

Submission  
No 23

## **THE PROGRAM OF APPLIANCES FOR DISABLED PEOPLE (PADP)**

**Organisation:** GTK Rehab  
**Name:** Mr Greg Kline  
**Position:** Managing Director  
**Date received:** 2/09/2008

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# GTK REHAB

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Submission to:

NSW Legislative Council Inquiry  
General Purpose Standing Committee  
Program of Appliances for Disabled  
People (PADP)



## GTK Rehab

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*"Rehabilitation Technology Supplier"*

Dear Sir/Madam,

My name is Greg Kline and I am the owner of GTK Rehab. I have worked in the disability industry for 25 years. GTK Rehab is a supplier of complex rehabilitation equipment including custom made powered and manual wheelchairs, seating systems, high end walking and standing equipment and sleep systems. I have a staff of 20 including 4 occupational therapists employed as sales consultants.

I am also President of the Independent Rehabilitation Association of NSW (IRSA).

Based on my dealings with PADP over a long period there are several issues that I ask the committee to consider as part of the review of the PADP scheme.

These issues impact directly on:

- (1) The quality of service we can give our clients.
- (2) Ensuring that PADP receives value for money
- (3) Safety for consumers
- (4) Continued viability of suppliers.

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The major issues I would like the committee to consider are:

**(A) THE ASSESSMENT PROCESS**

GTK operate in the complex end of the equipment market. For complex assessments we can see the client several times to come up with a final script and quote. It then can take between 6 months to 3 years for us to receive an order. With children, any order received that is older than 3 months requires a re measure. For adults any quote older than 6 months requires checking. This reassessment process has a large impact on the costs of running this business - each assessment costs approx \$400.00.

This assessment and reassessment process also creates a lot of frustration for the clients. We often receive phone calls from clients asking where their equipment is. They have been told by PADP that their application has been successful but have not been told they are on a waiting list that may mean a 1-2 year wait for their equipment.

**RECOMMENDATION – Pre approved funding.**

I have raised the issue of pre approved funding with Enable and they are looking into it. The Health Department in South Australia has been successfully running a pre-approved system for the last couple of years.

Under a pre approval system the prescribing therapist will submit an application for funding for a piece of equipment for “Mrs Smith”, say a powered wheel chair for \$15,000.00. Once the finance has been approved, the therapist calls the suppliers in to do the assessment and in conjunction with the client chooses the most appropriate wheelchair. The supplier then submits the final quote and the order placed.

As a result of this process the client, prescribing therapist and the supplier go through the process only once. The Price Waterhouse review estimated the reassessment process costs the Department of Health approx \$1,000.000 pa. This does not include the supplier costs.

## **(B) EQUIPMENT SERVICING**

GTK Rehab employs 5 people in its service division. Our KPI for repairing equipment is 48 hours. Some PADP departments choose to use other service providers because their call out rate is less than ours. My major concerns with this are:

**(1) SAFETY:** The products that we supply, are being serviced by people who have had no training in our equipment - and that is a safety issue for the client.

**(2) COST:** Although PADP think they are saving money because they can get a less expensive call out fee, in the long run it is costing them more. We have been called out

on many occasions where the other service providers have not been able to repair a piece of equipment because they do not have the knowledge. Also, other service agents will replace whole components like a motor or gearbox on a wheelchair when only the brake needs replacing. Also these other providers have to purchase their parts from us, so by the time they put their mark up on the parts, it is costing PADP more.

**(3) LACK OF PREVENTATIVE MAINTENANCE.** The majority of equipment we supply comes with a suggested maintenance schedule. This in my experience is never done. We only get called when the equipment breaks down. Servicing costs would be reduced if the regular checks were done.

**RECOMMENDATION – That specialised equipment be serviced by the company that initially supplied the equipment.**

### **(C) DEMONSTRATION EQUIPMENT**

Prescribing therapists are requesting longer trials for equipment. This is not an option for us. The investment we currently have in demonstration equipment is high and we must have a return on this equipment. Our margins are low and this limits our capacity to invest in more equipment.

Therapists' expectations of suppliers in some instances are unrealistic for example we often receive requests from therapists to borrow a pressure cushion for trial. We are expected to pay the freight to and from the client's house and for the cleaning of the cushion cover on its return. We are not allowed to charge for this service because all the major cushion suppliers have a recommended retail price and if you quote above that, PADP will order from someone else.

**RECOMMENDATION – That suppliers be able to charge for extended trials.**

**(D) PAYMENT OF ACCOUNTS**

The slow payment by accounts by departments is a major concern. We are carrying a large overdraft to fund the Department of Health. I have been told the KPI for payment is 45 days from invoice. This is not being adhered to. As a result prices will increase to cover this added cost.

**RECOMMEDATION – That PADP/Enable implement systems to ensure invoices are paid in 30 days.**

**(E) CENTRALISED PURCHASING**

The move to centralized purchasing of basic items will ensure that the Health Department does maximize its resources. My concern is that the majority of products that we supply to this industry do have a service component attached. A trial for a pressure cushion may entail a visit by one of our therapists with a number of cushions so the most appropriate cushion can be supplied. Even under the current system we will supply a quote to PADP for the selected cushion and some PADP departments will shop our quote to other suppliers for a less expensive quote. We have done all the work and we do not receive the order. PADP do not recognise the service component in providing equipment.

**RECOMMENDATION – That complex rehabilitation equipment be excluded from competitive bidding.**

**(F) DEALER VIABILITY**

This company and this industry is under enormous pressure due to poor margins. One could get a better return on capital by putting your money in the bank than investing in a Rehabilitation supply company. I would be happy to discuss net returns with the committee providing the information is kept confidential.

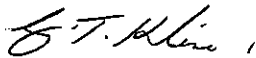


I want to work with the Enable to improve the efficiency of the system. A more efficient system will result in better outcomes for the end user, the supplier and the Department of Health.

I tried on several occasions to have input to the Price Waterhouse review without success. To their credit Enable has held several meetings with the industry and are listening to our concerns.

If more information is required please do not hesitate to contact me.

Yours Faithfully

A handwritten signature in cursive script, appearing to read "G.T. Kline".

**GREG KLINE  
MANAGING DIRECTOR**