



Australian Meals on Wheels Association Inc. 2017-18 Federal Pre-Budget Submission

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Budget Policy Division
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ABOUT THE AUSTRALIAN MEALS ON WHEELS ASSOCIATION (AMOWA)

From its inception more than 60 years ago, Meals on Wheels has grown to become a driving force of care in the community. In the course of a year, over 10 million meals are delivered by some 75,000 volunteers to more than 120,000 recipients Australia wide in cities, regional and rural areas.

Meals on Wheels is all about people in the community joining forces to help others. While age, ill health or disability may reduce some people's capacity to get out and about, Meals on Wheels helps make it possible for them to stay in their homes, where they are happiest, and maintain some independence. Delivery of nourishing meals offers social interaction and ensures clients' wellbeing, helping people live the lives they choose.

The Australian Meals on Wheels Association represents a network of more than 600 independently-run local non-profit services that operate in virtually every Australian community. While each service's operations varies based on the needs and resources of their communities and its historic supplemental government funding, they are all committed to supporting vulnerable Australians to live healthier and more nourished lives in their own homes.

Our Members are the peak State and Territory organisations for Meals on Wheels in NSW, Queensland, Tasmania, South Australia and Victoria, with subscriber representatives from Western Australia and the ACT.

AMOWA provides proactive and strategic national leadership and a clear coherent voice on matters that affect our clients, volunteers and staff and the local communities in which they are placed. It enables a single point of contact between Meals on Wheels services and policy-makers, funders, regulators, sponsors and other key stakeholders.

AMOWA provides an avenue for developing and sharing best practice between the 600 services that the State and Territory Associations represent, along with promoting and raising awareness of Meals on Wheels in Australia.

INTRODUCTION

The proven health, social and economic value delivered by Meals on Wheels to the Australian community is at risk.

Decades of under-investment in Meals on Wheels services, along with current and proposed reforms to the aged care system, are creating alarm amongst volunteers and negatively impacting the health and independence of older Australians.

In contrast to most of the \$16.2 billion annual Australian Government aged care expenditure in 2015-16, older people using Meals on Wheels' services bore 50 – 80% of the cost of the service, depending on where they live.

Senior Australians are paying a median \$9.00 client contribution for a nourishing, ready-to-eat meal delivered to their home, along with welcome social connection and the peace of mind that comes from knowing community volunteers are making sure that they are safe and well.

For just 5 nourishing meals each week the client contribution of \$45.00 is 10% of the single aged pension and up to 15% for couples. The Australian Government's contribution was less than \$17.00 per week in most jurisdictions. This is unsustainable for consumers and for Meals on Wheels providers. Lack of access to affordable Meals on Wheels services will further drive up health and aged care costs, which are already unsustainable for Government.

Meals on Wheels service providers require certainty regarding future funding models and system structures arising from the ongoing reforms to aged care. In the near term, this can be achieved through two measures:

1. A 2017-18 Commonwealth Home Support Programme budget allocation of \$5 million additional recurrent base funding, plus CPI-linked indexation of existing funding, for Meals on Wheels services across Australia.

This increase of approximately 10%, an average of just 50 cents per meal, will address the eroding level of Australian Government contribution, relieve pressure on volunteers, stop many services operating at a deficit, start to address funding inequities within and between States, and forestall further steep price-hikes for those who can least afford it.

NOTE: The proportionate allocation to Western Australia would be via the Commonwealth's financial contribution to the delivery of WA Home and Community Care services in 2017-18.

2. Allocation of \$300,000 Commonwealth Home Support Programme sector support funding, over two years, to the Australian Meals on Wheels Association.

The Australian Meals on Wheels Association (AMOWA) comprises a small, voluntary Board. It has received small, project-specific grants from the Australian Government in recent years, to develop the inaugural National Meal Guidelines (\$150,000) and to support the delivery of a biennial National Conference (\$50,000).

This modest allocation of funding will ensure that AMOWA has the resources to work effectively with Government to co-design and deliver the reforms outlined in the Aged Care Sector Committee's *Aged Care Roadmap* and generate greater administrative efficiency for Meals on Wheels providers and Government.

THE HEALTH, SOCIAL AND ECONOMIC VALUE OF MEALS ON WHEELS

Meals on Wheels may be viewed merely as an organisation that produces and distributes relatively cheap food. But with unprompted brand recognition of more than 95%, our clients and our volunteers know that Meals on Wheels is so much more than that.

We're *more than just a meal*. We're **3 services in one**.

1. We **nourish**: delicious and nutritious ready-to-eat meals delivered to the door.
2. We **care** for: physical and psychological well-being of vulnerable people is monitored, with family members or doctors notified if we notice anything amiss.
3. We **strengthen communities**: important social contact is provided to people who may be isolated and lonely, and relationships are built with clients and volunteer teams.

Meals on Wheels plays a crucial role in supporting healthy ageing and independence of older Australians. Around 5% of Australians over the age of 70 receive support from Meals on Wheels³, increasing to around 14% of people aged 85 years and over¹.

Meals on Wheels is a necessary health and community service for adults of all ages, including those with a disability, with some 10% of service users aged under 65 years. State and Territory Governments have had funding and policy responsibility for younger service users since 2012.

By delivering nourishing meals, companionship, and safety and wellness checks each day, Meals on Wheels' 75,000 volunteers are enabling independence and improving the physical and psychosocial health of our nation's most vulnerable.

This proven, trusted and reliable service model delivers clear health and social outcomes at extremely low public cost¹.

Meals on Wheels contributes significantly to prevention and early intervention of malnutrition in older Australians residing within the community. Provision of a nourishing, ready-to-eat meal, with a cognitive and sensory trigger to eat, directly reduces health expenditures by preventing hospital presentations, admissions and readmissions, reducing the length of hospital stays, and supporting both early discharge and post-acute care^{2,3,4,5}.

Up to 1 million older Australians are under-nourished or at risk of malnutrition. Access Economics estimated the annual cost to the Australian health system of under-nutrition in just 40,000 older Australians at \$158.2 million³ in 2010, calculated at \$250 million in 2016. In addition, the estimated cost of residential aged care admission attributed to poor nutrition in the above population was estimated at \$1.6 billion in 2010³.

Effective interventions to improve nutrition have significant potential to save costs to the healthcare system³. Access Economics estimated that additional use of Meals on Wheels services would create a net present value of savings to the Australian

health system of more than \$463 million over 10 years, from 2010. This figure considered only the benefit to the proportion of the existing Meals on Wheels client population who are estimated to be at risk of malnutrition when they commence receiving the service³.

Equally valuable health and social outcomes are achieved by elements of the service model collectively described as *'More than just a meal'*. Australian and international evidence^{5,6} demonstrates improved health and increased independence of Meals on Wheels service users, who consistently report that they feel happier, safer, more independent and more secure. Monitoring the health and well being of consumers, reducing social isolation and alleviating anxiety amongst older people living alone gives older people and their loved ones much-needed peace of mind, creates further health care savings, and delays or eliminates altogether the need for more costly home-based or residential aged care. The engagement of volunteers to deliver the service builds social cohesion and both community and individual well being.

An older person can receive Meals on Wheels for an entire year for about the same public cost as just one day in hospital or one week in residential aged care.

Around \$5 value is created for each \$1 of public funding.

However, the proven health, social and economic value delivered by Meals on Wheels to the Australian community is at risk.

2017-18 PRE-BUDGET SUBMISSION

Budget Proposal

- 1. A 2017-18 Commonwealth Home Support Programme budget allocation of \$5 million additional recurrent base funding, plus CPI-linked indexation of existing funding, for Meals on Wheels services across Australia.**

This increase of approximately 10%, an average of just 50 cents per meal, will address the eroding level of Australian Government contribution, relieve pressure on volunteers, stop many services operating at a deficit, start to address funding inequities within and between States, and forestall further steep price-hikes for those who can least afford it.

NOTE: The proportionate allocation to Western Australia would be via the Commonwealth's financial contribution to the delivery of WA Home and Community Care services in 2017-18.

Rationale

Decades of under-investment in Meals on Wheels services, along with current and proposed reforms to the aged care system, are creating alarm amongst volunteers and negatively impacting the health and independence of older Australians.

In Australia, Meals on Wheels services receive a small Commonwealth Government contribution via the Commonwealth Home Support Programme (CHSP), administered by the Department of Health. The total contribution is estimated at \$45 million in 2016-17, including contributions to the Western Australian Home and Community Care Program.

Consumers have historically paid for the majority of the cost of the service, pre-dating the advent of co-contribution for other Home and Community Care service types in 2000, and continue to do so.

In contrast to most of the \$16.2 billion annual Australian Government aged care expenditure in 2015-16, older people using Meals on Wheels' services bore 50 – 80% of the cost of the service, depending on where they lived¹. On average, most users of Home Care packages and the CHSP contributed 10% of the cost of the service, whilst those in residential care contributed around 27%.

In 2017, senior Australians are paying a median \$9.00 client contribution for a nourishing, ready-to-eat meal delivered to their home, along with welcome social connection and the peace of mind that comes from knowing community volunteers are making sure that they are safe and well.

For just 5 nourishing meals each week the necessary client contribution of \$45.00 is 10% of the single aged pension and up to 15% for couples.

The Australian Government's contribution was less than \$17.00 per week, per person, in most jurisdictions.

This is unsustainable for consumers and for Meals on Wheels providers. Lack of access to affordable Meals on Wheels services will further drive up health and aged care costs, which are already unsustainable for Government.

Meal services differ from almost every other CHSP and Home Care Package service type. Meals are not optional. Lack of adequate nutrition has direct and rapid downstream health and aged care costs. Lack of garden maintenance or domestic assistance do not. Meal services play a much more significant role in hospital avoidance, early discharge and post-acute care than most other CHSP service types. The proportion of consumer payment to government contribution is the inverse of almost every other CHSP service type and most Meals on Wheels service providers consider that the client's capacity to contribute to the cost of their meal service is at its limit. Increasingly, older people choose cooling and heating over eating, with a direct impact on their health status.

Inequitable CHSP funding across states has failed to keep pace with inflation or demand.

The former Home and Community Care program and the current Commonwealth Home Support Programme have received growth funding from the Australian Government in recognition of the ageing population and the desirability of supporting older people to live as independently as possible in their own homes.

However, the methods for determining priorities for the allocation of growth funding, across service types and planning regions, have put Meals on Wheels at a disadvantage. Our volunteers' core value, that every eligible person who needs a meal should get one, along with the low additional costs of making and delivering a few more meals, means that no waiting lists apply, and thus there is no measure of unmet need.

Instead, the Government contribution has stretched to meet increasing demand, with the result that all consumers are paying more. Providers in several states are delivering up to 4 times the number of outputs for which they are funded, yet the 2016-17 CHSP growth funding round prioritised meal services only for Indigenous

people and in only the Northern Territory and one remote New South Wales planning region.

Further, the series of reforms to aged care policy and funding since 2012, including creation of two new Commonwealth programmes, have failed to address the underlying shortfalls and the marked historic differences in the level of Government contribution allocated between and within jurisdictions.

Meals on Wheels services have received a lower than CPI level of indexation on the Government contribution, year on year, for decades. This fails to keep pace with the increasing costs of managing volunteers, food, utilities and fuel. The current funding model also neglects to address the significant variation in costs arising from supporting therapeutic diets, providing culturally specific meal services and services in rural and remote locations or to Indigenous communities¹.

Budget Proposal

2. Allocation of \$300,000 Commonwealth Home Support Programme sector support funding, over two years, to the Australian Meals on Wheels Association.

The Australian Meals on Wheels Association (AMOWA) comprises a small, voluntary Board. It has received small, project-specific grants from the Australian Government in recent years, to develop the inaugural National Meal Guidelines (\$150,000) and to support the delivery of a biennial National Conference (\$50,000).

This modest allocation of funding will ensure that AMOWA has the resources to work effectively with Government to co-design and deliver the reforms outlined in the Aged Care Sector Committee's *Aged Care Roadmap* and generate greater administrative efficiency for Meals on Wheels providers and Government.

Rationale

Meals on Wheels is not the only way in which an older person's nutrition, social connection and well being can be supported, nor should it be. But, despite the genuine positive intent of the current and proposed aged care system reforms, the misunderstanding about the value and necessity of meal services as a health service risk that this trusted, evidence-based option will not be available as a choice for older Australians in the near future. The aged care reforms are creating great uncertainty and instability for meal service providers and significant alarm for volunteers. Many of them are now raising their concerns with Parliamentarians at a local level.

The lack of certainty regarding funding or other income, from July 2018, raises serious questions about the sustainability of services.

Current CHSP agreements expire on 30 June 2018. With no future funding certainty, the voluntary boards of Meals on Wheels services will need to commence transitioning out of service delivery from early 2018.

The Living Longer Living Better reforms have foreshadowed the integration of the CHSP and Home Care Package Programmes from 1 July 2018. This policy intent is also reflected in the Aged Care Sector Committee's *Aged Care Roadmap for Reform*.

The perceived high likelihood of competitive tender processes, consumer-held funds and cessation of block funding produces challenges for planning and investment in Meals on Wheels services.

Meal services in the United Kingdom were subject to tendering processes in the early 2000's. The largely voluntary management committees were ill prepared to respond to complex tendering processes. The subsequent allocation of contracts to large, multinational corporations resulted in many unintended and regrettable health, social and economic consequences⁷. Those regions that have sought to reinstate the Meals on Wheels model of service have been challenged to do so as the pre-existing volunteer workforce was disenfranchised through the tendering process.

There is a high risk of volunteer disengagement due to the nature of the proposed Australian government reforms and the uncertainty being created. Volunteers choose Meals on Wheels because of their engagement with the social mission, roles and opportunities available. Loss of willing volunteers will drive up consumer costs to unaffordable levels and/or reduce the choice and quality of the meals and service. If meals are poor and not eaten, the proven health outcomes will be lost. Of equal concern, the social cohesion and other community welfare benefits arising from volunteering will be eroded. As the UK experience bears out, if we lose our volunteers, we won't win them back.

Since 2015, it has become apparent that some elements of the CHSP design have not been appropriate for Meals on Wheels consumers. This has been illustrated by the need to enable those needing a meal service to access this directly from a service provider, without the requirement to wait for an assessment by My Aged Care. The underlying premise of expecting consumers to rely on their own resources has seen many who are at risk of malnutrition or social isolation being turned away from the CHSP, even though, in the case of meals, the customer pays the lion's share of the cost. This has led many Meals on Wheels providers to question whether Meals on Wheels fits within the future aged care system at all.

The Australian Meals on Wheels Association recognises and appreciates the Minister for Aged Care's commitment to improving choice and quality of services for older people. We further appreciate his demonstrated intention to work with the industry to co-design the new systems and processes required to deliver the right aged care system for older Australians over the next 50 years.

Currently, Meals on Wheels lacks the capacity, at individual service level and collectively at the national peak body level, to adequately engage in the co-design of the new aged care system. Raising funds to do so through increased membership fees will simply see the additional costs passed on to consumers through higher meal prices.

A budget allocation for sector support funding was made at the inception of the CHSP. The Australian Government subsequently announced \$53.3 million transitional assistance funding in the 2016-17 Federal Budget to assist service providers to implement aged care reforms.

Meals on Wheels providers will require a small proportion of this budget allocation to help to secure the future viability of services delivered in more than 600 Australian communities, provide certainty to the 75,000 volunteers who deliver this proven community service and reassure the 120,000 Australians, and their families, who rely on Meals on Wheels to support their health and independence, every year.

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