



Committee Secretary  
Senate Select Committee on Fuel and Energy  
Department of the Senate  
PO Box 6100  
Parliament House  
Canberra ACT 2600  
Australia

**Australian Meals on Wheels**

70 Greenhill Road  
Wayville SA 5034  
T 08 8271 8700 F 08 8271 1605  
E [amowa@mealsonwheelssa.org.au](mailto:amowa@mealsonwheelssa.org.au)  
PO Box 406 Unley SA 5061  
[www.mealsonwheels.org.au](http://www.mealsonwheels.org.au)

26 August 2008

Dear Sir / Madam,

The Australian Meals on Wheels Association (AMOWA) submits the following comments to the **Senate Select Committee on Fuel and Energy, inquiring into the impact of higher petroleum, diesel and gas prices on various segments of Australian Society.**

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, hence reducing premature admission into residential aged care or the public hospital system with greatly increased cost to government.

This task is largely carried out by volunteers who use their own vehicles for meal delivery. Rising petrol prices directly impact on increased out of pocket reimbursement expenses that Services must pay volunteers. Further, rising petrol and fuel costs impact on the transport component of ingredient costs for meals which further impacts on total costs and hence the price clients pay for meals. Adding to these pressures is the global increase in commodity prices which impact directly on meal costs also. In effect it is a 'triple whammy' for Meals on Wheels and our volunteers and clients.

Given most clients are on fixed incomes and pensions, rising meals prices have the potential to impact on their ability to afford the service and hence maintain their well being. This can result in deterioration of their health and the need for care in the hospital or aged care system at very considerable cost to both tiers of Government (refer attachment 1 showing the different levels of government funding support for a day in the hospital system; aged care; meal support). For example in South Australia, the meal price to clients will be increased 50 cents from \$5.50 to \$6.00 to offset some of the cost increases. Further, every dollar increase in a round or route allowance paid to volunteers costs Meals on Wheels in SA about \$75,000 pa (about 6 cents per meal extra that is not recovered) and now motor vehicle reimbursement costs account for \$500,000 pa. In Queensland the cost is some \$1.2 million.

Most Services around the nation pay a 'contribution' to volunteers to cover the direct cost of petrol, rather than a fixed 'per km' rate as is paid in government and business to meet all vehicle operating expenses. If a fixed rate of say 60 cents per km was paid, the cost to Meals on Wheels Services would increase substantially. Taking the Queensland example again, with an average of 31,000 km travelled per day in total a rate of 60 cents per km would add a further \$3.5 million to the transport volunteer reimbursement cost.

It is also important to point out that Meals on Wheels is a need 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 (which is great 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 fuel prices has an even more damaging effect on our local community based operations.

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 indexation formula for HACC funding does not at present take into account the very significant impact that global oil prices (and global commodity process) have on both direct transportation costs and food and commodity input costs and hence it does not reflect the cost structure of our unique and specific part of the community sector and it needs to be changed.

AMOWA advocates that additional direct Government support for Meals on Wheels Services in regard to both transport reimbursement to volunteers for meal delivery and increased funding to offset commodity price increases (essential for good client nutrition) are 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 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



Meals on Wheels Client  
**Cost: \$2 per day**

Aged Care Resident  
**Cost: \$100 per day**

Hospital Patient  
**Cost: \$1117 per day**

*“A gram of prevention is worth a kilogram of cure.”*