

Conceptual change with NDIS & CHSP

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Introduction

- ▶ Background
 - ▶ Aged Care
 - ▶ Community Transport
- ▶ The Tide of Change
 - ▶ Conceptual change to user pays
 - ▶ Conceptual change to funding disbursements
 - ▶ Understanding the revenue scenario
 - ▶ Analysis of transport provision
 - ▶ Adapting to the new landscape of commercial transport provision
- ▶ Summary



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Background

- ▶ Aged Care
 - ▶ Traditional Move To Aged Care Facilities
 - ▶ Accepted that the aged move to purpose built facilities
 - ▶ Staying at home not customary
 - ▶ Concentration Of Services
 - ▶ Centralisation of medical and social supports
 - ▶ “Parking” the age
 - ▶ This tended to separate the aged community from the broader community.

Ring fencing the elderly



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Background

- ▶ Aged Care
- ▶ Community Transport
 - ▶ Low demand with centralisation of services at Independent Living and Residential Aged Care
 - ▶ Little travel as majority of services supplied on site
 - ▶ Low expectations of clients
 - ▶ Low volume of excursions available
 - ▶ Low requirements
 - ▶ Low number of transport options



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The Tide of Change

- ▶ Conceptual change to “user pays”
 - ▶ Expectation of benefitted retirement is gone
 - ▶ Superannuation has created a wealthier aged community
 - ▶ Increasing ageing population will dramatically increase government costs
 - ▶ Govt. now expecting individuals to support ageing costs
 - ▶ CHSP and NDIS are avenues to reduce this cost to government expecting the community to pay for any gap in costs of services



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The Tide of Change

- ▶ Understanding the previous revenue scenarios

- ▶ Previous block funding scenario

- ▶ Trip based payments over a distance range
 - ▶ Based on 1 – 20km range
 - ▶ Same fee paid for any distance (including longer trips) plus allowance for co contribution from client
 - ▶ Trip fare covers cost of trip and “administration” to deliver the service
 - ▶ Administration includes:
 - ▶ Management of services
 - ▶ Investment in technology and efficiency
 - ▶ Growth in client services suite
 - ▶ Capital purchases



The Tide of Change

- ▶ Understanding the previous revenue scenario
 - ▶ Cost of trip includes:
 - ▶ Vehicle costs in providing the trip for the client – “revenue kms”
 - ▶ Costs incurred in getting the vehicle to the client to start the trip and then back to the next trip or back to base – “non-revenue kms”
 - ▶ “Non-revenue kms” is often regarded as “dead running”
 - ▶ This picture represents the trips we all do and the amount of cross over we all experience everyday when transporting clients



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The Tide of Change

- ▶ Understanding the new revenue scenarios
 - ▶ New client directed funding could / will attract kilometer-based fares
 - ▶ NDIS is certainly trending this way
 - ▶ Clients charged only for the distance they travel
 - ▶ Fares charged on estimated distances and **does not cover any dead running !!!!!**
 - ▶ No client contribution is permitted apart from the quoted price per km travelled
 - ▶ Clients are paid in advance based on quotes for actual distance and this is the only fare able to be charged



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The Tide of Change

- ▶ Understanding the new revenue scenario
- ▶ As a result, the \$/km rate charged will be required to cover:
 - ▶ Cost of providing the actual distance travelled
 - ▶ Cost of travelling to and from the client's origin and destination
 - ▶ Management and administration of the organisation
 - ▶ Investment in technology and efficiency
 - ▶ Growth in client services



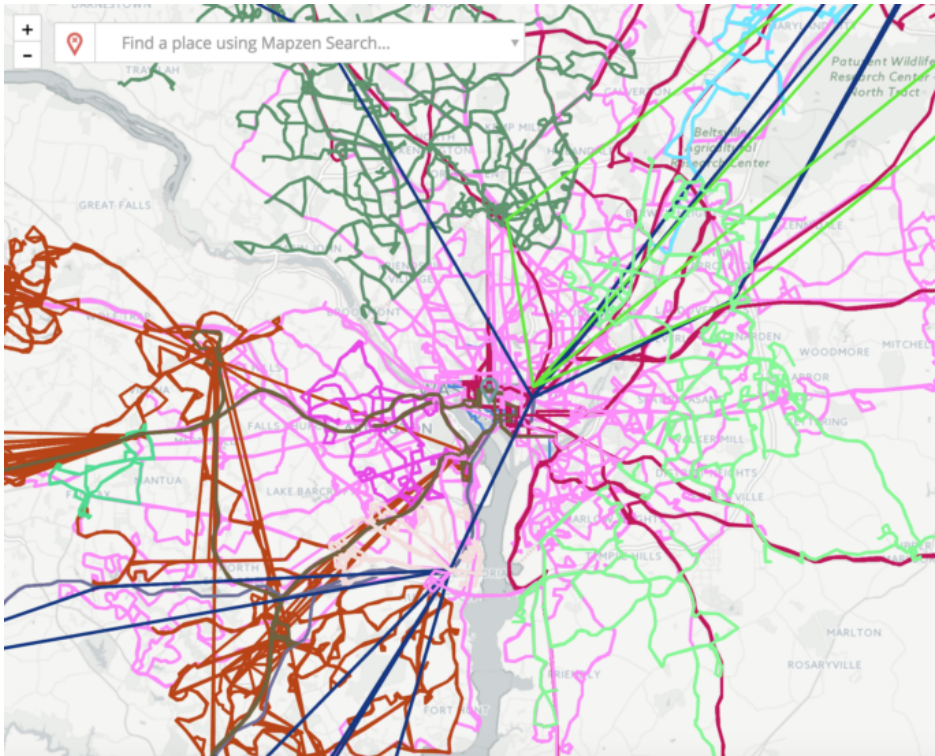
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Analysis of Transport Provision

- ▶ Summary of a day in community transport
 - ▶ During the course of a daily run for a vehicle, numerous trips are completed from the time a vehicle leaves its base until it returns



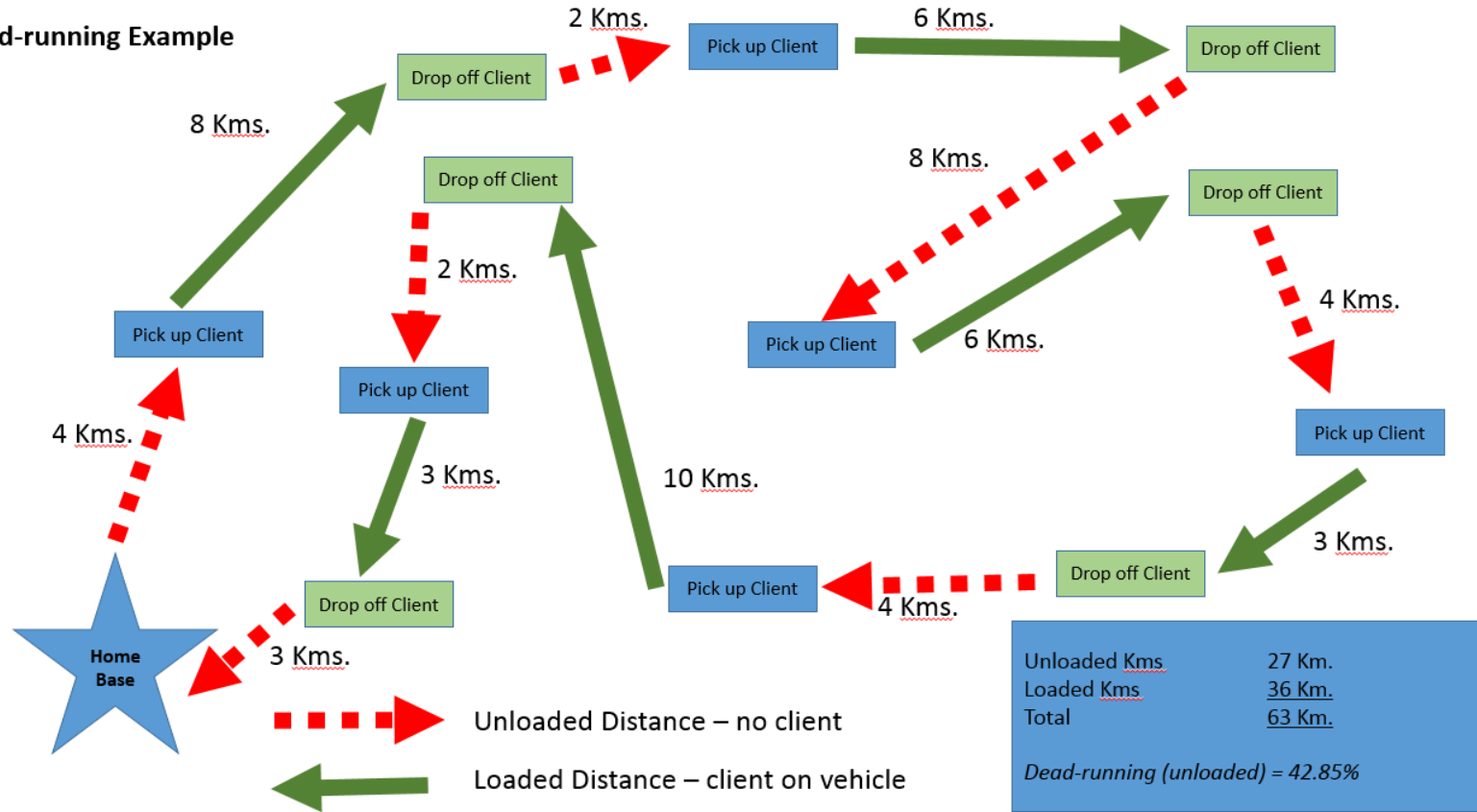
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Analysis of Transport Provision

Dead-running Example



Analysis of Transport Provision

- ▶ Comparisons between trip based and km based fares

(Using the simplistic model)

- ▶ Revenue

- ▶ Trip Based

- ▶ Using \$25.00/trip block funding arrangement

- ▶ Revenue = 6 x trips @ \$25.00 = \$150.00

- ▶ Km based:

- ▶ Using a rate of \$2.40/km

- ▶ Revenue = 36km @ \$2.40 = \$86.40

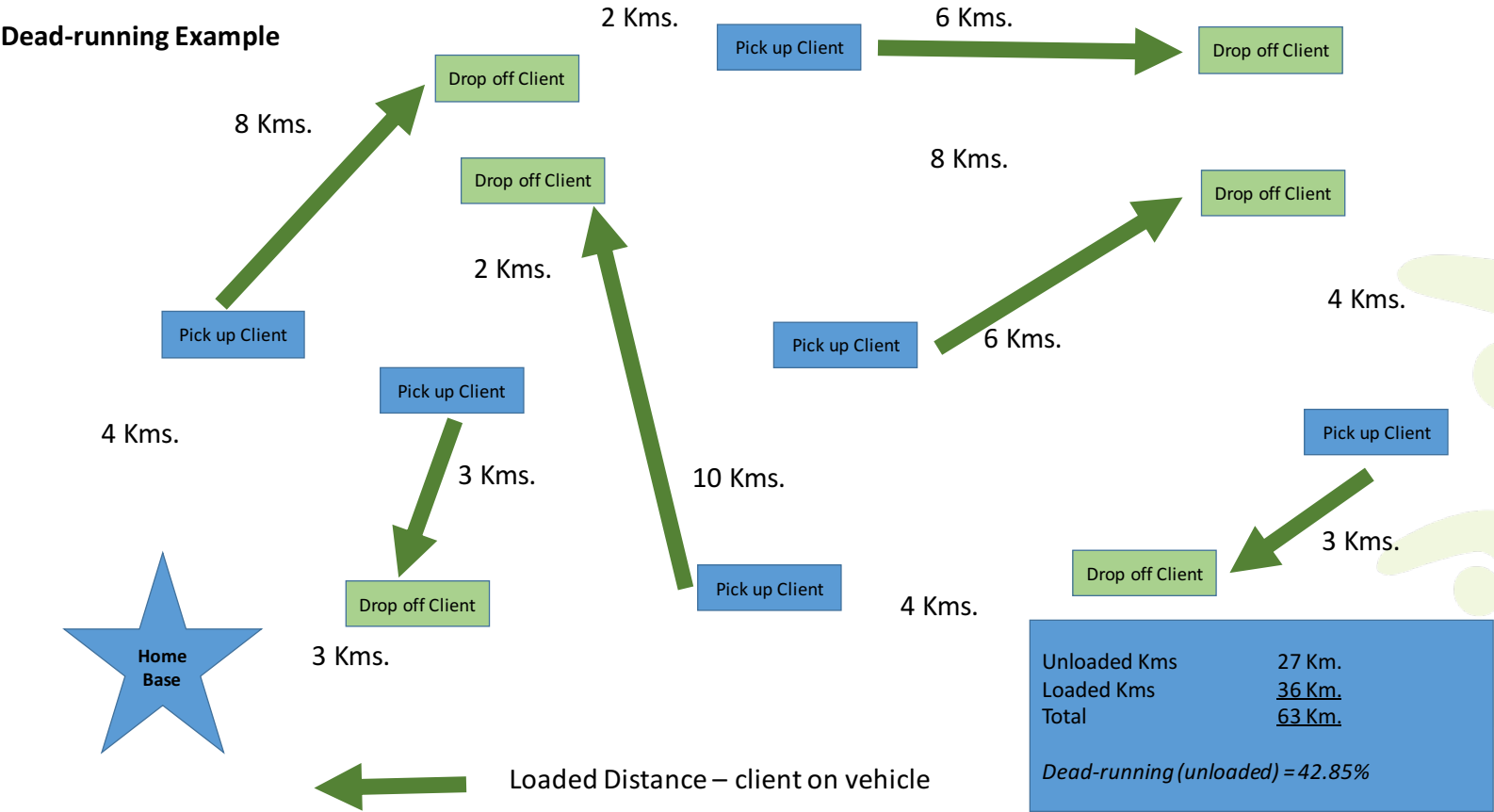


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Analysis of Transport Provision



Analysis of Transport Provision

- ▶ Comparisons between trip based and km based fares

(Using the simplistic model)

- ▶ Summary:

- ▶ Same scenario, but a loss of \$63.60 under a km based fare using comparative rates
- ▶ Dead runningnon-revenue kms..... is 27Kms
- ▶ Block funding realizes \$2.38 per km travelled for this simplistic example
- ▶ Many organisations run with approx. 40% to 50% dead running costs
- ▶ A \$/Km rate of \$4.17 is required to maintain current revenue for the example under the new scenario



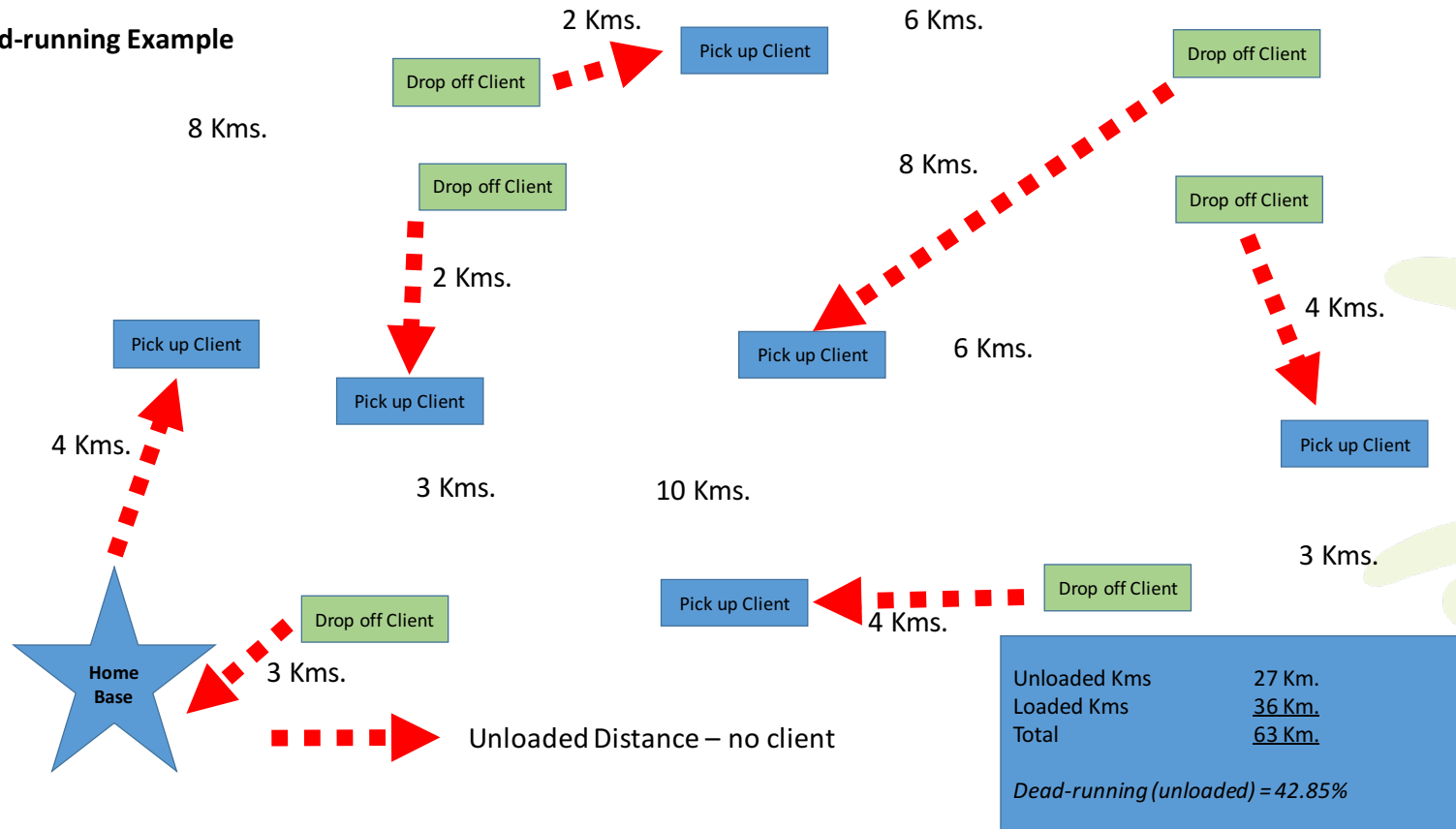
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Analysis of Transport Provision

Dead-running Example



Analysis of Transport Provision

► Summary of Analysis

- Km based fares need to include an allowance for non-revenue distances
 - Organisations should understand what they are currently receiving in revenue
 - Calculations such as:
 - Using an average of 0 – 20Km distance used in funding = 10kms, or;
 - Calculate average distance of current loaded kms
 - $\text{Current trip rate} / 10 \text{ km} = \text{Current average Rev/Km}$
 - Current expected rates of around \$2.00/km are not realistic and do not cover the costs of running the organisation
 - There are minimum costs to cover bookings and scheduling trips that should be included
- Organisations need to understand what percentage of daily service distances are non-revenue producing
 - Optimisation and aggregation software can:
 - Reduce non-revenue kms
 - Increase share riding
- Align cost with revenue source

NDIS is making this difficult.

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Changes Needed

- ▶ Collaboration with other community transport providers
- ▶ Multi fees for the same tasks are wasting money
 - ▶ Combined support services (call centres, scheduling) yet still provide the transport
- ▶ Alliances with providers required and fast
- ▶ Unwillingness to change will provide you with a fast exit out of CT
- ▶ Uber style costings are the way of the future
- ▶ Maximum client numbers on every vehicle
- ▶ If you don't understand dead running LEARN IT FAST, under a non funded sector this will stop you dead in your tracks



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Changes Needed

- ▶ Community Transport organisations will not have the war chest required to see the transition through. This includes my own business
- ▶ The effect on “Care” organisations will be the same but will take longer to see the results
- ▶ If your costing model is based on volunteers, change it, it is a false economy
- ▶ Volunteers will become harder to find and your service level will become more demanding and therefore more challenging.
- ▶ Hours of operation must be responsive; no longer 7 till 4
- ▶ NDIS is the beginning but CHSP will be the ending if changes are not implemented



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Summary

- ▶ In the new \$/Km future, organisations will have increased pressures to supply client based services at the current and expected service levels
- ▶ Organisations should understand what their current cost per Km is – based on the revenue distance, not the total service distance to supply the transport
- ▶ Aligning costs and revenue is critical for long term survival
- ▶ Challenging the expected \$/Km rate will support long term survival
- ▶ Other options of service provision to reduce/eliminate as much of the dead running component as possible is essential
- ▶ Research into alternative service models will be the key to long term survival



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Utopia

It is not all doom and gloom!

If we unite we become infinitely stronger

- ▶ We already have the clients
- ▶ We understand the geography
- ▶ We have the vehicles
- ▶ There are barriers to entry
- ▶ Understand ride sharing and embrace the concept
- ▶ Resistance is futile, existence is dependent on us coming together



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Wendy Wrz-too ► **NDIS Grassroots Discussion**

1 hr ·

A service provide has just quoted us over \$2 a km for Community Transport? The provider transports 3 other participants to the same Day program? Received a quote from our local Uber service which is less then the Community Transport Provider.....



Like



Comment



Shantell Bruton Wow they can't charge that much that's unreasonable

Like · Reply · 1 hr



Ann Trahair Haven't heard of anyone charging over a dollar per km
Funding won't go far

Like · Reply · 1 hr



Lorraine Diaz 78cents per km in service program or 80cents per km private use. With NDIS Mobility Allowance payments, these can reimburse the kms used in a private vehicle.

Like · Reply · 1 · 1 hr



John Van de Putte I know someone the use to use a provider to get there son to there day activities ,they now use the taxi service with te discount from state government it's about half compared to what the use to pay for with provider

Like · Reply · 1 hr



Lee Hines Wow,that's greedy...

Like · Reply · 1 hr



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Contact Details

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