

**COMMUNITY TRANSPORT**  
ORGANISATION LTD



## **2019 - 2020 PRE-BUDGET SUBMISSION**

COMMUNITY TRANSPORT ORGANISATION LTD (CTO)



# EXECUTIVE SUMMARY

Community Transport Organisation Ltd (CTO) is a peak body for community transport. We are dedicated to strengthening community and political awareness of community transport across Australia, as well as representing and advocating on behalf of our members and their clients.

As an advisory and consultative body, CTO works proactively with many organisations and other transport providers across Australia, to contribute to the wider community transport and community services and aged care sectors. CTO has been providing professional leadership, support, and resources to government and our members for over 25 years.

From remote and rural communities to suburbs and the inner city, COMMUNITY TRANSPORT assists people from many walks of life to continue living independently. Providing door-to-door services for people with transport challenges, community transport providers across Australia allow people to access life for social, family and cultural events, shopping and medical appointments.

COMMUNITY TRANSPORT is an integral part of the Commonwealth Home Support Programme service mix, and is the key enabler for clients to participate in restorative care; COMMUNITY TRANSPORT in fact underpins our users' independence and social inclusion.

As the ageing population booms and aged care reforms continue, CTO recognises the growing need for transport. CTO also notes that the Australian Government has flagged its intent to move the aged care sector to a system that is more consumer-driven, market-based and less regulated. While no decisions have yet been made regarding funding for CHSP services beyond 2019-20 CTO sees a probability of movement towards individualised funding, and away from the current full block funding.

In order to support the key enabler service of COMMUNITY TRANSPORT, and to ensure continuation of services and choice for ageing-at-home clients, CTO recommends the Australian Government allocate CHSP growth funding directly to Community Transport service providers to prepare for an open market, and to ensure the necessary assets are in place. Such direct funding to service providers at this stage will ensure greater choice of services beyond 2019-20 as services who are now block funded must transition their business models. It must also be recognised that COMMUNITY TRANSPORT often operates in failed markets, where it is not feasible to conduct this essential service without direct funding assistance from the government to the service provider. These failed markets are often in regional, rural and remote localities where the population base has not reached the critical mass to support a commercial transport operator.

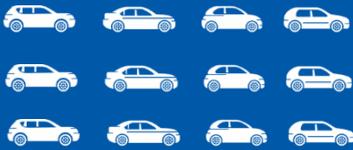
A funding model that ensures client service continuity by asset-heavy services like COMMUNITY TRANSPORT, and services in failed markets – that is, a recommended mix of block funding through capability subsidies and individualised funding.

CTO also advises the Australian Government that community transport services operating in the Third Sector provide a huge social return on investment that is not to be found in the commercial sector. CTO maintains that for every \$1 that the Australian Government gives to Community Transport, between \$13 - \$40 value is produced for Australian society.



**99%**

customer satisfaction rating



**350,000,000**

kms  
travelled

**6,000**  
volunteers



**150,000**  
clients





# KEY ISSUE 1: CAPABILITY SUBSIDY

Block funding for asset-heavy services such as transport is essential. A fragmented system of revenue raising through donations, fundraising, and piecemeal grants has resulted in an uncoordinated and fiscally inefficient spread of community-based transport assets across organisations that are not owned or regulated by community transport services. It is important for the Commonwealth Government to recognise that transport provided by services whose core business lies elsewhere, results in wasted resources. For instance, in certain regional and rural areas, highly qualified medical professionals are spending many hours picking up and driving clients to clinics and appointments. The true cost of transport is therefore not reflected.

There is no doubt that the viability of COMMUNITY TRANSPORT providers will depend on either block funding, to ensure a reliable level of regular funding is received, or some kind of arrangement to ensure that individualised fees do not result in funding uncertainty, and subsequent service gaps for clients.

Asset subsidies (or Capability Subsidies) are vital for depreciable asset-heavy services such as COMMUNITY TRANSPORT. A fragmented system of revenue raising through donations, fundraising, and piecemeal grants has resulted in an uncoordinated and fiscally inefficient spread of community-based transport assets across organisations that are not owned or regulated by COMMUNITY TRANSPORT services. It is important for the Commonwealth Government to recognise that transport provided by services whose core business lies elsewhere, results in wasted resources, and lowered outcomes for target clients.

Capability subsidies are crucial to the provision of specialised assisted aged care transport services, due to the depreciable resource-heavy nature of this sector that includes long term planning (ie. car/bus purchase, fit-out and maintenance costs, etc). Many service providers will need to cease operations if block funding is eliminated. This will lead to a shakedown of services, and far less choice for clients.

The Community Transport Organisation recommends a combination of capability subsidies and individualised funding to ensure consistent and safe, quality transport services remain available to meet the increasing demands of the aged care sector.



## KEY ISSUE 2: SOCIAL VALUE

As social enterprises, COMMUNITY TRANSPORT services exist to make a difference in communities through transport. Providers we deliver a wide range of transport contracts, reinvesting profits into community services. Providers also deliver contracted services for work that is, in and of itself, socially beneficial.

**CTO understands the power of transport to remove access barriers for the most vulnerable people in our society. This is no overstatement – transport is the means by which the most marginalised can access jobs, education, healthcare – or even the simple freedom of getting out and about. This is a truth too often overlooked, something many take for granted, yet central to our quality of everyday life.**

Social value means additional created value that will benefit society as a whole – whether that be economically, socially, or environmentally. Social value created by COMMUNITY TRANSPORT - through our work supporting the delivery of government contracts - makes the world a better place, and costs the taxpayer less money.

Research and model development by 180 Degree Consulting has shown that COMMUNITY TRANSPORT services create a value for the Australian Government and society of over 1300% of the funding allocated to it. Such social value creation is good for government, taxpayers and society.

Every cent of public money needs to be spent effectively, and be focused on delivering outcomes. This requires the government to think about and redesign the way that it procures goods and services. It is this need to develop solutions to long term challenges that makes a social value act so fundamentally important.

A social value act for government procurement would place a requirement on departments to consider the economic, environmental and social benefits, that is, the 'social value' a service contract could create in addition to the benefits that will be accrued through the delivery of the service itself.

This intervention would take place at the pre-procurement stage of the process so that social value can be inbuilt into any potential public service contract from the very beginning, rather than being tagged on at the end.

This act would give the opportunity for commissioners to stop and think more holistically about the outcomes they are trying to achieve for their communities and how we can be more creative in the use of our public services to achieve these goals.

The social values act also asks departments to consider the need to consult on how social value can be created through public services that they are procuring.

Ultimately the government has to create the framework through which commissioners can appropriately weigh up competing bids. And they have to do more to articulate visions for the economy and local communities, and how they see other organisations such as community transport services playing their part in creating such a vision.

Creative procurement does mean that there will be more challenges for departments to resolve when they are purchasing services; CTO maintains that these challenges can be far outweighed by the potential for better outcomes.

The aim of such an act is to reinforce a cultural change in the way that public sector bodies commission and procure goods and services. With the scale of the financial challenges that we face in the years ahead, we need to move away from a command and control approach to the delivery of public services in which focus is placed on processes rather than outcomes. CTO welcomes a commissioning framework for COMMUNITY TRANSPORT services procurement, and is available for consultation about application across broad geographies.

The logo consists of a grey circular graphic made of multiple concentric lines, with a white arrow pointing upwards and to the right. To the right of this graphic, the text 'KEY ISSUE 3: NDIS' is written in a bold, orange, sans-serif font.

## KEY ISSUE 3: NDIS

Access to transport is a key enabler to social and economic participation for people with a disability. Transport is a determinate of health, a means to accessing the community, work, study & job seeking, and therapy appointments. Building independent travel capacity and complementing or enhancing informal networks is essential to a flexible and sustainable approach to transport under the NDIS. However, this approach is often not going to be achieved through demands and assumptions for in-kind support or by use of public modes of transport.

The transport allowance as described in the NDIS guidelines takes a narrow view of how transport impacts an individual's ability to participate in their community.

**Transport & NDIS Funding for Access to Community Social and Recreation:** The NDIS statute designates two distinct funded services. It creates a divergent paradigm of understanding which our members' experiences strongly suggest is not communicated and understood by NDIS practitioners, service providers, local and regional coordinators, plan approvers, participants and most importantly, participant carers, plan support coordinators and plan managers.

1. NDIS funding is available for *core supports Assistance to access community, social and rec activities - individual 04\_105\_0125\_6\_1*.
2. NDIS may also pay a cash allowance to a participant's bank accounts each fortnight for *Travel and Transport*. (Transport *02\_051\_0108\_1\_1* or *Specialised Transport to Community, Employment or Educational 02\_051\_0108\_1\_1*)

The term "transport" is narrow and its present use as noted in point 2, but not openly stipulated in Point 1 (core supports) above; it inherently misleads service practitioners to only include funding for support attached to point 2, in a participant's plan. Self-evidently, transport support within a participant's plan does not relate to the function and service of transport relating to core supports.

The divergent paradigm creates; 'Assistance to Access Community Social and Recreational Activities or Assistance to Access employment Study or vocational training or volunteering', as the key enabler to access all other supports. This dichotomy is surely unintended, given episodic practice and declarations from NDIA as to the use of core supports to enable transport funds, yet is not adequately defined, explained, nor well understood.

The practical ramifications of this has been extremely harsh, with the effects of having no enabling transport, meaning that within many NDIS participants' plans, their core support allocations were entirely inadequate in terms of extracting transport funds via the fungibility of core supports.

The withdrawal of various transport options from the market, including COMMUNITY TRANSPORT support options, is concerning. The legislative ambiguity referred to above re *Transport and Assistance to Access Core Supports*, and the lack of reference to market pricing within any participant funding award, sees service providers, including community transport services, regarding specialised transport as not appropriately funded to ensure a robust market and the sustainable offering of this service. The evidence of market failure is being observed throughout Australia, with service providers electing to withdraw their assistance to access services.

The outcome of this market rationalisation, is that under-resourced COMMUNITY TRANSPORT services, are attempting to take up the unmet excess demand, often at subsidised rates without any recourse. This migration of unmet demand is devoid of any corresponding capital or equity injection to fund expanded capacity needs. COMMUNITY TRANSPORT services have been unable to plan new capital expenditure in an environment of such uncertainty. Many services have exhausted excess capacity with a fiscal inability to respond further to market demand, given the inadequate treatment of transport within participant plans.

A clearer framework is required after the Federal Court ruling, that laws governing the NDIS do not allow the government to only *partially fund* the supports; that people with a disability need to help them lead ordinary lives. In the Liam McGarrigle case, the Federal Court determined the interpretation of some key provisions of the National Disability Insurance Scheme Act. It recognised that *Transport or Assistance to Access* is a key enabler to accessing supports.

The Australian Government needs to recognise that transport is integral to disability core supports and fund it accordingly. Travel allowances ought to be able to be used for ad-hoc purposes associated with 'living an ordinary life', ensuring participant choice and control, proper planning and full and adequate funding.

**Without changes to transport funding, the NDIS will fail in its aim to enhance the independence, social and economic participation of people with disabilities and their carers**

To ensure that the reasonable and necessary transport support needs of NDIS participants are clearly provided for within participant plans we recommend replacing the transport component of '*Assistance to Access Community, Social and Recreational Activities*' with '*NDIS Fundable Travel and Transport for Core Supports*', and providing additional funding specifically for this purpose within the NDIS.



## KEY ISSUE 4: CONTESTABILITY

The benefit of contestability of non-individualised community transport funding should be questioned. The CTO preferred model is not a competitive tender-based system. Any system that does involve contestability needs to be designed well to ensure collaboration and coordination across services. CTO maintains that government concerns about community transport services have focused on the need for improved accountability in relation to grants, and common standards of service provision. Under these demands, Community Transport services have been encouraged to both develop a greater diversification in their income streams, and to embrace new performance measures for improved accountability, productivity and effectiveness. CTO supports an efficient and effective sector.

However, when calculating the cost per output in relation to the cost-benefit of COMMUNITY TRANSPORT trips, the Australian Government must take into account the true and full value of that trip – including its value regarding the social, restorative, wellness and reablement aspects created for the service user. It is difficult to place a monetary value on the enormous benefits and value created by community transport services for their clients. However, these benefits must be taken into account in order to achieve the government's stated aims of restorative care, wellness and reablement.

**The enormous benefits and value created by community transport services must be taken into account in order to achieve the Government's stated aims of restorative care, wellness and reablement.**

Vulnerability of COMMUNITY TRANSPORT services in terms of dependence on government funding suggests that there are real concerns about the robustness of the service system, and whether a competitive service delivering high standards can be maintained. Small services are most vulnerable to pressures under policies that promote competitive tendering of government-funded services. While greater personal choice and flexibility for service recipient,s as well as value for the taxpayers' dollar, are the intended outcomes of these policies, contestability and a decreasing pool of service providers in the sector may lead to less, rather than greater choice particularly if small providers are forced out of operation through competitive practices. A true understanding of service of individual needs is best grasped by experienced providers working at a local level with clients.

**Contestability and a decreasing pool of service providers in the sector may lead to less, rather than greater choice.**

CTO questions whether competition among service providers is appropriate for recurrent community services. The extent to which governments take responsibility for a contract culture for particular social objectives of service delivery (for example access and equity for disadvantage people or localities). It is unlikely that quality of transport services can be maintained along with the values underpinning them, when under the pressures of a competitive environment. CTO also has reservations about how or whether the aims of independence, social inclusion and wellness would be achieved in a competitive environment where the main and often only consideration is the production of outputs for the cheapest cost.

CTO observes the challenges experienced by NDIS participants. Before contestability is increased or a shift is made to demand-driven models, time and consideration must be given to a successful roll-out, and the opportunity for the market to mature, before any reasonable comparisons can be drawn.

CTO recommends the engagement of existing contract-holders for future specialised aged care transport, and that competitive tendering be restricted to the contracting of new services.



## KEY ISSUE 5: SECTOR SUPPORT

Service providers will require extensive training, funding and time to successfully transition in the aged care and disability reforms – particularly with changes pertaining to the Commonwealth Home Support Programme. It is imperative that representation of service providers be maintained through the Community Transport Organisation peak body, with Commonwealth funding preserved at a level to provide adequate support. Peak bodies play an important role in the distribution of information and training, as well as ensuring that service providers, many of which are small organisations, are strongly represented in the sector.

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# RECOMMENDATIONS

1. The Australian Government recognise COMMUNITY TRANSPORT as the key enabler in wellness, reablement and restorative care in aged care, and block funding for this services through capability subsidies is continued to ensure service provision in failed markets and asset-heavy community sectors.
2. The Australian Government recognise the social return on investment provided by the Third Sector and in particular COMMUNITY TRANSPORT services, and introduces a Social Values method of government procurement.
3. The Australian Government recognise that transport is integral to disability core supports, and fund it accordingly. Travel allowances ought to be able to be used for ad-hoc purposes associated with 'living an ordinary life' ensuring participant choice and control, proper planning and full and adequate funding. Without this the NDIS will fail in its aim to enhance the independence, social and economic participation of people with disability and their carers.
4. The Australian Government ensure that the reasonable and necessary transport support needs of NDIS participants are clearly provided for within participant plans by replacing the transport component of '*Assistance to Access Community, Social and Recreational Activities*' with '*NDIS Fundable Travel and Transport for Core Supports*', and providing additional NDIS funding specifically for this purpose.
5. The Australian Government engage existing quality contract-holders for future specialised aged care transport, and that competitive tendering be restricted to the contracting of new services.
6. The Australian Government adequately fund CTO as a premier peak body for Community Transport in Australia to support the COMMUNITY TRANSPORT sector to provide the greatest quality and value to both the Australian public and the Australian Government.

# TALK TO US

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