

The Secretary
Senate Finance and Public Administration Committee
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

13 November 2008

Dear Sir / Madam,



Australian Meals on Wheels

70 Greenhill Road
Wayville SA 5034
T 08 8271 8700 F 08 8271 1605
E amowa@mealsonwheelssa.org.au
PO Box 406 Unley SA 5061
www.mealsonwheels.org.au

The Australian Meals on Wheels Association (AMOWA) submits the following comments to the **Senate Standing Committee on Finance and Public Administration and its enquiry into funding of residential and community aged care.**

AMOWA, through its member State and Territory Associations, represents 80,000 volunteers; 50,000 clients; hundreds of paid staff from 750 Meals on Wheels Services around the Nation.

Meals on Wheels provides delivered meals and personal contact for mainly frail aged house bound clients and their carers who cannot cook or shop for themselves and need delivered meals to help them remain independently at home. This supports Government policy and assists in reducing premature admission of clients into residential aged care and the public hospital system and avoids or delays the greatly increased cost to government associated with these higher levels of care. The Meals on Wheels service is largely carried out by volunteers.

Meals on Wheels obtains its funding through meal sales to clients, donations, investments and also through the Home and Community Care Program (HACC), a joint Federal / State program. HACC funding accounts for 20%-30% of funding depending on the State, Territory and location of the Meals on Wheels Service. The sale of meals to clients account for most of the other income.

Services around the nation are struggling with costs, volunteer support and regulatory compliance, for example, OHSW; food safety; improved governance structures etc. More assistance from Government is needed to help sustain Meals on Wheels into the future.

Meals on Wheels is a 'needs based' service. Meals numbers are growing only modestly however total client numbers are increasing at a greater rate as more clients go on meals for less than 5 days per week with the opportunity to attend day care and other services (also important for their well being). However, it means that the unit cost per meal increases as total costs rise and meal numbers remain constant even though client numbers are in fact increasing.

As a mission / purpose focussed not for profit segment of the community care area, it is not the aim of Meals on Wheels to increase volume simply to keep unit costs down. Hence, the impact of rising costs has an even more damaging effect on our local community based operations.

Most of our clients are on fixed incomes and pensions. As our costs go up, through fuel and ingredients as well as regulatory compliance, our meal price to clients must rise. If our meal price to clients rise to a level where clients cut their spending and reduce the number of meals they need to sustain their nutrition requirements, their health will be compromised and the likelihood of requiring higher and more expensive hospital care is inevitable.

The attachment to this letter shows the different levels of Government funding support for a day in the public hospital system; a day in residential aged care; a day on Meals on Wheels. A day in the public hospital system costs \$1,117; a day in residential aged care costs \$100; Meals on Wheels receives less than \$2 per day.

The message we advocate is simple – an increase in funding at the Meals on Wheels ‘beginning’ part of the health and wellness continuum can save a lot of public money at the residential aged care and hospital ‘end’. A gram of prevention is worth a kilogram of cure. This is particularly so given our clients are having to meet increased costs through meal price rises.

In a given year Meals on Wheels around the nation delivers over 13 million meals to clients. The total support for this service from Federal and State Government is between \$1.50 and \$2.00 per meal depending on the State or Region. Even if Government provided just \$1- per meal per day more to help sustain Services into the future, the total cost to Government would only be \$13 million per year. It is a small amount to help maintain the Meals on Wheels ‘miracle’ which makes such a direct and significant difference at a local level.

Three of the key cost impacts on the Meals on Wheels service are:

- (1) food commodity prices which go into the cost of meal production and covers meat, fish, poultry, vegetables, fruit etc. that go into a three course midday meal of soup, main and dessert and this accounts for 45-50% of total cost. The transport cost associated in the supply chain for delivery of products to kitchens is also affected by the price of fuel.
- (2) wages for paid staff involved in service provision and volunteer support are also a key cost as more complex client and operational issues must be addressed. This accounts for about 30% of costs.
- (3) the cost of fuel as volunteers deliver meals in their own vehicles and their out of pocket expenses must be reimbursed petrol. This accounts for about 8-10% of costs.

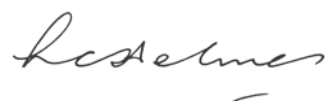
Indexation for Meals on Wheels Services need to take special consideration of these cost inputs as current indexation does not enable Services to keep pace with rising costs and does not reflect the cost structure of our unique and specific part of the community sector that provides for our house bound clients.

AMOWA advocates that additional direct Government support for Meals on Wheels Services is vital for the sustainability of our Services going forward.

Further and most importantly, increased funding in Meals on Wheels Services is aligned with government policy of enabling people to live at home in their community longer; it is an investment in preventative health care; it supports and helps build strong and connected local communities and it is orders of magnitude less costly to government than the next levels of care in the Aged and Health Sectors.

We would be pleased to present to the Committee and provide further background and details.

Yours sincerely,



Leon Holmes
President
Australian Meals on Wheels Association



"A gram of prevention is worth a kilogram of cure."