BusVic
Bus Association Victoria

Submission to:

Productivity Commission Inquiry into NDIS Costs.

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1. Executive Summary

The existing state-based special school bus systems have been working effectively and efficiently since the 1950's. Transitioning the funding and regulation, including the administrative oversight of these services to the federal realm, via the NDIS, will have severe consequences on the quality and efficiency of the service, would not be in the best interests of the student, their families, the specialist school, and it will also have an adverse impact on public safety.

The national bus and coach industry submits that the existing, state-based special school bus transport programs should be excised from the NDIS because:

- Including special school transport in the NDIS is unaffordable;
- Demand responsive transport does not have the routine characteristics that students with a disability, families and schools rely upon for a safe and efficient school transport service;
- Special schools are built for buses, not cars;
- High standards of public safety will be compromised;
- Reporting lines for education staff, including Principals, will cause tension;
- The productivity of the schools will diminish;
- Government's will be faced with material compensation claims from contracted special school bus operators if service contracts are terminated.

In other words, the existing state-based special school bus systems around Australia are not broke. Let's not tamper with them.

2. Introduction

BusVic is pleased to be able to make this Submission to the Productivity Commission's Inquiry into the National Disability Insurance Scheme's costs.

BusVic is the umbrella industry group for the Victorian bus industry, a member of the Bus Australia Network and the national project lead for the national bus and coach industry on the NDIS. This Submission reflects the view of the national bus and coach industry.

All the members of the Bus Australia Network have been fundamental participants in the delivery of transport support for families with children with disabilities for many decades. We believe the NDIA should be provided with our learnings to assist in their decision-making in the rollout of the NDIS.

The existing state-based special school bus systems have been working effectively and efficiently since the 1950's. Transitioning the funding and regulation, including the administrative oversight of these services to the federal realm, via the NDIS, will have severe consequences on the quality and efficiency of the service, would not be in the best interests of the student, their families, the specialist school, and it will also have an adverse impact on public safety.

The national bus and coach industry submits that the existing, state-based special school bus transport programs should be excised from the NDIS for reasons outlined in this Submission.

3. Terms of Reference

Background

The Heads of Agreement between the Commonwealth and the States and Territories (States) on the NDIS stated that the Commission would undertake a review of scheme costs in 2017. This review is intended to inform the final design of the full scheme, prior to its commencement.

Scope

The Commission should address the following issues identified in the Heads of Agreement for the review of scheme costs:

- the sustainability of scheme costs
- jurisdictional capacity
- cost pressures (including wages pressures)
- changes in the agreed escalation parameters
- if efficiencies have been achieved within the scheme
- whether there has been any impact on mainstream services
- examine the most appropriate levers to manage any potential cost overruns.

In addressing these issues, the Commission should consider:

a. Commonwealth and State funding and governance arrangements for the NDIS, including financial contributions and risk-sharing
b. the interaction with, and role of, other services in meeting reasonable and necessary support for people with severe and profound disability
c. whether there are any issues with the scheme's design, including the application of market and insurance principles, in ensuring the best possible outcomes for people with severe and profound disability.

In conducting the analysis, the Commission should take into account its 2011 report into disability care and support and subsequent agreements between governments for the implementation of the NDIS. The Commission will be provided with all the data on scheme rollout it considers necessary for the analysis.

4. Current State

Around Australia, State Governments fund to varying extents, exclusive, special school bus systems that convey children with a disability that are deemed eligible by the state as requiring support, to and from their special school each school day. The existing state-based special school bus systems have been working effectively and efficiently since the 1950's. This collective investment amounts to $184m annually.

Each special school bus is fitted with additional equipment than a bus or coach used to transport children without disabilities; equipment deemed necessary by the State Government to convey these children to and from their special school in a safe and efficient manner, and these include: hoists, wheelchair areas, anchor points, tracks, and harness belts (see ***Addendum 2***). Virtually all of the special school buses have a dedicated Supervisor on board, in addition to the driver, who is trained in attending to the needs of the children during the journey.

The following table sets out how it is done in each State and Territory listed, and what are some of the most obvious issues associated with that approach.

State	Method	No. of Children	Annual Cost
VIC	Responsible Agency: Department of Education and Early Childhood Development. Program: Students with Disabilities Transport Program • Students can receive support to attend their local specialist school if meet eligibility criteria. • Virtually all students transported by bus • Long term contracts (ten years) • Families and specialist schools work with bus operators and department to plan and deliver services	7,100	$55M
NSW	Responsible Agency: Department of Education and Communities' Program: Assisted School Travel Program. • Students can receive support to attend their local school if meet eligibility criteria • Long term contracts (ten years) • Many different contracted Service Providers (Taxi operators/taxis; private people/'people movers' or vans; community transport operators/'people movers' or vans; and bus operators/small buses) • Families and specialist schools work with bus operators and department to plan and deliver services. • Special Ed. transport providers do not have to be accredited and no driver authority is required	Over 10,500	$80M

QLD	Responsible Agency: Department of Transport and Main Roads' Program: Students With Disability Program. • Students can receive support to attend their local school if meet eligibility criteria • Long term contracts (ten years) • Mainly buses but some taxis • Families and specialist schools work with bus operators and department to plan and deliver services.	5400	$34m
WA	Responsible Agency: Public Transport Authority of WA Program: School Bus Program. • Students can receive support to attend their local school if meet eligibility criteria • Evergreen contracts • 127 buses (23 with wheelchairs) • Families and specialist schools work with bus operators and department to plan and deliver services. • 45,000 trips per year	2000 students	$4.4m
TAS	Responsible Agency: Department of Infrastructure, Energy & Resources • Students can receive support to attend their local school if meet eligibility criteria • Long term contracts (ten years) • All buses • Buses used in city areas not in regional areas for these types of services.	202 students	$1.38m
SA	Responsible Agency: Department for Education and Child Development The Department has 3 main contract categories: 1. 12 seats or less Panel of providers (includes anything from a taxi to a mini bus); 2. 13 seats or more unmodified buses; and 3. 13 seats or more wheelchair modified buses 4. Many taxis are also used	1,450 Cat 1. 400 runs daily Cat 2. 13 runs daily Cat 3. 17 runs daily	$9m

5. Cost

State Government's currently spend a total of $184m annually on special school bus transport services.

In Victoria, the state government pays about $20 per trip, per student for this service. In Tasmania, the state government pays about $18 per trip, per student. State Government's don't pay bus operators on a per student, per trip basis, rather, they typically pay one twelfth of the annual value a special school bus service contract the operator has with the State Government each month. This annual contract rate comprises all fixed and variable costs associated with delivering the service as specified by the State Government. A Victorian service contract example appears in ***Addendum 1***.

Eighty five per cent of the special school bus services in Victoria have a journey time of in between 60 and 120 minutes and the majority of contracted special school bus services operate in regional and rural parts over very long distances. Demand responsive modes are not going to be able to charge less $20 per trip for a trip than the presently paid rates on a per-capita basis and meet the same level of support and safety delivered by the existing services. Thus, there is no doubt that the costs of providing bespoke transport services for children with a disability to get to and from their special school will far exceed the costs of transporting them in a special school bus on a per capita basis - with very little, if any positive outcomes delivered.

In addition, several officers of the NDIA have mentioned to representatives of BusVic and its members at various meetings that the market should decide the price of conveying children with a disability to and from their special school. This is of great concern to the national bus and coach industry as Governments' in each jurisdiction insist on bus operators adhering to rigorous and costly bus and coach accreditation regimes so as to have the highest standards of public safety. These costs are typically recovered by the operator via the special school bus service contract. But for any new or start up operator, such as non-accredited community transport operators and point-to-point, Uber-esque type operators to submit a bid to convey a child with a disability of, say, $15 without demonstrating their capability, competency and skill to perform what is a very specialised task to the relevant bus regulator, amounts to an unlevel playing field as it would provide an unfair advantage to non-accredited operators. This would yield a 'race to the bottom' in pricing, and the quality of the service would deteriorate manifestly. Worse still, it would compromise the level of safety of the service and the level of safety afforded to the child.

In 2015/2016, the Federal deficit was A$39.9 billion (2.4% of GDP)[1] and the tax receipts the Government is collecting to fund the NDIS are not sufficient to cover the future anticipated costs associated with the initial scope of the NDIS. Hence, efficiencies need to be realised to bring the budget back to surplus. What's more, the State Governments have budgeted to provide special school bus services on an ongoing basis. On that basis, we suggest the Federal Government cannot afford to take on the funding and co-ordinating of $184m worth of special school bus services annually for transporting children with a disability to and from their special school. Thus, the responsibility for co-ordination and funding for special school bus services should be left with the various State Governments.

[1] http://budget.gov.au/2016-17/content/glossies/budget_repair/html/

6. Value for Money

The challenges the NDIA faces in implementing transport support arrangements for students travelling to and from specialist schools are not new. All State and Territory education systems have faced this challenge for some decades. All arrangements feature:

- transport services (mainly bus) contracted from private bus operators;
- students meeting certain eligibility criteria to be able to access these services;
- families, schools, education systems and bus operators working together to ensure the service meets family's needs;
- achieving value for money through balancing the number of students travelling on each bus with students' individual needs and circumstances
- arrangements for the long term, in acknowledgement of the fact that many students require transport for most of their thirteen years at school and operators need for contract certainty (because of the long term investment necessary in vehicles and staff).

The Victorian Students with Disabilities Transport Program is an excellent example of how these arrangements can deliver and meet the needs of the NDIA and its clients. In Victoria the Department of Education and Early Childhood Development contracts around 400 bus services for students attending its 78 specialist schools.

Control and choice for families in this program is delivered by the partnership arrangements the Department uses to plan and manage the services. Families work with the specialist school, the bus operator and the Department to plan travel arrangements to best meet each student's and family's needs. These can include pick up/drop off times and points; seating arrangements on the bus; medical and behaviour management plans whilst travelling; choice and performance of bus drivers and bus supervisors (every bus has a trained adult who travels on the bus to supervise the students whilst boarding, de-boarding and travelling and also liaises with parents and schools); and bus loading/unloading arrangements.

Generally most families report they are satisfied with the quality of the service provided under these arrangements[2]. These partnership arrangements are critical to quality transport support being provided:

- accountability for delivering and improving services is constant and direct;
- the State Department of Education has control where needed to ensure quality and cost control;
- **Value for money** in the delivery of any program is paramount. Transport support does not need to be an exception to this rule.

[2] 1 In 2012, the Victorian Equal Opportunity and Human Rights Commission released its report: *Held back: the experiences of students with disabilities in Victorian schools.* Whilst the report highlighted some parental concerns with some of the Department's policy settings for the program (particularly the maximum travel time being two hours), the report does acknowledge that around 75 per cent of families are satisfied with the services being provided.

• they mean service decisions are made locally where the actual service is delivered by the people involved

• local knowledge and input and individual needs are captured and acted upon

Essentially all of these students are not able to utilise public transport to travel to their specialist school (either because their disability prevents them using available public transport or public transport is not available). For most students utilising the school bus transport program, travel to school walking or in the family car is also generally not possible. Around 10,000 students attend specialist schools in Victoria with about 7,000 of these receiving support under the bus program. It is reasonable to assume that the 3,000 students who do not use the bus program do so because their families are able to walk or drive them to school. As such the 7,000 students who do use the program do so because it is either not appropriate or not possible for their families to walk or drive them to school even with the offer of financial support under the Department's Conveyance Allowance Program. Other transport options are clearly cost prohibitive or cannot be delivered with appropriate travel supervision (for example taxi services).

7. Routine is Important

Routine plays an important role in the lives of children with autism. Children and their families appreciate the bus, as they know what to expect. There is *routine* to the special school bus service which is extremely important[3]. Children higher on the autism spectrum, for example, have difficulties adapting to changes to their daily routine. This can affect the quality of both their school and home life.

On the other hand, demand responsive taxi's, uber-esque and non-accredited community transport providers provide different drivers on different days. Non-accredited community transport operators are largely staffed by volunteers and have lesser standards of public safety to adhere to. These types of transport providers do not offer the constancy of driver staff and have no supervisor on board to attend to the specific needs of the child during the journey, like special school buses do, upsetting the routine and expectations of the child and the family.

8. Parental Respite

Parents appreciate the special school bus service and enjoy respite when the bus collects their child each day. Further, it is a common occurrence for parents to call operators and ask they drop their child off at the 'back end' or later in the run for the same reason.

Demand responsive taxi's, Uber-esque and non accredited community transport providers will not be able to meet any such request from a parent as it will only increase the journey time and cost to NDIA.

[3] Currently, some students with a disability do require a more 'bespoke' approach, but that is already dealt effectively within the current programs, and no doubt should and will continue.

9. Special School Infrastructure

Special schools, in Victoria at least, are built for buses, not cars. Moving special school children by means other than the special school bus will introduce a new risk to safety for individual schools, and may see special schools incur new unbudgeted capital and operating costs like varying building drop off bays, entries, canopies and driveway staff in order to accommodate an increased number of vehicles, as well as the increased number of individual vehicle and student movements. Such a scenario would undoubtedly put a strain on the school's human resources.

10. Maintain High Standards of Public Safety

Special school bus operators are obliged to adhere to state-based bus safety accreditation regimes that set a very high safety standard; and bus operators have a safety track record that is second to none. The accreditation regimes centre on (a) the driver (b) the operator and (c) the vehicle. These regimes are regulated by each State Government safety or service contract regulator. Being accredited is mandatory for operators to hold a government contract. However, demand responsive 'uber-esque' services including carpooling, and community transport providers, do not have to adhere to the same level of safety. Community transport bus operators are primarily philanthropic organisations who happen to have a bus and are largely staffed by volunteers.

These types of operators were never envisaged to move children with a disability to and from their special school. Allowing such bus operators and operators of other demand responsive modes sanctioned by lesser safety regimes, will diminish the level of public safety present on the special school bus network.

11. Existing Relationships Have a Value

Since the 1950's, the private bus industry which consists of virtually all transgenerational small and medium family businesses, have forged very strong relationships with the special school students' families and the schools. This 'tripartite of trust' has yielded a safe, reliable, flexible and high level of care network of cost-effective and efficient services that meets, as best as possible, the needs of the students, their families and the schools. This arrangement cannot be replicated at a federal level, because the social capital that has emerged over the years resides at the local level; the drivers, the supervisors, the principals and the school co-ordinators have developed a reciprocity, trust and network with the children and their families.

These relationships give parents and Principals ‘peace of mind’ that children with a disability are receiving the high levels of care whilst on their journey to and from school. ‘Uber-esque’, or other transport options will not offer the same or superior quality of care or supervision than that of the special school bus systems. The relationships between school, operator and family need to be sustained for the quality of care and efficiency and effectiveness of the system to be maintained. If these relationships are not sustained, the knowledge that yields the seamless conveyance of children with disabilities to and from the school will be jeopardised.

12. Fragmented Co-ordination & Reporting Lines

The Principal and staff of each special school are employed by the Department of Education in each State. The Principal has the ultimate responsibility and duty of care to deliver education, care and transportation arrangements required by the State Government and report on same. Education and transport in both the mainstream school and special school environments go hand-in-hand.

The NDIS, however is a federally funded and administered scheme. A scheme to which the Principal has no reporting obligation. Transferring the responsibility for transportation for children with a disability away from the state-based system and to a federal system will see education and transport decoupled and this will create a situation where the Principal is 'answerable to two masters' and cause an unnecessary tension and confusion in reporting lines, which will in turn distract the Principal and their staff from the task at hand. A Principal cannot have 'two masters'. Thus, the existing state-based special school bus transport systems should be excised from the NDIS.

13. Effective, Local Regulation

To date, after over 2 years of discussions with NDIA about how they plan to manage the system of getting disabled students to and from state based specialist schools, that is, who is responsible for determining the eligibility criteria of students, who sets the rules of the system generally, who is going to manage and administer the system, who is going to enforce and evaluate the system to ensure it is working effectively, the NDIA is no clearer than it was over 2 years ago.

Obviously, there seems no need to be re-inventing the wheel, these are matters are already carried out the by the various State Government departments and it is they are who in the best position to continue to do so. If this were allowed to happen, it provides for continuity and clarity for the students and their families, and it also allows local decisions to be made by the school in the best interests of the child. If the NDIA, with no experience whatsoever, tries to administer and coordinate the system nationally from Barwon or Canberra, we will inevitably see a centralisation of decision making and a lessening of local decision making at the school level, to the detriment of the children.

In our view, the Government Agency best placed to regulate and manage transport support for students with disabilities to attend specialist schools is the Agency that is closest to where the services are delivered because the local, embedded Agency and operator(s) understand the nuances of the area and of the circumstances of the children and their family.

For example, if there was a requirement for a child, or children, to be conveyed from Alexandria to Seymour each day, how would a Federal Government department based in a few central locations approach ensuring transport services in an area meet the special and unique set of operating needs of that area? State and Territory based agencies can provide that local knowledge and oversight.

14. Operator Compensation

As recently as this month, State Governments are continuing to direct operators, who are typically transgenerational, small to medium family businesses, to procure new buses to replace older buses, and acquire larger depots to accommodate increasing demand for special school bus services.

Operators are also directed to invest in special on-board and in depot equipment, employ and train drivers and on-board Supervisors to satisfy rising demand for the provision of care and transportation of students with a disability to and from their school.

This trans-generational investment has been made by operators in order to deliver on their contracted obligations. Many of these businesses are substantially geared as a result of signing 10 year contracts with the Victorian State Government most recently in 2011, but for 10 years terms over the last couple of decades.

If Government decided that this current regime was to change, new providers would be hard placed to build the capacity of their businesses to deliver these services within the delivery timeframe. Operators need long contractual terms to retire the debt associated with these investments and to end their service contracts prematurely will have disastrous effects on employment, the operator's business, the children being conveyed and their families, and the productivity of the school. Should existing state based special school bus service contracts be cancelled, operators will have no choice but to claim compensation. This is a course of action that all parties should want to avoid.

15. Flawed Trial

The Centre of Market Design (CMD), a Melbourne University 'Think Tank', has been commissioned by NDIA to undertake a $600,000 trial in Term 2, 2017 whereby all the ‘participants’ (children with a disability) are to be offered a choice of modes to get to and from their special school, namely Uber, community transport and car pooling.

We believe that the 'market based' transport trial that CMD is looking to trial has several serious flaws that will reduce the quality of care, safety and school/home life outcomes that are currently enjoyed by all stakeholders using the current system. This is a dangerous path that the NDIA is pursuing; a path that will ultimately see a reduction in the level of quality of the service and an increase in costs.

The school which has been chosen for the trial, Nelson Park School, has been 'cherry picked' by the NDIA as it is attended by high functioning children with a disability. It doesn't have the extent of children with a profound disability as most special schools, and therefore, does not reflect the transport needs and services of a typical special school. This is a flaw in the methodology of the trial.

16. Recommendations

Consequently, the national bus and coach industry recommends that:

A. all existing state-based special school bus systems be excised from the NDIS and continue being funded and co-ordinated by State Governments.

B. the CMD trial earmarked for Term 2, 2017 at Nelson Park School be cancelled at once, since, at a time when budgetary pressures are and are likely to remain severe, spending $600,000 to ascertain if a market can be created to provide a quality care service which is already being provided on an efficient, effective and cost-efficient basis cannot be justified;

17. Shared Concerns

The Principals Association for Specialist Schools (PASS), Health & Community Services Union (HACSU) and the Transport Workers Union (TWU) share some the concerns outlined in this submission. PASS and its members and are not looking forward to the prospect of having to manage multiple, non-accredited vehicles dropping off and picking up their students from their special schools as this will be an unnecessary burden on their resources. Further, PASS believe they would not be executing their duty of care placing a student with special needs in a vehicle that does not have on-board supervision, or the level of safety that the special school bus has.

18. Conclusion

Schools and State education departments recognise these challenging and complex needs and issues and have developed and delivered effective cost effective transport solutions using specialist bus transport contracted from local private operators. The need for supervised travel, modified vehicles and meeting individual needs means transport using buses is the only viable transport solution which:

- can provide some choice and control for the NDIA's clients
- is affordable and financially sustainable
- provides safety, reliability and responds to needs.

These arrangements work successfully because:

- families, specialist schools, bus operators and state education departments work together to plan, manage and deliver the transport support – all play a significant role. The success could not be achieved without this partnership and all are committed to the students' safety, comfort and needs. *It is through this arrangement that families have choice and control about how the transport support is delivered;*
- each student's and their family's situation are different and these differences are recognised and addressed;
- local knowledge is valued – hence the focus on all working together;
- long term contracting arrangements with private bus operators provide an environment which encourages investment in suitable buses and staff as well as allowing long term relationships and partnerships to be established and flourish.

Traditional market approaches with many providers being available for consumers to choose from are not financially viable in student transport given the complexities and need for long term capital, human and relationship investment.

BusVic strongly recommends that the NDIA maintain and build upon the current transport support arrangements in place for students attending specialist schools by leaving the existing state-based special school bus transport service arrangements funded and co-ordinated by State Governments and not having these services form part of the NDIS.

19. Addendum 1 - Typical Special School Bus Contract Cost Model

Confidential. Removed.

20. Addendum 2 - Examples of Bus/Coach Modifications

Confidential. Removed.