



Senate Select Committee on Fuel and Energy

Inquiry submission from Southern Cross Care (WA) Inc.

This submission addresses term of reference 1.a.v of the inquiry

“The impact of higher petroleum, diesel and gas prices on ...key industries (including but not limited to tourism and transport).”

In particular the submission addresses the impact of higher petrol prices on the community care industry.

The community care industry is a vital part of the social infrastructure of Australia. It provides a range of in-home services to support aged and disabled people with the assistance they need to retain their independent lifestyle. Recent studies estimate that around 1 million Australians benefit from these services in any one year. (Source: Australian Institute of Health and Welfare and HACC Minimum Data Set reports)

Community care services are provided by local government, not for profit and more recently by for profit organisations and businesses. They are funded through a range of Commonwealth and State funded programs and include a small component of fee for service by service users. The largest programs are the Home and Community Care (HACC) program which is jointly funded by the Commonwealth and States and the Community Aged Care Package Program which is Commonwealth funded.

The fundamental requirement of community care service provision is a mobile workforce. Because services are provided to people in their own homes, staff must travel to clients from where they live. Services are typically brief, ranging from 15 minutes up to several hours depending on the needs of the client. Most staff members will service 3 or more clients on any one day and must travel between their homes to do so. In addition they are required to attend office based meetings, supervision and training sessions.

Community care support workers are amongst the lower paid members of the Australian workforce and the cost impost of maintaining and running a vehicle is very real for them. Industry wide practice is for staff to use their own vehicles to travel as required by their roster of clients. Most providers pay a mileage rate to compensate staff for the use of their vehicle. In a labour market that makes it extremely challenging to recruit and retain support workers, SCC has chosen to pay rates that are realistically related to the cost of using their vehicles.

Over the last 2 years the rising cost of fuel has been a very real issue for our staff. Many of them have older vehicles that are not fuel efficient, all of them have found their tight budgets extremely stressed as the price of petrol has risen.

Given our policy of maintaining mileage rates at a level reasonably linked to the real cost of using a vehicle, SCC has had to take the decision to increase mileage rates three times over the last 2 financial years. Over that period our mileage payments have risen from \$273,331 to \$401,086, an increase of 46.7%. Over the same period the number of hours of service we delivered and the number of kilometers claimed rose only by 14%, leaving a differential of approximately \$90,000, an increase that can be attributed to the rising cost of petrol.

The impost of this real cost increase in an industry that relies very heavily on Government funding has been extremely worrying. Over the last 2 years the indexation applied to all community care funding agreements has been less than CPI and has only averaged around 2.2%.

This inequity has left SCC in the impossible position of struggling to maintain the hours of service we deliver to our clients whilst our costs of reimbursing staff for the use of the vehicles have risen at a rate so much greater than our funding. This is an unsustainable situation and calls for realistic adjustments in subsidy levels to take account of fuel prices in an industry that is so heavily dependent on a mobile workforce. Without recognition of this requirement the only possible outcome is that service levels to clients will be curtailed at a time when the nation is facing a rapid growth in the number of older people seeking community care services.

Should the Committee require any further information SCC would be pleased to be invited to give evidence at a public hearing.



Stuart Flynn
Chief Executive Officer

27 August 2008