ECI staff training and professional development, with an option of specifying training modules and qualifications that must be attained by all staff.
- The opportunity to develop a service model that is co-designed. Undertaking a co-design process with input from service providers and families is not only in line with the spirit of the NDIS (consumer-directed care), but it will also enable stakeholders to feel a sense of ownership in the transition process, which may also address concerns around the changes to service access and eligibility requirements under the NDIS.
- The opportunity to encourage integration of the EC Education / ECI services with the universal ECEC sector. This opportunity could be pursued through a range of strategies, such as the implementation of communication strategies to promote the transition and the importance of inclusive practice, engagement with key ECEC providers to gauge interest.

In planning to implement any improvements to the existing service model, government should be cognisant of the extent to which this change could be accepted by stakeholders, given the broader changes occurring.

- Given the underlying resistant to the wider transition from parents, families and carers, the supporting for existing services, and the short timeline, the ability for government to successfully make immediate changes to the existing service model may be limited. Additional changes that are considered unnecessary by some stakeholders may lack the extent of support required to succeed, and therefore fail.
- Government should consider the ability to gradually implement service model improvements through the broader transition process once a stable non government provider landscape has been established. At this point, activities will enable government to capture the support of stakeholders, and better position changes successfully.
- As part of preparing for any enhancements, it would be beneficial to ensure that any new providers are already committed to model best practice within their existing service delivery areas.

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**Implications for  
government**



## Implications for government Key findings

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Against the context of a forthcoming service delivery exit by government, the findings of the market soundings and consultation program should be reviewed and assessed. As such, our work has highlighted the following key findings for government:

- ❑ **There appears to be service interest from the market in providing the ECI services.** Market soundings suggest that there is a market of providers who are interested in providing Early Childhood Intervention Services in the ACT. Interest will need to be confirmed on the release of further specific service information that will allow potential providers to perform their associated due diligence. Market interest is tempered by the transition timescale which may prevent some providers from being able to mobilise and establish services.
- ❑ **Risk management as part of a transition process is seen as a priority by providers.** Providers perceive their to be risks in three key areas which are directing thinking with regards to next step activities:
  - Reputational risks: Providers are keen to manage any broader issues that arise from the transition process which may reflect on their brand and image. As such, providers are keen to avoid being associated with an unsuccessful transition process that may have broader detrimental impacts for their business.
  - Financial risks: Providers have concerns that the funding allotted as part of NDIS packages may not be sufficient to support the delivery of the full range of service required by children in the ACT. This issue was particularly relevant for small to medium sized providers.
  - Organisational risks: Providers are keen to manage organisational based risks that are associated with their practical ability to be able to establish a fully functioning and robust service within what is perceived to be a challenge timescale. Concern is driven by a perception of workforce shortages and a need for some providers to identify and establish local infrastructure (particularly relevant for interstate providers).
- ❑ **Incentives being offered by government may play an important part in successful transition and risk management.** Government is likely to be required to play a role in risk mitigation either through incentives or broader activities, and will need to think innovatively with regards to how to address provider concerns
- ❑ **There is an appetite from providers on the ACT market, community and service needs.** Given the limited scale of provision by local providers, there is a clear desire for information on the service and broader local ACT context. Providers are keen to receive this information in a timely manner in order to allow them to make a considered decision about whether to continue initial interest in service delivery. Failure to do this may significantly hinder the success of the planned transition timeline.
- ❑ **The transition provides an opportunity for service model enhancements.** Whilst the existing service is well received, there is an opportunity to move it closer towards established best practice. This would appear to be supported by NGO providers. The ability to implement any changes will need to be carefully managed given the existing timeline and broader concerns expressed by the sector.
- ❑ **Client risks and parental concerns will need to be managed through solid and detailed transition planning.** Strong concerns have been registered by families, parents and carers with regards to the transition process and the potential for current service users to receive service gaps or have wider detrimental experiences. As such, government will need to manage these through a robust transition plan that provides clarity to families and alleviates concerns over key transition risks.
- ❑ **Strong appetite exists from families and providers for communication on next steps.** Parents families and carers have identified a clear preference for further information relating to the arrangements surrounding the transition, government planning and potential providers. This partly reflects a lack of broader awareness regarding the implications of the NDIS at a practical level. A communications strategy that underpins a clear transition plan will play an important role in gaining the support of these groups.
- ❑ **In preparing to support a transition process more broadly, government may consider the role of pre-procurement activities to leverage provider interest.** Central to this will be the release of further service information, and clarification of the scale and detail of transition. Communication activities may also include communications for parents families and carers, and be part of broader transition planning arrangements that seek to manage key risks.

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Implications for government  
Transition considerations

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The transition timeline, introduction of the NDIS and sounding feedback create a complex context within which government will need to consider their next steps. Central to this will be ensuring that the transition process achieves the objectives of creating a robust and viable provider market that ensures a successful transition, and that government is aware of the implications of how the recommissioning can support (or otherwise) the foundations for service choice and control of a full NDIS NDIA operated environment.

In finalising government's approach to the recommissioning of existing services, it will be important to consider how the packaging of services and use of incentives can support the achievement of wider objectives. Whilst the appropriateness of the market structure within an NDIS environment will be the ultimate responsibility of the NDIA, ACT government's transition of Early Intervention Services at 1 January 2015 will play a major role in capacity building and providing the foundations of an appropriate structure. It is therefore important that due consideration is given to the ideal dynamics of a future market that would best suit Early Intervention Services in the ACT, and that ACT government where possible takes an approach that demonstrates alignment to NDIA thinking.

Market and transition principles (to be confirmed)	Rationale and potential implications
1. Ensure the transition to the sector is carefully planned and is implemented in a safe, secure and smooth manner for clients and families, ensuring service continuity and quality	The transition should be done with minimal impact to clients and wider stakeholders, providing a sustainable service over the long term. May drive a focus on large established providers who can mobilise quickly and can be appointed promptly
2. Provide a foundation for the NDIS	A NDIS environment should provide clients with price and service choice beyond large dominant providers. This will require an economically viable and competitive market to be operational across the state with a range of provider types
3. Where possible, facilitate a structure that will generate appropriate service competition within the sector	Clients should have reasonable choice of services and service operators, and should benefit from service and wider improvements as a consequence of competitive tension between providers. Smaller providers should therefore not be disadvantaged through the procurement process and instead be incentivised
4. Transition should ultimately drive the establishment of a service model more aligned with best practice	Whilst existing services are well received, there is an opportunity to establish a model closer aligned to best practice. Provider selection should consider their ability to support a new way of service delivery, and their experience of best practice to date
5. Develop a sustainable provider market	The provider market should be sustainable over the long term whilst also maintaining reasonable competition and the ability for new entrants to establish a presence. This may include supporting interstate providers to enter the market and encouraging smaller local providers to expand through direct support and network development
6. Increase service delivery innovation and the tailoring of responses to meet client needs	The market should support and encourage service innovation through more efficient delivery models / funding arrangements / joint working. Procurement may need to stimulate the opportunity for providers to develop networks and local relationships
7. Ensure geographical appropriateness and access to services	Where possible, services should be delivered in locations that best reflect demand and need

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In determining government's next steps, consideration should be given in a number of key areas that will help to ensure a robust and well structured transition process:

*Pre-procurement planning*

- ❑ Government should consider clarifying to the market with the nature and scope of the services being commissioned as well as whether it will include any associated assets such as infrastructure or equipment. In particular, clarity over the transfer or not of staff with services will be important, and will assist in capitalising on stimulated provider interest and ensuring that providers are able to make informed and timely decisions regarding service opportunities.
- ❑ Whilst the inclusion of wider assets in a commissioning arrangement should be structured to best maximise provider interest, there may be financial implications or other associate liabilities for government that are unforeseen. Government should therefore consider further work to understand any associated liabilities as a priority.
- ❑ Consideration should be given to the ability for government to provide direct financial incentives, either through provision of funding for a defined transition period leading up to a full implementation of the NDIS, or through the provision of other incentives to aid in the establishment of services. Government should consider the extent to which they currently have a clear understanding of the implications of any financial incentives, and are able to award them or not.
- ❑ Further analysis may assist government to 'design' the ideal market structure to serve the sector, and thus leverage the respective skills of large interstate providers, small specialised groups and identify potential to include new service provider groups outside of the traditional disability sector market. Analysis that tests and confirms the market design principles proposed will further help to design an appropriate market, and should be considered against service 'tender packaging' and incentives that promotes quality, sustainability, innovation, access and service outcomes.
- ❑ Government should also consider the extent to which wider and more general information can be released. Access to key information by the market would help to assist providers in making planning decisions and will be particularly important to interstate providers looking to enter the ACT market for the first time.

*Service model enhancement*

- ❑ Consideration should be given as to how best to enable service model enhancements through any procurement or provider assessment process. In facilitating enhancements, government should consider the extent to which change may be accepted or not by service stakeholders, Key enhancements for considerations include:
  - Allow or encourage providers to offer more flexible hours (i.e. later starting or finishing times).
  - Allow or encourage providers to add value through integrated service models (i.e. options for parents to 'add on' EI-focussed day care or EI-focussed after school hours care – which could be offered on a user pays basis), to facilitate more choice and options for those parents who are seeking such services. This builds on what already happens for some children who attend EI and mainstream pre-schools, but expands the offerings. The appropriateness and opportunity to develop user pays services in an NDIS environment would need to be further investigated.
  - Require service providers to demonstrate how they will maintain linkages with mainstream public schools and therapy services (an aspect of the current model that is valued by parents), but enhance this by requiring providers to also build and maintain linkages with private school and private therapy services (this is an area some parents identified as a weakness of the current model). Better links to a wider range of services (including private services) will provide parents with more choice and options, and retention of drop in services and in-home interventions would also address raised concerns.

*Procurement*

- Consideration should be given as to how best to leverage the market interest in the service through a tender process, and the full range of transition options that this will support. A competitive tender process may facilitate service model innovation and investment through competition and may be appropriate. Given the short timeline, the overarching priority will need to be service continuity for clients, change & risk management and communication strategies, however government should consider what else could be achieved alongside this and ultimately develop a procurement strategy that is fully aligned.
- In order to build on service interest generated through this process, consideration should be given to industry briefings prior to commencement of a formal procurement process to better inform the market in relation to proposed procurement method, service delivery models, funding arrangements and transition strategy. This should be considered against the constraints of the transition timetable.

*Transition planning*

- Consideration should be given to the opportunity for co-design of client transitioning arrangements, using the output of focus groups, broader information sources and participation from parents and potential providers. A forum or workshop with selected groups bringing together best practice, knowledge and stakeholders may help people to positively engage within the transition, and allow providers to learn more about the market and key factors of importance for parents, families and carers. This activity would also form an active part of ongoing sector engagement.
- Development of a detailed implementation and transition plan to support children and families through the transition should be considered by government. This should be underpinned by best-practice change management principles, and provide families with confidence that the transition will be well managed and key risks have been considered.
- Consider developing individual transition plans for service users to ensure continuity of service delivery is maintained and that there is a smooth transition to the new service providers.
- Once the new providers are known, government should consider the process of communication to families, parents and carers. A standard 'information pack' setting out details of their staffing models (including staff qualifications and experience), service ethos / philosophy, and points of difference which can support parents to make informed decisions and may address concerns around quality standards and wider provider issues.

*Communication strategy for parents, families and carers*

- Focus groups have identified a need for further communication about the planned changes, as well as broader factors related to the NDIS. Government should consider development of communication strategy that:
  - Provides opportunity for input with regards to the locations and venues for the new services (this is particularly important if they may be fewer locations than there are at present, and/or if there is a possibility for standalone venues that are not attached to mainstream schools under the new arrangements).
  - Gives clarity about any costs or fees that parents may have to pay under the new arrangements, including the fees for 'add on' services. If there is still going to be a minimum government-subsidised entitlement to a number of hours per child, parents need clarity about what that is and how much they may need to be paying for extra services. A standard schedule of fees may be unavailable, but transparency of fee information would be beneficial.
  - Gives clarity regarding overall timelines for the transition, key milestones, and points of involvement for parents, families and carers. Communications should also include wider information on the NDIS and what it may mean for them.
- Communication strategies for consideration could include letters and information sheets to all families, broader communications with the disability / education / early childhood sectors, a 1300 enquiries number and enquiry mailbox and internet sites to provide access to information for a broad range of stakeholders.



Implications for government  
**Transition considerations**

Draft

Commercial in confidence

*Communication for providers relating to the NDIS*

- Given the existing dominance of service provision by government, and the potential of providers entering from other jurisdictions, government should consider the extent to which broader communication are made in order to further understanding about the ACT market. These communications should look to go beyond the Early Childhood Intervention Services market, and provide information on the broader disability sector and areas where provision will be required. This activity will seek to ensure that providers establish an improved awareness of market opportunities as well as ACT dynamics, and may therefore also support future service transitions.

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# Appendices

1. Providers involved in market soundings
2. List of focus groups performed
3. Summary of individual market soundings

No.	Date	Time	Location	Advance registrations
1	4th June	10.00am	Hedley Beare Centre for Teaching and Learning (HBCTL), 51 Fremantle Drive Stirling, ACT 2611	5
2	4th June	12.30am	Hedley Beare Centre for Teaching and Learning (HBCTL), 51 Fremantle Drive Stirling, ACT 2611	5
3	16th June	10.00am	Hedley Beare Centre for Teaching and Learning (HBCTL), 51 Fremantle Drive Stirling, ACT 2611	8
4	16th June	12.30pm	Hedley Beare Centre for Teaching and Learning (HBCTL), 51 Fremantle Drive Stirling, ACT 2611	5
5	16th June	5.30pm	Hedley Beare Centre for Teaching and Learning (HBCTL), 51 Fremantle Drive Stirling, ACT 2611	6
6	17th June	10.00am	Hedley Beare Centre for Teaching and Learning (HBCTL), 51 Fremantle Drive Stirling, ACT 2611	7
7	17th June	1.00pm	Nature Conservation House, 186 Emu Bank, Belconnen, ACT 2617	5
8	17th June	5.30pm	Nature Conservation House, 186 Emu Bank, Belconnen, ACT 2617	8
9	17th June	6.00pm	Autism Asperger ACT, Chifley Health and Wellbeing Hub, Corner of Eggleston & MacLaurin Crescents, Chifley, ACT 2606 (KPMG did not attend, but notes and debrief were provided to the project team)	[ ]
10	30th June	11.00am	Hedley Beare Centre for Teaching and Learning (HBCTL), 51 Fremantle Drive Stirling, ACT 2611	4
11	30th June	5.30pm	Nature Conservation House, 186 Emu Bank, Belconnen, ACT 2617	2
12	1st July	10.00am	Nature Conservation House, 186 Emu Bank, Belconnen, ACT 2617	2
13	1st July	5.30pm	Hedley Beare Centre for Teaching and Learning (HBCTL), 51 Fremantle Drive Stirling, ACT 2611	4
14	7th July	12.30pm	Nature Conservation House, 186 Emu Bank, Belconnen, ACT 2617	3





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**Gotovac, Jessica**

**From:** Johnston, Claire  
**Sent:** Friday, 1 August 2014 11:57 AM  
**To:** Gilfedder, Stephen  
**Cc:** Dutt, Kanchan; Gange, Carly  
**Subject:** RE: Possible key messages

Thanks Stephen,

I've expanded our messaging in response to the report a little to acknowledge the procurement, so you might like to include these (I think it's pretty similar to some of yours):

- The ACT Government welcomes the report into Early Intervention Services by KPMG and thanks the families and providers who took the time to provide input.
- The report raises some important issues, and the ACT Government understands there are some concerns from both families and providers about how this transition will occur.
- We are confident we can work with the sector to establish services that meet the needs of families, and we will support providers to enter the market so families have the certainty they need.
- ~~To ensure providers are ready to deliver services from next year we will begin a procurement process to give new providers time to establish themselves and to give families continuity.~~
- We have a clear transition plan and will work with the National Disability Insurance Agency to implement it.

They are designed to go in the brief to the Minister, which Kate is working on and which I can send through to you when it's complete.

Here is the timeline we are working to:

<b>Description</b>	<b>Date</b>
Place notification advising of upcoming tender	As soon as possible
Release reports	11 August 2014
Advertise	23 August 2014 (Saturday)
Issue letter to any interested parties referring them to website	25 August 2014
Industry briefing	27 August 2014
Early Intervention and Therapy Expo	13 September 2014
Tender closes	16 September 2014
Evaluation	22 & 23 September 2014 (Note will allow 2 days but may only need one- depending upon number of responses).
Evaluation report signed by Delegate	3 October 2014
Letter of Intent issued to successful tenderer	3 October 2014
Negotiation meeting	10 October 2014
Draft contract issued to tenderer	10 October 2014
Minister announcement	13 October 2014
Contract signed	30 October 2014

And yes I do think we need add something in plainspeak about the tender process and that providers will be in place from October/September and that families will have a range of opportunities/involvements to support an effective transition to the new arrangements. I am keen for the NDIA to jump in here and offer information sessions about early intervention if possible. What do you think? Not sure what else we can offer families at this stage?

Also my advice was that we don't make any references to services "ceasing" or government "withdrawing" – it's all about transitioning the services now. We don't want people to think they are stopping.

I've just cut and paste some of the objectives of the procurement below in case this is helpful. Let me know if you need anything else.

Cheers,  
Claire

**Objectives of this procurement**

To ensure that the ACT is best prepared for the National Disability Insurance Scheme (NDIS) the ACT Government is transitioning existing early intervention services to the non government sector. This procurement is structured to give the new providers time to transition the programs to what is currently understood as best practice early intervention.

In this process, this procurement will:

- ensure continuity of programs to children who are currently accessing early intervention programs provided by the Education and Training Directorate (ETD), and from which is withdrawing.
- respond to some of the expectations of those parents who had anticipated that their children would be able to access early intervention programs in 2015, in a similar manner to that in which it had previously been delivered.
- enable a gradual transition of these programs to models of delivery that are understood nationally and internationally to represent best practice
- support the entry into the ACT of, and mitigate risks to, new early intervention providers
- enable current service user families and the new providers to work together to design and transition to best practice models

The benefits of this approach include:

- to continuing families: minimise issues of concern around continuity of service and provide them with time to build relationships and trust with new providers. Families will have time to adjust to changes in the service model
- new providers: ensured market and related financial stability for a set period of time. Mitigation of issues of reputational risk due to xxxx. Support to establish in the ACT environment and the opportunity to work with families to develop programs around their aspirations and needs and which align with NDIA requirements and best practice.
- ACT Govt: encourage providers to match short-term state investment to establish services in the ACT. Provides an opportunity for govt to develop a comprehensive change management framework in partnership with families and providers. Risks enable comprehensive market analysis during this period to enable adequate market competition and choice leading up to the full ndis

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implementation. provides an opportunities to address concerns that some existing users may not be eligible for an ndis package, leading to potential complaints

**From:** Gilfedder, Stephen  
**Sent:** Friday, 1 August 2014 10:21 AM  
**To:** Johnston, Claire  
**Cc:** Dutt, Kanchan; Gange, Carly  
**Subject:** RE: Possible key messages

Claire,

Thanks for messages – I've attached our current ETD messages for the implementation phase, which I'll update following our conversation yesterday, and then following the meeting with Steve Gniel's team next week. I've also contacted CMTEDD about getting the strategy up on the Coordinated Comms discussion page for our co-editing.

So relative to the overarching messages, I think your four messages aimed at families just about capture it and with slightly simpler language, though you'll probably like to re-emphasise the 1 Jan 2015 transition date. Do we need to add something in plainspeak about the tender process and that providers will be in place from October and that ~~families will have a range of opportunities/involvements to support an effective transition to the new~~ arrangements?

I'm also assuming that key messages for would-be providers will be built into the tender documentation/process – essentially addressing the concerns raised in the KPMG draft report?

Thanks also the events calendar – I'll build this into the scheduling and promo opps in the revised ETD comms strategy.

Cheers, Stephen

Stephen Gilfedder | Manager Media and Communications  
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Email: [stephen.gilfedder@act.gov.au](mailto:stephen.gilfedder@act.gov.au)  
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#### Overarching NDIS messages

- The National Disability Insurance Scheme (NDIS) trial commenced in July 2014. It will transform the way the ACT community supports and includes people with disability, their families and carers.

- This is a major change in the way we will provide services. We are working with people with disability during the NDIS trial period to allow time for those affected to adjust and take full advantage of the scheme. The new model will be fully operational by June 2017.
- The decision to cease accommodation support, early intervention and therapy services and transition services to the non-government sector has not been taken lightly. The outcomes of providing more choice and control for people with disability is a core principle of the NDIS.
- No person with a disability will be left without support during the transition process.
- The NDIA will meet with individuals to ensure the person with a disability is at the centre of the planning process and that their goals, hopes and dreams are explored.
- Children with a developmental delay or disability who are assessed as NDIS eligible will be able to access supports and services that are considered reasonable and necessary.

Overarching ETD key messages

- Changes to existing early intervention services will not come in to effect until 1 January 2015.
- Children currently enrolled in early intervention services will continue to access early intervention services in their current form until the end of 2014.
- From 2015, early intervention services will be provided by non-government organisations. This will allow for more inclusive, integrated and family-centred support for children with a disability and their families and carers.
- The timeframe gives us an opportunity to work as a community to ensure services are provided to meet individual needs.
- The new service delivery model will allow for more targeted support for children with a disability and their families and carers. It will better support children as it will be more inclusive, integrated and family-centred.
- The Directorate will support those staff currently delivering early intervention services to transfer to other positions within Education and Training. This will happen via normal transfer processes.
- Personal care support in schools and transport to and from schools for children with disabilities are in scope for the NDIS. These services will continue to be provided by the ACT Government during the NDIS trial.

- Existing contracts with providers of disability specific services have been extended to the end of 2014 then cashed-out. The service providers are aware of the NDIS and are currently preparing to make the transition.

**From:** Johnston, Claire  
**Sent:** Thursday, 31 July 2014 3:59 PM  
**To:** Gilfedder, Stephen  
**Subject:** Possible key messages

Hi Stephen,

Good to chat with you today. Kate is just putting together a brief for the Minister about the KPMG report, and wants to put in a few high level key messages. I've had a go at some, but thought I would check with you to see if you can provide something better! Any changes appreciated. Also want to make sure we have the same messages!

Cheers,  
 Claire

- The National Disability Insurance Scheme is transforming how disability services, including early intervention services, are delivered in the ACT.
- Families deserve to have more choice and control, and access to services that are best practice.
- This means there will be changes to who delivers early intervention services in the ACT, and from next year community service providers will take over the delivery of early intervention services.
- There will be changes, but the ACT Government will continue to support families through this transition period.

Claire Johnston | Community Engagement Officer |  
 ACT NDIS Taskforce | Community Services Directorate | ACT Government  
 Telephone: 02 6205 1372 | Mobile: 0452 597 459  
 Level 2 Nature Conservation House, 153 Emu Bank, Belconnen ACT | GPO Box 158, Canberra, ACT 2601  
 | [www.act.gov.au/ndis](http://www.act.gov.au/ndis)

Gotovac, Jessica

From: Starick, Kate  
 Sent: Sunday, 3 August 2014 1:39 PM  
 To: Sheehan, Maureen; Gniel, Stephen; King, Sarah  
 Cc: Elsey, Melissa; McClelland, Lisa  
 Subject: 8EI Information for the NDIA plus background  
 Attachments: ACT Disability Education and Early Intervention Program Entry Criteria (6).docx; Education and Training Directorate Early Intervention Programs and Services.doc; Procurement.docx; ECI Report Final30714.pdf; ACT ECI market soundings draft final report vsent.pdf

Importance: High

Categories: Red Category

Hello  
 For the meeting Monday, please find below proposed agenda items. Attached information has been sent to all previously, but have just consolidated into one email. I understand Sarah and Lindy are developing more detailed information on group numbers, locations, funding and resources. Additional information re the 'value' attributed to facilities may be required.

Topics for discussion

1. Confirmation of agreed positions
2. Timeframe to meet commitment on Motion agreed – 21 – 23 October announcement of new providers. An indicative procurement timeframe is attached for information only, noting this is ACT procurement timeframes just to give a sense of milestones in the tender process to agree with the NDIA
3. Agree roles and responsibilities. Lead contacts for each area if required.
4. Agree governance.
5. Services in scope (attached – and as per questions below)
6. Financial position: Early Intervention.

Program	\$Million	
TACT	5.4	NB includes therapy in schools which is now out of scope.
ETD	2.2	Following email 30/7 new total \$2.3 m in scope. See note below.
Out of Home care	0.19	
HACC	0.084	
RACC	0.113	
DACT	0.345	
<b>TOTAL NDIS identified eligible Early Intervention</b>	<b>8.332</b>	

Please note: email from ETD 30 July 2014 with updated Part A advises:  
 Three Early Intervention programs have been adjusted providing a net increase of \$110,000. These are:

- 7. KPMG Reports.  
Advice on public release of reports
- 8. Confirm next steps

Regards  
Kate

---

**From:** Gniel, Stephen  
**Sent:** Friday, 1 August 2014 5:09 PM  
**To:** Starick, Kate  
**Cc:** Whitten, Meredith; Sheehan, Maureen; Mitchell, Beth  
**Subject:** FW: EI Information for the NDIA  
**Importance:** High

Kate  
As requested information below and attached for our discussion with NDIA on Monday.  
Steve

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ACT Community Services Directorate

## Early Intervention Services transition support

Final report

25 July 2014



Commercial in confidence

**Inherent Limitations**

This report has been prepared as outlined on p2. The services provided in connection with this engagement comprise an advisory engagement, which is not subject to assurance or other standards issued by the Australian Auditing and Assurance Standards Board and, consequently no opinions or conclusions intended to convey assurance have been expressed. No warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by, ACT Government personnel or wider organisations consulted as part of the process. KPMG have indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted within the report. KPMG is under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form. The findings in this report have been formed on the above basis.

**Third Party Reliance**

This report is solely for the purpose set out in the Scope Section and for ACT Government's information, and is not to be used for any other purpose or distributed to any other party without KPMG's prior written consent. This report has been prepared at the request of ACT Government in accordance with the terms of KPMG's engagement letter/contract dated 2 June 2014. Other than our responsibility to ACT Government, neither KPMG nor any member or employee of KPMG undertakes responsibility arising in any way from reliance placed by a third party on this report. Any reliance placed is that party's sole responsibility.

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The ACT Government engaged KPMG to conduct a programme of market sounding, focus group and research activities which will seek to inform options available for the forthcoming transition of Early Intervention Services (EIS). Project activities were completed between 27<sup>th</sup> May and July 25<sup>th</sup>. This document represents our final report summarising the findings of our activities. Please note that our review of best practice is presented in a separate document.

In scope	Out of scope
<ul style="list-style-type: none"> <li data-bbox="407 550 1070 630">■ 30 market sounding interviews with Non Government Organisations who may be interested in the delivery of existing ACT Early Intervention Services</li> <li data-bbox="407 646 1070 758">■ 5 market sounding interviews with peak body organisations and wider providers in order to understand best practice delivery models for early intervention</li> <li data-bbox="407 774 1070 885">■ 14 focus groups with clients (parents, families and carers) in order to identify opportunities for service model improvement and to inform thinking regarding the attributes of a preferred provider</li> <li data-bbox="407 901 1070 981">■ Facilitation of a stakeholder forum to present the proposed changes to Early Intervention Services and invite feedback from key stakeholders</li> <li data-bbox="407 997 1070 1077">■ High level desktop review to identify best practice models for Early Intervention based on national and international practice and research</li> </ul>	<ul style="list-style-type: none"> <li data-bbox="1144 550 1805 582">■ Early Intervention Service level analysis</li> <li data-bbox="1144 598 1805 678">■ Additional or organisational level research into the capacity of providers to perform a transition beyond that stated during the course of interviews</li> <li data-bbox="1144 694 1805 726">■ Development of procurement or tender specifications</li> </ul>

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## Commercial in confidence

Against the context of the introduction of the National Disability Insurance Scheme (NDIS), the Community Services Directorate (CSD) and Education and Training Directorate (ETD) is assessing options for transitioning its directly provided Early Intervention Services to non government organisations (NGOs).

- In order to ensure that the ACT is best prepared for an NDIS environment, the CSD are assessing the options to transition existing Early Intervention Services to the non government sector. A service transition will provide the opportunity to help establish greater choice for individuals with a disability, build a stronger and more sustainable service across the ACT and ensure that high quality and safe services continue to be delivered.
- The government is committed to ensuring that individuals currently supported by Early Intervention Services continue to receive the level of support needed, that quality assurance arrangements and safeguards are maintained, and provider supply is sustainable. As such, the CSD has sought to inform the planning of transitioning arrangements through a range of activities including market soundings, focus groups and a review of best practice.

**KPMG have been engaged to support the development of thinking around the planned transition of services by assisting government in their sounding activities with providers, parents, families and careers. The full scope of our assistance is set out below.**

- KPMG to deliver market sounding interviews with 31 NGO providers who may be interested in the delivery of ACT services. Soundings to identify providers' interest, capacity and capability to take on the delivery of services in the ACT, as well as identify any wider issues that would need to be managed as part of a transition.
- KPMG to deliver 14 focus groups with parents, families and carers in order to identify opportunities for service model improvement, inform thinking regarding the attributes of a preferred provider, and to identify the key activities that will ensure a smooth service transition. KPMG to also review written submissions of input from this group.
- KPMG to deliver market sounding interviews with five peak body organisations and wider providers in order to understand best practice delivery models for Early Intervention.
- High level desktop review to identify best practice models for Early Intervention based on national and international practice and research, drawn from existing literature scans provided by Disability ACT. The outcomes of this work are presented in a separate KPMG report.

**Results of the market soundings with providers appear to show interest in the delivery of Early Intervention Services and an appetite to work collaboratively with government in order to successfully transition them. Key points are:**

- The majority of providers expressed a high interest in delivering services, identifying this as a good opportunity to establish and provide services in the ACT. Providers also identified a commercial focus to business expansion, reflecting the broader changes due to the NDIS and a need to be competitive. The majority of providers indicated that they held the financial and operational capacity to expand service delivery.
- Providers are actively seeking further service information from government in order to confirm interest, prepare themselves for a transition process and to minimise the associated risks. Risks are largely driven by the transition timeline and include reputational risks (ie being associated with an unsuccessful service transition), operational risk (taking on too many new clients without the ability to establish the necessary supporting infrastructure), and financial risk (NDIS funding packages would not be sufficient).
- Soundings indicated an appetite for government to provide support to stabilise providers during the transition phase and assist in managing risks. Suggested assistance included funding arrangements, the secondment of government staff and access to existing workforce. Other suggestions also included the transition of the service as-is (fully funded) on a short-term arrangement in order to ensure a smooth transition. Once the new providers were established, it was proposed that government could then remove funding.
- Providers were also motivated by the opportunity to enter into the market and evolve the existing service model, thus sharing government's ambitions. For a number of providers, the ability to do this was an important condition of their involvement.

The majority of providers articulated strong expansion capacity and capability, having invested in back office functions as part of NDIS preparedness. However, availability and access to workforce was raised as key area of potential capacity concern, with an appetite for government support in addressing this.



Findings from the focus groups with families, parents and carers indicate concern with regards to the transition timelines and arrangements, and the impact that this may have on services that are on the whole well received.

- Overall, parents articulated good experiences with the current Early Intervention Services, with many aspects highly valued and that parents would like to see continued under the new scheme. These include small teacher to child ratios, the variety of services provided, information provision, the facilitation of connections between parents and communities, and support in transition to schooling.
- The transition is seen as an opportunity to address a number of aspects of the current programs such as reduced time taken for initial assessments and improved coordination of services (using the school-based EI service as a central coordination hub for other public and provider services). Other model improvement opportunities identified relate to playgroup hours, diagnosis support, supporting administration and the location of therapists and services.
- Parents expressed a number of views about potential providers. There is clear preference for experience in high quality service delivery, as well as for not for profit providers given a view that profit generation may be incompatible with service investment. Parents also had a preference for some form of government provision to remain as a provider of last resort, driven by fear of providers being able to cherry pick children, leading to some individuals being left without support.
- A variety of concerns about the transition to a new service provider were expressed by parents. The majority of these concerns are driven by the timeline, a need for detailed and robust transition plans for each child, a lack of knowledge regarding transition arrangements and a lack of understanding about the NDIS. Concern was also raised around the adequacy of funding arrangements, and implications for the continuity of support.
- Strong and detailed transition planning, and access to further information was seen as key to addressing raised fears. Visibility and choice of provider was also raised as important during focus groups.

The transition timeline, introduction of the NDIS and sounding feedback create a complex context for transition. In determining next steps, government will need to ensure that the transition process achieves the objectives of creating a robust and viable provider market that supports a successful transition, and also provides the foundations for service choice and control once in a full NDIS NDIA operated environment.

- In finalising government's approach to the recommissioning of existing services, it will be important to consider how the packaging of services and use of incentives can support the achievement of wider objectives. Whilst the appropriateness of the market structure within an NDIS environment will be the ultimate responsibility of the NDIA, ACT government's transition of Early Intervention Services at 1 January 2015 will play a major role in capacity building and providing the foundations of an appropriate structure.
- It is therefore important that due consideration is given to the ideal dynamics of a future market that would best suit Early Intervention Services in the ACT, and that ACT Government where possible takes an approach that demonstrates alignment to NDIA thinking.

In determining government's next steps, consideration should be given in a number of key areas that will help to ensure a robust and well structured transition process:

*Pre-procurement planning*

- Government should consider clarifying to the market the nature and scope of the services being commissioned as well as whether it will include any associated assets such as infrastructure or equipment. This will assist in capitalising on existing interest and ensure that providers are able to make informed and timely decisions regarding service opportunities.
- Whilst the inclusion of wider assets in a commissioning arrangement should be structured to best maximise provider interest, there may be financial implications or other associate liabilities for government that are unforeseen. Government should therefore consider further work to understand any associated liabilities as a priority.

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*Pre-procurement planning continued*

- Consideration should be given to the ability for government to provide direct financial incentives, either through provision of funding for a defined transition period leading up to a full implementation of the NDIS, or through the provision of other incentives to aid in the establishment of services. Government should consider the extent to which they currently have a clear understanding of the implications of any financial incentives, and are able to award them or not.
- Further analysis may assist government to 'design' the ideal market structure to serve the sector, and thus leverage the respective skills of different providers. Design arrangements should be considered against service 'tender packaging' and incentives that promotes quality, sustainability, innovation, access and service outcomes.
- Government should also consider the extent to which wider and more general supporting information can be released. Access to this would help to assist providers in making planning decisions and will be particularly important to interstate providers looking to enter the ACT market for the first time.

*Service model enhancement*

- Consideration should be given as to how best to enable service model enhancements through any procurement or provider assessment process. In facilitating enhancements, government should consider the extent to which change may be accepted or not by service stakeholders.

*Procurement*

- Consideration should be given as to how best to leverage the market interest through a procurement process. A competitive tender process may facilitate service model innovation and investment through competition, however decisions will need to be taken against an awareness of the short timeline. The overarching priority will need to be service continuity for clients, change & risk management and communication strategies, however government should consider what else could be achieved alongside this, and ultimately develop a procurement strategy that is fully aligned.
- In order to build on service interest, consideration should be given to the opportunity for industry briefings prior to a formal process. This will help to give providers key information that will allow them to confirm their interest in the service and begin planning arrangements.

*Transition planning*

- Consideration should be given to the opportunity for co-design of client transitioning arrangements, using the output of focus groups, broader information sources and participation from parents and potential providers. A forum or workshop with selected groups bringing together best practice, knowledge and stakeholders may help people to positively engage within the transition, and allow providers to learn more about the market and key factors of importance for parents, families and carers.
- Development of a detailed implementation and transition plan to support children and families through the transition should be considered by government. This should be underpinned by best-practice change management principles, and provide families with confidence that the transition will be well managed and key risks have been considered.
- Consider developing individual transition plans for service users to ensure continuity of service delivery is maintained and that there is a smooth transition to the new service providers.
- Once the new providers are known, ongoing communication to families, parents and carers should be considered. A standard 'information pack' setting out details of their staffing models (including staff qualifications and experience), service ethos / philosophy, and points of difference would support parents to make informed decisions and may address concerns around quality standards and wider provider issues.

*Communication strategy for parents, families and carers*

- ❑ Focus groups have identified a need for further communication about the planned changes, as well as broader factors related to the NDIS. Government should consider development of a communication strategy that enables stakeholders to provide input to government, and that provides clarity on key aspects of the transition such as timelines and points of involvement.
- ❑ Communication strategies for consideration could include letters and information sheets to all families, broader communications with the disability / education / early childhood sectors, a 1300 enquiries number and enquiry mailbox and internet sites to provide access to information for a broad range of stakeholders.

*Communication for providers relating to the NDIS*

- ❑ Given the existing dominance of service provision by government, and the potential of providers entering from other jurisdictions, government should consider the extent to which broader communication are made in order to further understanding about the ACT market. These communications should look to go beyond the Early Childhood Intervention Services market, and provide information on the broader disability sector and areas where provision will be required. This activity will seek to ensure that providers establish an improved awareness of market opportunities as well as ACT dynamics, and may therefore also support future service transitions.





**Project context**

The ACT Government currently delivers a range of Early Childhood Intervention Services that support children with a developmental delay or disability. Programs provide intervention for the child and also serve to build and develop key skills with families, parents and carers. As at April 2014, 302 children were accessing Early Intervention Services across 17 school sites.

**What is early childhood intervention?**

Early childhood intervention is the process of providing services and support for children with a developmental delay or disability and their families. The period of 'early childhood' is typically defined as between birth and school age.

The purpose of childhood intervention programs is to enable children to transition to mainstream education programs. In addition to providing appropriate intervention for the child, these programs aim to equip families with the knowledge, skills and support to assist the child to participate fully in community life.

**Early Childhood Intervention Services in the ACT**

The ACT Government currently delivers early intervention programs, such as small group education classes for children with a disability or developmental delay, through the Education and Training Directorate (ETD). ETD early intervention program staff work closely with Therapy ACT. At present, the vast majority of services are delivered by government with only a negligible NGO sector in existence. This sets the ACT apart from other jurisdictions where mixed service markets are more prevalent. It should be noted that:

- ❑ Of the 60 community sector providers of disability services in the ACT, 30% have less than \$1m in revenue and 40% have less than \$2m in revenue.
- ❑ Recent research suggested that up to 27% of existing providers of disability services may become unviable due to cash flow pressures in an NDIS environment.
- ❑ The ACT suffers from a number of workforce challenges within the disability sector due to remuneration, competition and choice of employment factors.

The 2014-15 ACT Government Budget showed that expenses related to the provision of early intervention and prevention services (with a focus on children pre-birth to eight years old and their families) was estimated to be \$25.5m in 2013-14.

In 2011-12, government service provision constituted \$54.5m or 56% of the total funding pool of NDIS-eligible disability and therapy services

**Programs available in the ACT**

There are a number of Early Childhood Intervention Services provided by the ACT ETD:

- ❑ **Early Intervention Playgroup:** Co-attended by children between 2-3 years old and their parents.
- ❑ **Early Intervention Unit:** Programs for children prior to school entry with mild developmental delay.
- ❑ **Autism Intervention Unit:** Programs for children prior to school entry with Autism Spectrum Disorder.
- ❑ **Language Intervention Unit:** Programs for children aged 3 years to school entry with a specific language disorder. Jointly provided with Therapy ACT.
- ❑ **Early Childhood Centres:** Programs available for children aged 3 years to school entry with mild to moderate developmental delay or disability.
- ❑ **Early Childhood Units:** Programs for children aged three years to school entry with significant developmental delay or disability.
- ❑ **Vision and Hearing Support:** Programs for children from age of diagnosis with a vision or hearing problem.
- ❑ **Support at Preschool:** Resources provided to schools to support children with a developmental delay or disability attend a local mainstream preschool.

As at April 2014, 302 children were accessing early intervention programs across 17 school sites. Group sizes and length of participation in Early Childhood Intervention Services vary depending on the age and type of disability of the children.

Source: [http://apps.treasury.act.gov.au/\\_\\_data/assets/pdf\\_file/0018/601056/Community-Services-Directorate-Budget-Statement.pdf](http://apps.treasury.act.gov.au/__data/assets/pdf_file/0018/601056/Community-Services-Directorate-Budget-Statement.pdf) accessed on 25/6/14

The introduction of the NDIS is expected to place increased pressure on the market to deliver support that is not only tailored to the individual requirements of children with a disability but is also sustainable and financially accessible.

#### National Disability Insurance Scheme

The ACT Government is a trial site for the NDIS and commenced a phased implementation in July 2014. The ACT will be the first jurisdiction in Australia to have all eligible residents included in the Scheme by July 2016. A bilateral agreement between the Commonwealth Government and ACT Government provides the overarching framework for the introduction of the NDIS in the ACT. The agreement set out the funding arrangements, including the Commonwealth and State contributions, and the estimated number of participating clients. The bilateral agreement also sets out the planned yearly intake of clients for the ACT, with the majority of the estimated 5,097 participants expected to transition in the first two years.

The Scheme heralds a fundamental change in the way ECI Services are currently administered, funded and delivered in the ACT. By July 2016 funding responsibility for ECI Services will shift from the ACT Government to the sole responsibility of the NDIA. As part of the overall transition to the NDIS, in preparation for full implementation, from 2015, the government's role as both a funder and provider of ECI Services will change. At this time, ECI Services will be delivered by non-government providers allowing for more inclusive, integrated and family-centred support for children with a disability and their families and carers. In addition, funding administration for ECI Services will shift from the ACT Government to the NDIA under individualised funding package arrangements. This will deliver more individualised support to children and families, allowing them more choice and control over which services are delivered and how they engage with providers.

#### Implications for the transition of Early Intervention Services

The planned withdrawal of service provision by the ACT Government aims to maximise preparedness for the full introduction of the NDIS in the ACT by 2016. This will be achieved in a number of ways including:

- Supporting NGO preparations for the NDIS and enabling them and the broader sector to build sufficient capacity and capability to better respond to the needs of families.
- Providing increased time for service establishment (which will be particularly important for interstate providers), which will help to ensure that the NGO market is sufficiently well embedded.
- Providing time for families to understand the full range of service options and to prepare for these significant changes.
- Enabling the opportunity for the identification of key issue areas amongst providers, where government may be required to provide direct capacity building assistance in order to ensure market stability.

As such, this service transition represents an important stage of sector development that will help to ensure longer term provider stability for Early Intervention Services.



Project context  
**Proposed NDIS Transition Plan**

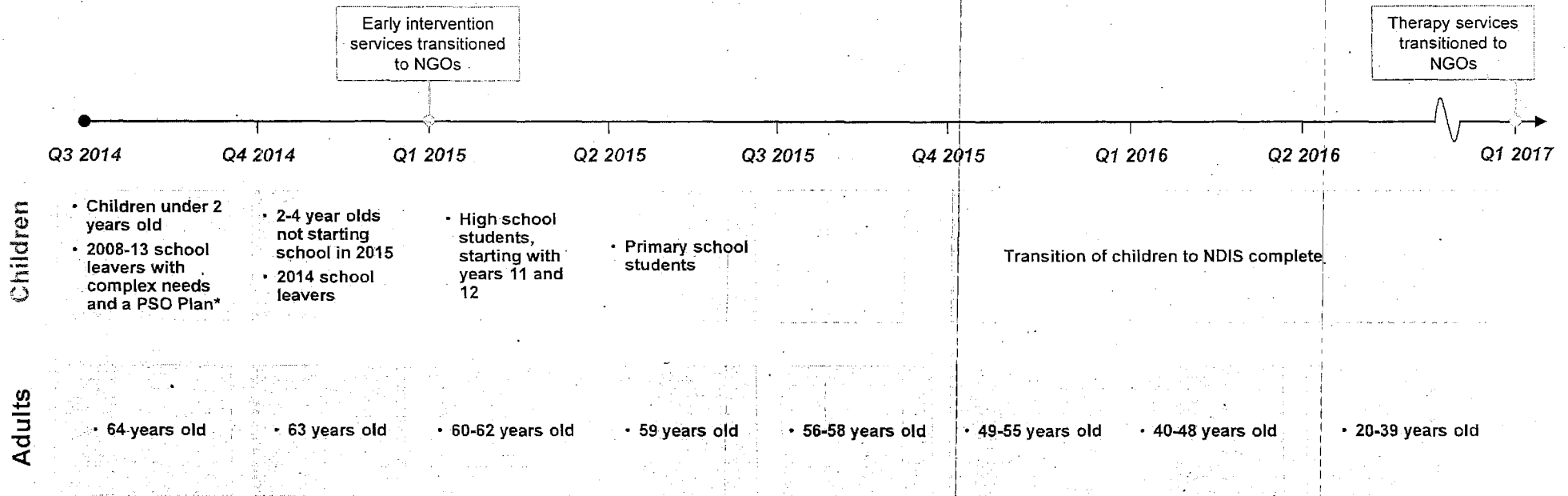
Draft

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The ACT Government and ETD have developed a proposed NDIS Transition Plan that will see eligible individuals transitioned to the NDIS over a number of years. The proposed transition plan prioritises adults nearing the NDIS cut-off age of 65 and children eligible for early intervention services. Early Childhood Intervention Services will be the first services transitioned to the NGO sector.

**Transition overview**

- All Education and Training Directorate early intervention programs will cease by the end of 2014, and ACT Therapy services will cease by the end of 2016.
- The majority of children currently in Early Childhood Intervention Services will progress through normal processes to schools in 2015. Eligible children will still have access to both special and mainstream schooling.
- All young children will be transitioned to the NDIS in 2014. Therefore, from the beginning of 2015 Early Childhood Intervention Services will be provided by NGOs. Remaining children (i.e. those that have progressed beyond early intervention services) will be transitioned to the NDIS in the first half of 2015.
- By the beginning of 2017 all eligible people should have been transitioned to the NDIS. At this point therapy services will be provided by NGOs.



\* Post School Options Plan

<sup>1</sup> NDIS Transition Plan, ACT Government



**Market sounding  
and consultation  
approach**



## Market sounding and consultation approach

### Purpose and approach

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Market sounding is a critical process in the transitioning of services, and provides clear inputs into procurement and wider planning activities. The process of soundings also play an important part in developing a market of potential providers within the ACT – which is key given the dominance of existing provision by government.

Market sounding will principally support the transition of Early Childhood Intervention Services in three areas:

1. **Market seeding:** Generating interest in the transitioning process and opportunities from providers who are currently aware of government's plans as well as through 'seeding' or generating interest amongst potential new entrants. This is achieved through increasing their awareness and understanding of the service opportunity, and government's thinking (as appropriate).
2. **Market stimulation:** Stimulating and developing interest in transitioning opportunities and prompting initial discussion within organisations regarding opportunities and offerings (in terms of services, service models and innovation). The outputs of this activity enable government to gain valuable input to develop their understanding of potential incentives that can be offered to further generate interest and preferred outcomes.
3. **Intelligence gathering:** Gathering information and intelligence from existing and potential market players on the extent and nature of interest in transitioning opportunities as well as their current capacity and capabilities (and constraints). In addition to this, soundings explore and understand the key issues, barriers, and pre-conditions for organisations to take on additional service delivery in a future NDIS context (including issues relating to workforce capacity and capability, infrastructure and sustainability).

Market sounding activities will directly inform the development of the transitioning strategy, including how it should take account of or address issues, barriers and pre-conditions identified by organisations.

In developing our market sounding approach for Early Childhood Interventions Services, we have sought to ensure focus in three areas:

- a. **The purpose of the market sounding:** Absolute clarity is required with regards to the objectives of the market sounding in terms of the key issues that it is seeking to explore and test as well as the central information that it is looking to communicate to the market. As such, clarity needs to have been achieved prior to commencement with regards to the desired outcomes of the process.
- b. **The market sounding approach:** It is important that the process that is to be used to interact with the market, in terms of communicating information and in receiving feedback, and in the choice of organisations involved, is clear and well defined. The method and approach need to be fully aligned with the desired outcomes of the sounding, and also fully complement the objectives of the process (e.g. sensitive discussions should be explored in small groups / interviews rather than in a workshop format or through surveys).
- c. **Probity and independence:** It is important that the market sounding process is sensitive to providing unfair advantage to an organisation or group of organisations unintentionally. Whilst this is particularly relevant during the procurement process, these probity and independence principles should be considered throughout the process. As such, the process should consider the consistency of information and responses whilst also creating an environment for open and frank discussion.

The approach that has been developed for the purposes of this project have focussed on these characteristics, building on KPMG's experience in performing commissioning and market sounding engagements, as well as our experience of interacting with disability service and other human services providers.



Market sounding and consultation approach  
**Purpose and approach**

**Commercial in confidence**

KPMG's work has involved four forms of market soundings and consultation which are set out below. Our approach has enabled us to generate an understanding of the opportunities and issues surrounding service transition from both a provider and service user perspective.

**Approach 1: Market soundings with providers**

**Purpose**

- Engagement with potential providers in order to stimulate and discuss service interest as well as to understand the extent of barriers, incentives, and key issues in detail.

**Approach**

- 31 providers selected in consultation with CSD and approached for interviews.
- 1 provider workshop organised.
- Selection made to ensure that interviews generated a representative sample of feedback from the broader market. As such, providers were selected based on size, type, geographical focus and scale and included interstate providers and potential new entrants.
- Private one-to-one discussions led by KPMG to ensure independence and to encourage an open dialogue.
- Discussions supported by high-level fact sheets that provided a service overview of the existing service and NDIS transition.

**Approach 2: Market soundings with professional associations**

**Purpose**

- Engagement with professional associations in order to gain an understanding of the wider transition and provider issues that should be considered. This included those that may be encountered as part of a move to the NDIS.
- Soundings were used to also understand best practice delivery models for Early Intervention.

**Approach**

- 5 professional bodies selected in consultation with CSD and approached for interviews.
- Selection made to ensure that interviews generated a broad spectrum of potential responses.
- Private one-to-one discussion led by KPMG to ensure independence and to encourage an open dialogue.

**Approach 3: Focus groups with parents, families and carers**

**Purpose**

- Engagement with parents, families and carers in order to understand key transition issues and concerns that would need to be managed.
- Sessions also looked to identify opportunities for service model improvement and to inform thinking regarding the attributes of a preferred provider.

**Approach**

- 13 focus group sessions held, open to interested parties. Analysis was performed by ACT government after 10 sessions to check that attendees were representative of the range of existing services.
- Sessions were led by KPMG to ensure independence and to encourage an open dialogue.
- KPMG also received feedback from a separate session held by an industry peak body.

**Approach 4: Written submissions from parents, families and carers**


**Purpose**

- Additional communication channel provided to allow parents, families and carers to provide feedback into transition planning.

**Approach**

- Parents, families and carers who were unable to attend focus groups were provided with the opportunity to give feedback directly to ACT Government.
- Feedback was passed on to KPMG in order to consolidate and incorporate into broader analysis.
- In total, 3 written submissions were received.

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**Results of market  
soundings with  
providers**



The market soundings appeared to identify strong levels of initial interest in the Early Intervention Services currently provided. Interest has been principally driven by a strategic desire to gain a footprint within the ACT market or consolidate / expand existing services there.

- The majority of providers expressed a strong initial interest in delivering services, identifying this as a good opportunity to enter the ACT market for the first time or expand / consolidate their existing ACT service base.
- Interest has also been generated by a range of wider secondary factors which include the opportunity to expand services to particular cohorts of children (e.g. children with hearing loss or children with autism) and a belief in the long-term growth of ECIS in the ACT.
- Interest also reflected a broader commercial shift in line with the NDIS, and a belief that it will present a market opportunity for agile and consumer focussed operators who deliver quality outcomes for service users. Of note is that a number of providers were also motivated by the opportunity to enter into the market and evolve the existing service model towards one more closely aligned to best practice. This was typical of a broader commitment to the sector expressed by a number of providers.

**In summary, soundings identified the following level of interest:**

- 22 providers expressed high levels of initial interest in delivering services. These providers identified a strong commercial focus to business expansion, reflecting the broader changes due to the NDIS and a need to be competitive.
- 5 providers expressed a moderate level of initial interest. This includes two providers who would potentially participate in any approach to market but would not commit until undertaking further due diligence on the opportunity.
- 2 providers sounded indicated a low interest, primarily due to limited capacity and capability to take on additional services at this point in time with organisational resources focused on preparation for the NDIS.

**Specific motivations for service delivery appear to reflect the broader strategic objectives of providers:**

- Large interstate providers appear keen to use the transition as an opportunity to capture significant market share and provide themselves with a sustainable volume of scale. This is seen as being an important part in helping them to manage the associated financial risks of establishment.
- Smaller providers are seeking sufficient operating capacity to ensure services are commercially and operationally viable. These providers are keen to consolidate and grow their existing services to particular cohorts / geographical areas and view partnerships and consortiums as a method to facilitate scale and financial stability.

**Soundings highlighted a number of transition related issues that were seen by providers as constraining interest levels. Key issues were:**

- **Financial risk:** Providers identified concerns in relation to adequate pricing of services to sustain appropriate service delivery in the ACT, and the importance of securing sufficient market share to ensure ongoing organisational financial viability.
- **Transition timeframe:** A number of providers highlighted concerns with regards to the proposed timelines, and their ability to successfully digest service information, compete in a tender process and ensure robust transition planning. Interstate providers were particularly concerned, given their need to establish a new presence if successful.
- **Information:** Whilst indicative interest appeared high, providers were keen to have adequate time to consider the commercial and operational aspects of the opportunity and obtain Board / Management support. This process would require full details of service offerings to be provided by government, and the planned timeline was seen as making this process challenging. Providers were also keen for broader information regarding the local context, incentives, procurement and transition approach.
- **Workforce:** Providers expressed concern with regards to potential labour shortages in the ACT, impacting on their ability to recruit adequate numbers of qualified ECI staff.
- **Reputational Risk:** Providers were concerned about the potential loss in reputational capital based on real / perceived public / client concerns associated with the transition.

Results of market soundings with providers  
**NDIS readiness and capacity**

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All providers expressed strong support for the NDIS and noted the significance and benefits of the Scheme to people with a disability in the ACT. However, providers also noted the transformational change required in order to fully prepare and realise a mature and vibrant market. Key changes foreseen by providers included:

- ❑ A need to become more consumer focused: Consumer choice of provider will drive a significant focus for providers on the quality of customer service and achievement of client outcomes. This incorporates a greater emphasis on delivering flexible and responsive services tailored to the individual needs of families. Customer satisfaction will have a much greater emphasis and impact on the operations and ongoing viability of a provider.
- ❑ Service pricing and operational efficiency: Consumer choice will drive providers to review their pricing structures to ensure competitiveness within the market. Pricing will also place a significant focus on improving provider operational and administrative efficiencies requiring providers to review their business models to ensure pricing is financially sustainable.
- ❑ Market share and positioning: Providers will be required to employ more sophisticated strategic market positioning approaches to identify the right market segments in which to focus growth efforts, prioritise development efforts and inform strategic investments, to achieve medium to long-term sustainability.
- ❑ Reputation management and branding: Consumer choice will drive the need for providers to create, build, market and sustain organisational brand and reputation within the market. This will require a new focus and investment by providers to develop comprehensive reputation management and marketing strategies.
- ❑ Workforce recruitment and retention: Providers will be required to focus more on strategies to attract and retain skilled staff within a competitive labour market. Providers will also be required to ensure their workforce profile reflects the skills and knowledge required to successfully operate a commercial business alongside more traditional skills required to deliver quality disability support services.
- ❑ Organisational cultural change: Transforming to a market-focused sector requires cultural change which takes time to develop and foster throughout an organisation.

**Providers recognised that the NDIS represents a transition for ECI service delivery, that will significantly change the nature, focus and funding arrangements in the ACT. Providers highlighted a number of associated concerns:**

- ❑ Providers indicated that the timing of any transition may affect their ability to deliver services with the majority of providers indicating they don't believe they will be commercially viable by January 2015. Providers particularly expressed concern that if economies of scale are not realised, or are lower than expected, they could incur significant financial losses.
- ❑ Interstate providers particularly believe the timeframe does not allow adequate assessment of the ACT market structure, or the development of service and brand differentiation. Providers suggest this will negatively impact on their ability to gain sufficient market share to ensure ongoing service viability.
- ❑ Providers whose income relies heavily on funding from clients with NDIS packages believe they are particularly financially vulnerable given the perceived unpredictability and unsecure nature of this funding.
- ❑ Some providers, predominately those based in the ACT, advised they would be adequately prepared to take on service offerings on a small scale only. This is primarily due to constraints in relation to a lack of adequate facilities to deliver expanded services from (e.g. centre based services and office accommodation), concerns in relation to attracting suitably qualified staff, a lack of organisational capability and capacity issues constraining their ability to expand back office functions.

More broadly, NDIS preparation and readiness was a key strategy for a number of providers, with many suggesting that they were well positioned to respond to new opportunities given a focus on strategies including:

- ▢ Collaboration and expansion: Some providers are proactively pursuing service partners to form alliances / consortiums / mergers to ensure they have adequate economies of scale, capability and capacity to respond to the new market environment.
- ▢ Investment programmes: Some providers are making infrastructure investment in back office systems in order to ensure operational capability to deliver additional services.
- ▢ Improved efficiency and operational improvements: Providers are strengthening governance, business processes and systems, reducing excessive costs associated with non-direct service delivery and developing more efficient and effective service delivery models. This will better position providers to be able to offer consumers a competitively priced package of services.
- ▢ Improved marketing and communications: Providers are invested in improving marketing and branding activities in preparation to increase brand recognition and differentiation in the market.

**Despite readiness activities, the main capacity concerns raised by providers related to workforce issues.**

- ▢ Perceived limitations in workforce capacity (i.e. securing adequate workforce numbers (staffing levels) and availability): This was driven by difficulties experienced by providers in attracting and retaining Early Childhood Intervention staff. This is further complicated by provider perceptions that the ACT is a small market with a limited pool of suitability skilled and experienced professionals. Providers also questioned their ability to compete with the government and private sectors in terms of offering competitive salaries.
- ▢ Perceived limitations in workforce capability (i.e. staff with adequate knowledge, skills and attitudes). This was driven by the view that providers are required to develop and build the skills of new employees and acculturate them to the organisation before they are adequately equipped to deliver best-practice service delivery to this cohort of clients.
- ▢ Casual employee employment practices may also increase, presenting a concern as more inexperienced casual employees are required to staff positions.
- ▢ Employment growth due to the introduction of the NDIS will exacerbate shortage of workers and increase competition for staff, particularly between government and NGOs.

**Collectively, providers identified that workforce issues had the potential to compromise the deliver of services with a number of transition implications.**

- ▢ The loss of experienced government staff represents a potential for high service delivery risk, as key expertise and knowledge of the existing client base is lost.
- ▢ Service capacity may be limited, potentially leading to delays in service commencement and reductions in services or temporary service closures. Furthermore, shortages among key occupational groups, specialist early childhood practitioners (e.g. speech pathologist, ABA trained staff) and in geographic areas may also worsen issues.
- ▢ Moves to new models of service delivery will require investment in developing the skills of the workforce, and a need to support culture change. Workforce issues are likely to challenge changes and the pace at which they can be implemented.
- ▢ ECI providers deliver specialist support and care for children and families, therefore access to practitioners from a range of professional occupations is critically important if quality care outcomes are to be achieved. Workforce issues may lead to reduced service quality and service responsiveness.
- ▢ Providers will be required to confront concurrent challenges of establishing a new service, sustaining NDIS related reform, professionalising its existing direct support workforce in readiness for NDIS (i.e. changing skill sets), and manage the withdrawal of existing government experienced workers - all in an environment of potential workforce shortages and increasing competition for skilled labour.

Most providers identified the need for government to undertake comprehensive pre-procurement planning to inform the development of the transition approach. Government was encouraged to be clear and open about what they proposed to transition including service requirements, when and how the process would run and details of what government was seeking from the market in terms of provider characteristics. Pre-procurement planning was seen as playing an important part in informing decisions in relation to the most appropriate procurement method and enhancing the transparency and predictability of the procurement process.

- Providers have a strong appetite for further information which is primarily focussed on developing a greater understanding of the full nature and scope of the services and needs of existing service users. This was seen as important part of exploring and confirming their interest.
- Other information requested by providers included: service waiting lists, estimated future service demand, transitional arrangements, funding arrangements, existing staffing profiles, availability and cost of using existing facilities, service interface with ACT Therapy, client eligibility, assessment and referral processes, facility design, labour market conditions, options for employment of government staff and potential transmission of business implications.
- Communication of appropriate information in a timely manner following the market soundings was seen as an opportunity to capitalise on initial provider interest and better position government to achieve timeline objectives.

**Should government look to transition services on a segmented basis, providers provided feedback as to the size and scale that would be considered most accessible:**

- Most providers were keen that procurement packaging arrangements were of an operational and commercially justifiable scale, both in terms of volume and income levels. This was of particular importance to interstate providers who would need to operate on a self sufficient and sustainable basis.
- Equally, consideration would need to be given to the effects of packaging on smaller providers already based in the ACT, who may be limited in their ability to take on large service volumes.
- A number of ACT based providers suggested that government offer each ECI service to the market separately to make it more manageable and attractive to smaller and / or niche providers.

**Providers also provided feedback with regards to the procurement approach or process undertaken by government.**

- Providers requested government commence the procurement process promptly to allow adequate time for transition and service establishment, which most providers estimate would take at least four months. Given risk considerations and the sensitive nature of support, providers identified the absolute importance of allowing adequate time for this.
- The market has indicated a strong preference for a two stage procurement process (i.e. Stage 1: Expression of Interest, Stage 2: Request for Proposals). This would both limit the significant operational cost on medium to smaller providers of responding to a full tender process, and would provide the opportunity for more detailed and iterative discussions to take place with Stage 2 providers. The market is keen to see government take a pragmatic view on timing to ensure that tender documentation is well supported by detailed specifications and service / user / support need information. This would be best delivered in the second stage of the procurement process.
- Smaller providers were keen not to be disadvantaged as a result of traditional procurement processes which may unintentionally favour larger providers with greater resources to devote to tender submissions. Providers were keen for government to acknowledge this and use a process that sought to evaluate provider performance fairly.

**Providers identified the use of incentives as playing a key role in solidifying interest and managing associated risks. In many cases, there was an expectation that government would be providing incentives.**

- A number of providers (particularly interstate providers) expressed an expectations that government would provide a range of financial and non-financial incentives to promote market interest, facilitate entry, and assist in reducing financial and other risks associated with service establishment.

- This expectation was driven by the transition timeline and the need by some providers to invest heavily in the ACT in order to develop a sustainable and appropriate presence.
- Wider factor driving an appetite for incentives included:
  - Concerns about financial sustainability under a NDIS 'free market' model. A number of providers noted that in a competitive NDIS environment they would be faced with increased commercial pressures with potential for significant short-term cash-flow problems as expenses, particularly labour related costs, outstrip income from NDIS clients.
  - Concern in relation to NDIS funding. Caution exists within the market regarding funding, driven principally by views that NDIS funding for transdisciplinary and group support packages do not cover all related costs of service delivery.
  - An ability for some providers to absorb expansion costs and charges. Providers raised a potential barrier in relation to having access to, or funding for, adequate service delivery infrastructure including facilities from which to deliver services.
  - Support to meet government's timeline and management of the associated reputational and organisational risk. Providers consistently raised concerns regarding the tight timeframe for transition and potential flow on risks. Incentives to build capacity prior to service commencement such as knowledge sharing between government and providers were strongly supported.

**Providers identified a range of potential incentives that were seen as being beneficial. These included both traditional financial support arrangements, as well as access to existing government staff through secondment arrangements.**

- **Financial funding incentives (guaranteed operating funding):** Most providers suggested government should consider offering block funding on a time limited basis. Providers suggested this would provide sufficient financial stability to enable providers to build the necessary operational relationships critical to achievement of client outcomes. It would also allow them to establish critical service provider networks to facilitate seamless client pathways and implement a range of organisational capacity building activities to ensure the long-term sustainability of services in the ACT under the NDIS. This would also protect their position within the market place and was a particularly common view amongst interstate providers.
- **Commercially viable service volumes:** Providers suggested that aggregation or clustering of services could be used as an incentive whereby services are grouped and packaged to the supply market. The grouping of services could assist to deliver economies of scale by providing greater (more attractive) volumes to suppliers, drive efficiencies and leverage the government's buying power to achieve improved value for money. However, it was seen as important to remember that large groupings could disadvantage smaller organisations, which represent a significant proportion of the ACT market.
  - Alternatively some smaller organisations may see this as an opportunity to strategically positioning themselves to achieve some of the benefits of economies of scale that larger NGOs enjoy by developing partnerships or merging with other providers.
- **Operating and establishment funding:** Providers were keen for government to consider recurrent funding to be provided over the life of a contract period ranging from 6 months to 2 years, to cover the 'true' cost of delivering services, before moving to an individualised funding approach under the NDIS. Suggestions included 'seed' funding, output based funding, fee for service, a fixed price for a particular 'service model' and input funding derived from FTEs required to deliver current services. Establishment costs were particularly important to interstate providers to assist with office establishment, recruitment of staff, initial advertising and promotion of services, sector and family engagement activities and transition planning.
- **Transitional one-off funding for staff:** Some providers suggested the need for 'transition funding' to enable the recruitment of staff prior to January 2015. This would enable provider staff to work alongside existing government staff to ensure a smooth transition and deliver continuity of care for clients through funding to support exceptional costs where incurred.



## Results of market soundings with providers Procurement and incentives

Draft

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- Access to staff on a secondment basis. Given the perception of workforce shortages, providers were keen to receive government support in addressing this. Ideas including providing access to existing EIS staff through a program of secondments, or through enabling the introduction of staff to providers for those looking to continue service delivery.
- Use of existing facilities: Providers were keen to explore opportunities to lease (preferably at peppercorn rates) existing government facilities. Providers were of the view that the retention of existing facilities would allow for greater service delivery stability for families and more easily manage the transition to the new provider. This approach would give families some reassurance and stability at a time when they may be anxious about change, and recognises that providers may not have the readily available assets to transfer people in to. Providers also were keen for government to allow use of other assets to support service delivery, including plant, equipment and leased vehicles (particularly specifically modified vehicles), during the life of the funding contract. Some providers suggested that the responsibility for equipment utilised to support direct service delivery to clients should be transferred to providers as part of the transition.
- Collaborative practices: Providers were of the view there is significant opportunity for government and providers to work collaboratively throughout the transition. Providers expressed a strong desire to be seen as key partners in the transition, although were clear that government should continue to take a proactive leadership role in communicating with families and other key stakeholders in relation to the transition implementation. Collaborative opportunities identified included: industry briefings for providers, transition planning workshops, working committees, joint engagement activities with families, joint media statements and communiqués, handover meetings, release of client and service information as appropriate and joint working arrangements for a set period of time.
- Facilitation of networks and introductions to other providers: Smaller providers were particularly keen for government to facilitate the opportunity for introductions to complimentary providers, with a view to supporting the development of networks and collaborative working arrangements. Providers felt that this may also provide significant long term benefits to service users.
- Administration support: Smaller providers identified that the delivery of additional services may present administrative issues to them given perceptions of government reporting requirements, and limited administrative support. Support from government in the form of reduced administrative burdens, or central administrative support for smaller providers was sought as a means to address this.



Providers felt that good transition planning must be augmented with consultative communications with families. A number of providers welcomed the opportunity for there to be a collaborative approach taken with clients, families, carers and government in order to co-design areas of service model improvement. This was seen as a good opportunity to obtain buy-in from stakeholders regarding new service providers and an evolved service model.

- ▣ Providers were also keen to ensure that the transition process includes ongoing consultation mechanisms with families to identify and resolve issues quickly and sensitively. This was seen as a key step in managing risks and ensuring providers were able to deliver against requirements. Providers saw this activity as forming a key part of ongoing sector engagement.
- ▣ Communications to families parents and carers by government (once the new providers are known) was also considered to be important. Providers suggested the use of standard 'information packs' setting out details of their staffing models (including staff qualifications and experience), service ethos / philosophy, and points of difference, which could be used by parents to make informed decisions, and address raised concerns around quality standards and wider issues.

**Providers also raised a number of broader ideas for consideration by government.**

- ▣ Suggestions included government taking a phased approach to transition, that would involve transitioning a specific service first, rather than all services at the same time. This was seen as providing the opportunity for both government and the market to obtain key learnings on a gradual basis, whilst reducing the impact of ongoing transition risks.
- ▣ Wider suggestions included the potential for front-line government staff to be seconded to NGOs to reduce potential staff shortages, provide continuity of service to clients, transfer knowledge and assist in building organisational capability. Providers also suggested government consider developing individual transition plans for service users to ensure continuity of service delivery is maintained and that there is a smooth transition between the old and new service providers.



**Results of  
consultations with  
parents, families  
and carers**

Overall, parents have had very good experiences with the current Early Intervention programs. There are many aspects of the current programs that parents value and would like to see continued when transitioned, in particular the quality of the educators and the high level of support for families that is provided. Parents, families and carers did, however, also indicate some aspects that they considered could be improved, notably a perceived disconnect in communication across some of the services, perceived inflexibility of service times, and waiting periods for assessments and access to the services.

**Overall feedback on the existing service was positive, and focused predominately on the results that parents have observed in their children and which they attribute to the Early Intervention Services.**

- ❑ Many parents have seen large improvements in their child's progress as a result of the Early Intervention programs in areas such as speech, confidence, socialisation and school readiness, and reduced challenging behaviours.
- ❑ Parents valued the opportunity for their child to attend the service without them, as it supported the child to develop independence and reduced reliance on the parent by the child.

**Feedback was particularly positive about the quality of staff.**

- ❑ The quality of the Early Intervention educators is perceived by parents to be very high. They consider that the educators' experience and qualifications makes a significant difference to the progress of their child, and also provides valuable advice and support for parents and families.
- ❑ Small teacher to child ratios are valued by parents given they allow teachers to spend more time interacting with each child. The frequent reporting of children's progress to parents was also valued.
- ❑ The importance of access to teaching assistants with special training was also cited by parents as a key enabler of the services.

**Most parents appreciate variety of services available under the current system, as well as the variety of access points.**

- ❑ Most parents valued the variety of services that are currently being provided and the option of choosing those services they feel their child needs (although some parents would like to have had more choice regarding the location of services). The capacity for some (mostly public sector) practitioners and therapists to visit the child's home and school was also appreciated, as it enabled the development of a holistic treatment and education program for the child.
- ❑ The availability of the Therapy ACT 'drop in' service was considered by parents to be important service that should be retained. Parents viewed it as an inexpensive and informal pathway for families to identify a developmental delay in a timely manner.

**Positive feedback was also received on the environment that the existing Early Intervention services were successful in creating.**

- ❑ Most Early Intervention programs have established a safe and positive environment not only for the children, but for the parents as well. Many parents feel supported and understood, and have been provided with advice and materials on how to continue their child's development at home.
- ❑ Playgroups, drop-in sessions and information sessions have also been useful in creating an information sharing environment for parents and in connecting them together to establish a community and individual networks. Parents felt that this was particularly useful in the first stages of diagnosing their child.

Parents highlighted the importance of Early Intervention services to support their child in successfully transitioning to mainstream schooling, where possible.

- Parents felt that the Early Intervention services played an important role in helping to prepare children to transition to schooling (including mainstream school environments where possible). The school-based venue of service delivery and the perceived integration of the services with the (public) school sector was cited by many parents as a strength of the current model, although a small number of parents expressed a desire to see better integration with private schools as well.
- Some parents highlighted the uniqueness of the 'educational' setting, as opposed to a purely therapeutic setting. This aspect of the service was highly regarded.

Although most feedback about current services was very positive, parents did identify some areas for potential improvement within existing services. Waiting periods for Therapy ACT assessments and to access to some services was seen as the main area to be addressed.

- A number of parents experienced waiting periods ranging from a few weeks to several months for an initial assessment by Therapy ACT. Some parents also experienced long waiting lists for their child to gain access to Early Intervention Services (and Therapy ACT services) after their assessment was completed. This was a concern for those parents given that during this time, their children were not receiving services.
- Additionally, some parents did not receive an offer of placement into an Early Intervention Service until week 2 or 3 of the school term. This created tension due to uncertainty for some parents, and also prevented them from planning activities. Parents outlined a preference to receive placement confirmations 4 to 6 weeks in advance.
- Some parents expressed a degree of frustration with what they perceived to be a lack of transparency of waitlists and associated administrative and communication processes related to the service. Parents would like greater transparency and the opportunity to have more information around the progress and status of arrangements to enable them to be better informed and to support wider planning activities.

Another area cited for improvement was the perceived disconnect between some services in terms of communication and management of children between physical locations. This issue was mentioned by a number of parents.

- Many children see multiple practitioners (Therapy ACT as well as private providers) and attend different programs such as playgroups, Early Intervention and mainstream preschools. In such circumstances, many parents performed a central coordination role between services, relying on information between the various points of contact for their child, and travelling to each location. This placed an initial burden on some parents.
- A small number of parents had positive experiences from this, where the different practitioners and programs communicated together to provide a coordinated and integrated treatment program (although this was more likely to occur where all of the child's services were provided by public providers – some parents reported poor coordination of Early Intervention Services with private providers):
- Parents were keen to see improved coordination of services, using school-based Early Intervention Services as a central coordination hub, for other public and private services. It was proposed that this would also address issues relating to the location of different therapists and services with a clear preference for services to be co-located or accessible in certain areas throughout the ACT.

Feedback also suggested that service hours could be more flexible.

- The current playgroup hours do not align with school hours meaning that parents with multiple children find it difficult to co-ordinate drop-off and pick-up times. Additionally, many parents expressed that it was difficult to re-enter the workforce due to the hours of their child's schedules. Having the Early Intervention Service extend its hours was desirable for some parents while others felt the start time could be delayed.



In considering a new provider environment, parents are primarily concerned with the quality of services, and transparency around quality assurance. Parents are also keen to see retention of school-based locations across the ACT. Most parents were of the view that not-for-profit organisations would deliver a higher quality service. Some parents expressed a desire for government to retain some service provision. Parents highlighted a need for service providers to deliver an integrated service underpinned by educators who are highly skilled, experienced and sensitive to the needs of the child as well as the parents.

Many parents expressed a preference for the new service providers to be not-for-profit organisations due to their belief that they were more likely to be committed to delivering a quality service.

- Parents highlighted that the service demands of Early Intervention are high, and resource intensive. As such, it was felt that this would require a provider to invest all available capital into service delivery, and therefore the ability of for-profit providers to do this would be compromised by the need for the organisation to generate a profitable margin.

Parents were also keen to ensure that future providers were duty bound to accept all children, and did not have a right of refusal. Apprehensions by parents in this area helped to strengthen views amongst some parents who felt that government should retain some level of service provision.

- Some parents communicated a preference for government provided services as they believed that government would provide services of better quality than a non-government operator. This was strengthened by a view that government provided services are more inclusive and capture a wider range of children, and would be unable to refuse to provide services to particularly high needs children, or those demonstrating high levels of challenging behaviours.

Parents identified a number of characteristics which they would like to see from the new service providers. These largely focused on staff quality, use of technology and connectivity between services.

- Parents would value service providers who are able to connect to each other to provide a consistent individualised treatment plan that is integrated across all aspects of the child's life. Additionally parents would like to see services embedded into schools that are more aligned to the private schooling system in addition to public schools (as per the current model), reflecting the needs of the family - i.e. family based interventions and including consideration of respite.
- It was also seen to be beneficial for new providers to be themselves well connected into the service system, thus enabling them to assist in directing families to appropriate alternative services if the child's needs were beyond their own knowledge or capability.
- One parent mentioned a desire to see new service providers with access to the latest technologies and equipment, given a view that the current system used out-of date equipment. This was not raised in other sessions.

Parents also highlighted the key qualities that would be sought from the staff of new service providers. Within this, there was a strong focus on deep skills and experience, and a clear understanding of the nature of support required by children and families.

- Highly skilled and experienced educators was the most frequently mentioned characteristic that was important to parents. Many parents iterated the vast difference in the quality of service that was provided by practitioners / teachers with experience and training in comparison to those that have had minimal exposure outside of a mainstream environment. A distinction between qualification and experience was also seen as been important, as some parents felt that experienced practitioners could particularly have a significant positive impact on their child's development.
- It was expressed that new service provider staff should be sensitive to the needs of the parents as well as to those of the child. An environment that is flexible to parent involvement and is appreciative of parent input was seen as being highly valued.





Results of consultations with parents, families and carers  
**Transitioning planning feedback**

Draft

Commercial in confidence

Parents articulated a number of concerns with regards to the transition of services, with these largely centring around the timeframe and a need for further information from government. Concerns stemmed from fears about the likelihood of the risks associated with a transition, and the impact on children currently receiving well supported services.

The main concern highlighted by parents relates to the timeframe of the transition to a new service provider, and the added risks that this may generate given an absence of a comparative provider market within the ACT at present.

- Parents highlighted concerns that the new service providers will not have sufficient time to be operational by the specified deadline and that there may be a period of time in which services are not able to be accessed. Parents believe that any such gap in the provision of services will result in a regress in child progress, which could potentially have long lasting effects.
- Parents also highlighted fears that the short time line would mean that they do not have sufficient time to be aware of the future service selection, or range of providers. This was seen as potentially meaning that individual children may see their service interrupted.
- Additionally, some parents felt that a transition of providers would require themselves to develop and perform individual transition planning arrangements, and that these may require up to six months of preparation.

Many operational concerns were also raised by parents who were seeking to understand how the new regime would work on a practical level. It is believed that these concerns resulted from a lack of information about the new service providers and about how the NDIS will operate.

- Concerns was raised in regard to the transfer of information from the current to new service providers, with parents fearing that information would be lost in the system and broader management and disclosure of personal information may not be appropriate. Parents were seeking assurances from government that appropriate systems would be put in place to address this.
- Additionally, parents are unclear about the assessment process that will occur under the NDIS in order to access funding and Early Intervention Services. Parents feel that an assessment which only considers a child's performance on a particular day will not adequately capture their behaviour and needs. Parents believe that greater parent input could assist in increasing the accuracy of assessments. Furthermore, parents would like to have an option for their assessment to be reviewed or retaken if they are unsatisfied with the results.
- There is concern whether children who do not have moderate to severe disabilities / developmental delays will be provided with services under the NDIS. Parents would like to know what services will be available for children who fall outside the NDIS criteria, but who are currently accessing Early Intervention Services. Wider concerns also included a fear that the level of funding under the NDIS may not be sufficient to support access to all of the services required.
  - A specific concern that was raised was in regard to the protocols under the new scheme around children in foster care. It was unknown who would be involved in the process of assessing a foster child.
- There was a strong appetite to have advanced access to information on potential service providers, as well as the range of services that may be available. Additionally some parents addressed the possibility of an influx of providers attracted by NDIS funding, which may add complexity in choosing the most appropriate provider, and have detrimental impacts in terms of the long stability of the provider market.
- Some parents also expressed a concern around the ability of new providers to 'cherry pick' which individuals they provide services to, which had the potential for some individuals to be left without support. Parents were keen for the necessary safety nets to be put in place – including government remaining as a service provider.

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In looking to manage these concerns, parents expressed a strong desire to have access to further information regarding the timings, providers, staff, service models and supporting arrangements.

- ❑ Principally, parents would like to be provided with clear information on the timeframes and phasing of the new scheme, with a clear understanding of the process of decisions that they need to make.
- ❑ Information regarding the diagnosis and assessment of children was expressed as a concern given the age cohort of children receiving services. Parents were seeking to know how the assessment will work for them and the implications surrounding diagnosis or lack thereof and access to services.
- ❑ Equally, there was also a strong desire for information around the potential providers who may deliver services, given the wider concerns reflected. As part of this, information was sought on the practitioners / therapists, their qualifications, experience and location. Parents were keen to understand about the supporting arrangements and continuity of teachers, therapists and purpose built facilities, as well as the extent to which contingency strategies were in place for any anticipated gaps.
- ❑ Parents were also keen to have access to details of the types of Early Intervention Services that could be funded with their packages.

Parents were also keen to start planning and considering wider necessary arrangements.

- ❑ In order to aid planning and prepare their child for transition, clarity around the service models and range of services to be provided, as well as the location of services was sought. Specific information around the protocols regarding accessing new services was also requested.
- ❑ Parents were keen to start using this information as soon as possible in order to make necessary planning arrangement to support continuity of service, and to minimise any associated transition risks.

A timely transition process was seen as important in order to ensure that children were able to adapt to the new services with minimum overall disruption to them.

- ❑ A number of parents suggested that at least 3-4 months notice was needed so that they could start preparing their children for the changes. The transition would need to include provision for gradually exposing children to new staff and venues, if applicable.
- ❑ Some parents felt they may be able to do this by using photos of the new teachers or by accessing the premises a number of times and where therefore keen to have the necessary details.
- ❑ Parents expressed a strong desire for them to be supported by robust transition planning activities that were in place for each child. This was seen as a key part in mitigating any individual risks, and ensuring service continuity was maintained. As part of this, a designated case worker to assist each family was considered helpful.

In order to provide information on the transition process and arrangements, parents provided their opinions on the best forms of communication. Central to thoughts was easy access to regularly updated and thorough information.

- ❑ Multiple forms of communication were discussed in order to ensure the information is received, such as phone calls, periodic emails, letters, in person, through a central point, from the schools or at the EI services themselves.
- ❑ Parents were seeking broad information on the planned changes on the areas identified, and also suggested a FAQ sheet may also be of benefit.
- ❑ Parents also highlighted the need to get information to those parents that are not necessarily linked in via a service – the suggestion was to use hubs like child and family centres and community centres.
- ❑ In further planning the transitioning, parents also suggested a website that could enable parents to search for services by filters such as by location or by disability. This would assist parents in finding the right services and understanding their range of choice, and would reduce time manually filtering through information.

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**Service model  
enhancement**



*Integrated services*

- ❑ Best practice across health and human service sectors has underscored the need to provide more comprehensive and integrated services to ensure that people have access to the services they need, and are able to easily navigate the service system. A 'one-stop' model of service delivery also enables children and family to build relationships with one key worker.
- ❑ Children with developmental delay or disability may need a number of services. The provision of services by multiple agencies with different procedures, processes and personnel can be daunting for children and their families. For this reason, best practice in ECI program delivery involves a cross-disciplinary integrated team approach.
- ❑ Under current models of best practice, the ECI team member works collaboratively with universal and primary services to facilitate early identification, referral and secondary consultation and to ensure access and participation in a broad range of family, community and professional resources available for all children and families. The key worker therefore provides the linkages to other required services, but remains as the consistent contact and source of support for the family.

*Integration of ECI and ECEC sectors*

- ❑ The central tenet of current best practice in ECI is meaningful participation. It therefore follows that children with developmental delay or disability should be included in mainstream ECEC settings and have access to the same services and opportunities as other children.
- ❑ The integration of ECI and ECEC programs represents a key service enhancement opportunity that could be explored as part of the transition process.

**The market sounding exercise highlighted support from providers of best practice. Of note was the endorsement of key elements including:**

- ❑ Inclusion of children with developmental delay or a disability in mainstream activities and programs in community settings.
- ❑ Practitioners working with family members and supporting them to help their children learn new skills. This includes using the child's home environment and identifying learning opportunities to maximise the child's practice of key skills.
- ❑ Practice and service interventions based on demonstrated evidence of positive client outcomes.
- ❑ The need for appropriately qualified and sufficiently experienced ECI staff- with some organisations recommending minimum qualifications and certification regimes.
- ❑ Flexibility of service provision was linked to the ability of providers to deliver services in the home and in other settings (i.e. child care centres, sporting clubs).
- ❑ Providing appropriate supportive learning environments (i.e. fit-for purpose facilities).
- ❑ Assisting families to access resources and services to address their needs and those of their children. There was real concern with the NDIS that parents don't feel adequately informed to make service choices for their children.

**Providers highlighted a number of key enablers of a successful service model, which may require government to consider how best to ensure support:**

- ❑ Sufficiently qualified and experienced staff was viewed as the most significant determinant of service quality. In addition, providers identified the need for adequate funding to be available to also support best practice.
- ❑ Providers highlighted a need for appropriate structures to be in place that enabled the ability to demonstrate the effectiveness of a service models – particularly in the context of government focus on outcome based measurements. A number of providers had aligned themselves to Universities or hired researchers to fulfil this role.

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**Implications for  
government**





The transition timeline, introduction of the NDIS and sounding feedback create a complex context within which government will need to consider their next steps. Central to this will be ensuring that the transition process achieves the objectives of creating a robust and viable provider market that ensures a successful transition, and that government is aware of the implications of how the recommissioning can support (or otherwise) the foundations for service choice and control of a full NDIS NDIA operated environment.

In finalising government's approach to the recommissioning of existing services, it will be important to consider how the packaging of services and use of incentives can support the achievement of wider objectives. Whilst the appropriateness of the market structure within an NDIS environment will be the ultimate responsibility of the NDIA, ACT government's transition of Early Intervention Services at 1 January 2015 will play a major role in capacity building and providing the foundations of an appropriate structure. It is therefore important that due consideration is given to the ideal dynamics of a future market that would best suit Early Intervention Services in the ACT, and that ACT government where possible takes an approach that demonstrates alignment to NDIA thinking.

**Market and transition principles (to be confirmed)**

**Rationale and potential implications**

1. Ensure the transition to the sector is carefully planned and is implemented in a safe, secure and smooth manner for clients and families, ensuring service continuity and quality



The transition should be done with minimal impact to clients and wider stakeholders, providing a sustainable service over the long term. May drive a focus on large established providers who can mobilise quickly and can be appointed promptly

2. Provide a foundation for the NDIS



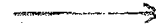
A NDIS environment should provide clients with price and service choice beyond large dominant providers. This will require an economically viable and competitive market to be operational across the state with a range of provider types

3. Where possible, facilitate a structure that will generate appropriate service competition within the sector



Clients should have reasonable choice of services and service operators, and should benefit from service and wider improvements as a consequence of competitive tension between providers. Smaller providers should therefore not be disadvantaged through the procurement process and instead be incentivised

4. Transition should ultimately drive the establishment of a service model more aligned with best practice



Whilst existing services are well received, there is an opportunity to establish a model closer aligned to best practice. Provider selection should consider their ability to support a new way of service delivery, and their experience of best practice to date

5. Develop a sustainable provider market



The provider market should be sustainable over the long term whilst also maintaining reasonable competition and the ability for new entrants to establish a presence. This may include supporting interstate providers to enter the market and encouraging smaller local providers to expand through direct support and network development

6. Increase service delivery innovation and the tailoring of responses to meet client needs



The market should support and encourage service innovation through more efficient delivery models / funding arrangements / joint working. Procurement may need to stimulate the opportunity for providers to develop networks and local relationships

7. Ensure geographical appropriateness and access to services



Where possible, services should be delivered in locations that best reflect demand and need

In determining government's next steps, consideration should be given in a number of key areas that will help to ensure a robust and well structured transition process:

*Pre-procurement planning*

- ❑ Government should consider clarifying to the market with the nature and scope of the services being commissioned as well as whether it will include any associated assets such as infrastructure or equipment. In particular, clarity over the transfer or not of staff with services will be important, and will assist in capitalising on stimulated provider interest and ensuring that providers are able to make informed and timely decisions regarding service opportunities.
- ❑ Whilst the inclusion of wider assets in a commissioning arrangement should be structured to best maximise provider interest, there may be financial implications or other associate liabilities for government that are unforeseen. Government should therefore consider further work to understand any associated liabilities as a priority.
- ❑ Consideration should be given to the ability for government to provide direct financial incentives, either through provision of funding for a defined transition period leading up to a full implementation of the NDIS, or through the provision of other incentives to aid in the establishment of services. Government should consider the extent to which they currently have a clear understanding of the implications of any financial incentives, and are able to award them or not.
- ❑ Further analysis may assist government to 'design' the ideal market structure to serve the sector, and thus leverage the respective skills of large interstate providers, small specialised groups and identify potential to include new service provider groups outside of the traditional disability sector market. Analysis that tests and confirms the market design principles proposed will further help to design an appropriate market, and should be considered against service 'tender packaging' and incentives that promotes quality, sustainability, innovation, access and service outcomes.
- ❑ Government should also consider the extent to which wider and more general information can be released. Access to key information by the market would help to assist providers in making planning decisions and will be particularly important to interstate providers looking to enter the ACT market for the first time.

*Service model enhancement*

- ❑ Consideration should be given as to how best to enable service model enhancements through any procurement or provider assessment process. In facilitating enhancements, government should consider the extent to which change may be accepted or not by service stakeholders, Key enhancements for considerations include:
  - Allow or encourage providers to offer more flexible hours (i.e. later starting or finishing times).
  - Allow or encourage providers to add value through integrated service models (i.e. options for parents to 'add on' EI-focussed day care or EI-focussed after school hours care – which could be offered on a user pays basis), to facilitate more choice and options for those parents who are seeking such services. This builds on what already happens for some children who attend EI and mainstream pre-schools, but expands the offerings. The appropriateness and opportunity to develop user pays services in an NDIS environment would need to be further investigated.
  - Require service providers to demonstrate how they will maintain linkages with mainstream public schools and therapy services (an aspect of the current model that is valued by parents), but enhance this by requiring providers to also build and maintain linkages with private school and private therapy services (this is an area some parents identified as a weakness of the current model). Better links to a wider range of services (including private services) will provide parents with more choice and options, and retention of drop in services and in-home interventions would also address raised concerns.



*Procurement*

- Consideration should be given as to how best to leverage the market interest in the service through a tender process, and the full range of transition options that this will support. A competitive tender process may facilitate service model innovation and investment through competition and may be appropriate. Given the short timeline, the overarching priority will need to be service continuity for clients, change & risk management and communication strategies, however government should consider what else could be achieved alongside this and ultimately develop a procurement strategy that is fully aligned.
- In order to build on service interest generated through this process, consideration should be given to industry briefings prior to commencement of a formal procurement process to better inform the market in relation to proposed procurement method, service delivery models, funding arrangements and transition strategy. This should be considered against the constraints of the transition timetable.

*Transition planning*

- Consideration should be given to the opportunity for co-design of client transitioning arrangements, using the output of focus groups, broader information sources and participation from parents and potential providers. A forum or workshop with selected groups bringing together best practice, knowledge and stakeholders may help people to positively engage within the transition, and allow providers to learn more about the market and key factors of importance for parents, families and carers. This activity would also form an active part of ongoing sector engagement.
- Development of a detailed implementation and transition plan to support children and families through the transition should be considered by government. This should be underpinned by best-practice change management principles, and provide families with confidence that the transition will be well managed and key risks have been considered.
- Consider developing individual transition plans for service users to ensure continuity of service delivery is maintained and that there is a smooth transition to the new service providers.
- Once the new providers are known, government should consider the process of communication to families, parents and carers. A standard 'information pack' setting out details of their staffing models (including staff qualifications and experience), service ethos / philosophy, and points of difference which can support parents to make informed decisions and may address concerns around quality standards and wider provider issues.

*Communication strategy for parents, families and carers*

- Focus groups have identified a need for further communication about the planned changes, as well as broader factors related to the NDIS. Government should consider development of communication strategy that:
  - Provides opportunity for input with regards to the locations and venues for the new services (this is particularly important if they may be fewer locations than there are at present, and/or if there is a possibility for standalone venues that are not attached to mainstream schools under the new arrangements).
  - Gives clarity about any costs or fees that parents may have to pay under the new arrangements, including the fees for 'add on' services. If there is still going to be a minimum government-subsidised entitlement to a number of hours per child, parents need clarity about what that is and how much they may need to be paying for extra services. A standard schedule of fees may be unavailable, but transparency of fee information would be beneficial.
  - Gives clarity regarding overall timelines for the transition, key milestones, and points of involvement for parents, families and carers. Communications should also include wider information on the NDIS and what it may mean for them.
- Communication strategies for consideration could include letters and information sheets to all families, broader communications with the disability / education / early childhood sectors, a 1300 enquiries number and enquiry mailbox and internet sites to provide access to information for a broad range of stakeholders.



# Appendices

1. Providers involved in market soundings
2. List of focus groups performed
3. Summary of individual market soundings



## Appendix 2 Focus groups performed

Draft

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No.	Date	Time	Location	Advance registrations
1	4th June	10.00am	Hedley Beare Centre for Teaching and Learning (HBCTL), 51 Fremantle Drive Stirling, ACT 2611	5
2	4th June	12.30am	Hedley Beare Centre for Teaching and Learning (HBCTL), 51 Fremantle Drive Stirling, ACT 2611	5
3	16th June	10.00am	Hedley Beare Centre for Teaching and Learning (HBCTL), 51 Fremantle Drive Stirling, ACT 2611	8
4	16th June	12.30pm	Hedley Beare Centre for Teaching and Learning (HBCTL), 51 Fremantle Drive Stirling, ACT 2611	5
5	16th June	5.30pm	Hedley Beare Centre for Teaching and Learning (HBCTL), 51 Fremantle Drive Stirling, ACT 2611	6
6	17th June	10.00am	Hedley Beare Centre for Teaching and Learning (HBCTL), 51 Fremantle Drive Stirling, ACT 2611	7
7	17th June	1.00pm	Nature Conservation House, 186 Emu Bank, Belconnen, ACT 2617	5
8	17th June	5.30pm	Nature Conservation House, 186 Emu Bank, Belconnen, ACT 2617	8
9	17th June	6.00pm	Autism Asperger ACT, Chifley Health and Wellbeing Hub, Corner of Eggleston & MacLaurin Crescents, Chifley, ACT 2606 (KPMG did not attend, but notes and debrief were provided to the project team)	[ ]
10	30th June	11.00am	Hedley Beare Centre for Teaching and Learning (HBCTL), 51 Fremantle Drive Stirling, ACT 2611	4
11	30th June	5.30pm	Nature Conservation House, 186 Emu Bank, Belconnen, ACT 2617	2
12	1st July	10.00am	Nature Conservation House, 186 Emu Bank, Belconnen, ACT 2617	2
13	1st July	5.30pm	Hedley Beare Centre for Teaching and Learning (HBCTL), 51 Fremantle Drive Stirling, ACT 2611	4
14	7th July	12.30pm	Nature Conservation House, 186 Emu Bank, Belconnen, ACT 2617	3



*cutting through complexity™*

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Gotovac, Jessica

From: Starick, Kate  
Sent: Sunday, 3 August 2014 2:58 PM  
To: Sheehan, Maureen  
Cc: Whitten, Meredith; King, Sarah  
Subject: 9RE: DRAFT Brief to Minister - KPMG Early Intervention

Categories: Red Category

Hi Maureen  
Thank you.

I am just speaking with KPMG now to get a version of the report that isn't locked so we can draw information together for a report to be published Regards Kate

-----Original Message-----

From: Sheehan, Maureen  
Sent: Friday, 1 August 2014 6:25 AM  
To: Starick, Kate  
Cc: Whitten, Meredith; King, Sarah  
Subject: Re: DRAFT Brief to Minister - KPMG Early Intervention

Kate

It's a good brief. I think we will need to specify what segments of the report we are releasing if we want the Minister to approve it. I think noting is probably enough but even so she needs to see what we are asking her to note. I think we should refer to ETD in the consultation section and I think a joint briefing is needed. It would be better after the Monday meeting with NDIA.

Also for that meeting we should just have the negotiators. I am on leave Friday but you can call me and I am checking emails

Well done  
Maureen

Maureen Sheehan Executive Director Service Strategy and Community Building

> On 31 Jul 2014, at 5:45 pm, "Starick, Kate" <[Kate.Starick@act.gov.au](mailto:Kate.Starick@act.gov.au)> wrote:

>  
> Hi  
> Please find attached a brief to Minister Burch and attachments

> . Attachment A - KPMG report on Early Intervention Services Transition Report

> . Attachment B - KPMG report on Early Childhood intervention - an overview of best practice

> Attached with the brief

> . Attachment C - summary of the project methodology and findings

> . Attachment D - timeline of key events

> . Attachment E - draft position statement

> It needs further work, but am seeking advice:

> . Should this be jointly developed with ETD up through both DG's to assist in joint briefing?

> . Any key considerations missing.

> . Meredith - is this information regarding the on-line petition still correct?

> . As part of the procurement there will be a risk register, also, have flagged there is still further work to finalise from ETD

> ~~Claire is going to finesse the statement.~~

> Thank you for your advice

> Regards  
> Kate

> Kate Starick | Director |  
> P 02 6205 7062 | M 0408 230 214 | F 02 6207 2047 ACT NDIS Taskforce. |

> ~~Community Services Directorate | ACT Government Level 2 Nature~~

> Conservation House | 153 Emu Bank, Belconnen ACT 2617 |

> [www.act.gov.au](http://www.act.gov.au)<<http://www.act.gov.au>>

> [Coloured\_bar.jpg]

> <Att A) ACT ECI market soundings draft final report vsent.pdf> <Att B)

> ECI Report Final30714.pdf> <CSD-Brief-JoyBurch.docx> <image001.jpg>

Gotovac, Jessica

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**From:** Starick, Kate [mailto:Kate.Starick@act.gov.au]

**Sent:** Tuesday, 5 August 2014 1:44 PM

**To:** Short, Joe

**Cc:** Sheehan, Maureen; Gniel, Stephen; King, Sarah; Whitten, Meredith

**Subject:** FW: Early Intervention - KPMG

**Importance:** High

Hi Joe

Good to speak with you yesterday. As discussed I will highlight sections of the report to be pulled together for a public document. You will then edit and return the consolidated summary report.

Regards  
Kate

Kate Starick | Director |



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**Gotovac, Jessica**

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**From:** Gniel, Stephen  
**Sent:** Tuesday, 5 August 2014 4:25 PM  
**To:** Starick, Kate  
**Subject:** 14RE: Early Intervention - KPMG  
  
**Categories:** Red Category

~~Thanks Kate. Can you please cc Beth into these email as well. Beth and possibly Lindy would be included.~~  
~~Steve~~

**From:** Starick, Kate  
**Sent:** Tuesday, 5 August 2014 9:14 AM  
**To:** King, Sarah; Sheehan, Maureen; Gniel, Stephen  
**Cc:** Whitten, Meredith  
**Subject:** Early Intervention - KPMG  
**Importance:** High

Dear All

I spoke with KPMG yesterday about a range of things, but also flagged that we would like to discuss some further work regarding Early Intervention as discussed at the meeting with the NDIA.

Regards  
Kate

Kate Starick | Director |  
P 02 6205 7062 | M 0408 230 214 | F 02 6207 2047  
**ACT NDIS Taskforce** | Community Services Directorate | **ACT Government**  
Level 2 Nature Conservation House| 153 Emu Bank, Belconnen ACT 2617 | [www.act.gov.au](http://www.act.gov.au)

**Gotovac, Jessica**

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**From:** Johnston, Claire  
**Sent:** Friday, 8 August 2014 3:09 PM  
**To:** Starick, Kate  
**Cc:** Gehrig, Therese (Health); McClelland, Lisa  
**Subject:** FW: FOR ACTION: QTB Update | Due COB today 8 August  
**Attachments:** 3 Disability Services (Service Providers) Amendment Bill 2014.docx; 4 National Disability Insurance Scheme.docx; 7 NDIS Over 65.docx

Hi Kate,

I've reviewed the QTBs –

Small changes to the NDIS QTB, including number of people with plans.

Cheers,  
Claire

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**From:** Sirimanotham, Linda  
**Sent:** Friday, 8 August 2014 12:49 PM  
**To:** Gehrig, Therese (Health); Johnston, Claire  
**Cc:** Starick, Kate; McClelland, Lisa; Sirimanotham, Linda  
**Subject:** FOR ACTION: QTB Update | Due COB today 8 August

Good Afternoon

In preparation for the second Assembly sitting for August (12-14), could you please review the attached QTB/s and provide any updates if necessary.

Could you please return the QTB/s by COB today 8 August 2014 allowing time for Executive clearance.

Thank you  
Linda

Linda Sirimanotham | Governance Coordinator | Disability ACT  
Phone 02 620 52412 | Fax 6205 0940  
Disability ACT | Community Services Directorate | ACT Government  
Level 2, Nature Conservation House | 153 Emu Bank, Belconnen, ACT 2617 |  
GPO Box 158, CANBERRA ACT 2601 | [www.act.gov.au](http://www.act.gov.au)

**ISSUE: The National Disability Insurance Scheme (NDIS)**

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**KPMG Interim Report**

- The ACT Government welcomed the interim report from the National Disability Insurance Agency in July, by KPMG, outlining the optimal approach to transition to the full NDIS.

- As you would expect, the interim report identifies areas which are developing well, and areas where more work is needed.
  - The report also says the disability community is positive about the implementation of the NDIS in trial sites so far.
  - We look forward to the release of the final report.
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