



**Aged & Community  
Services • Australia**



# **ACSA Submission**

**CARBON POLLUTION REDUCTION SCHEME**

**GREEN PAPER**

**AUGUST 2008**

## **Introduction**

Aged and Community Services Australia (ACSA) commends the Rudd Government's recognition of the imperative of, and its commitment to, reducing the impact of carbon pollution.

ACSA is the leading national peak body for aged and community care providers and represents around 1,200 church, charitable and community-based organisations providing housing and supported accommodation, residential and community care services to over 700,000 older people, younger people with a disability and their carers. ACSA members make up about two-thirds of Australia's rapidly growing \$7 billion aged and community care industry.

The ageing of Australia's population is well known with approximately 13% (or 2.5 million people) currently aged 65 years and over. By 2051 people aged 65 years and over will represent one quarter of our population (or 6.8 million people). The population of older people is increasing faster than the population as a whole.

The Carbon Pollution Reduction Scheme (CPRS) Green Paper sets out the options and identifies the Government's preferred positions on emissions trading and the support which will be required to help households and businesses adjust to this change.

The potential impacts of carbon reduction strategies on the essential services provided to Australia's ageing population by aged and community care organisations must be considered in the design and implementation of the CPRS. It will be important to develop incentives and support mechanisms to encourage industries to be involved and implement the scheme.

## **Aged and Community Care Service Provision**

ACSA's response to the Green Paper focuses specifically on the impact that the CPRS will have on the aged care industry. The core services within this industry are:

- Residential care facilities - both low and high care accommodation (formerly known as nursing homes and hostels);
- Packaged care services - low, high and dementia specific packages, where supports are provided to assist an older person to continue living independently in the community;
- A range of other community services including respite and day therapy centres, and those provided through the Home and Community Care program (HACC) such as Meals on Wheels; and
- Retirement villages providing aged specific housing to older people.

These services may be delivered by mainstream or specialist providers. For example, there are small and large church and charitable service providers as well as multicultural and ethno specific services. There are also a range of indigenous flexible services and others specifically targeting the homeless.

Both Commonwealth and State Governments are involved in the funding and regulation of these services.

The aged care industry is expressing a growing interest in reducing its environmental footprint and in developing more environmentally sustainable methods of service provision.

## **Impacts of the Carbon Pollution Reduction Scheme on the Aged Care Industry**

The potential impacts of the CPRS on our industry includes:

- *Increase of fuel costs for provision of care, particularly community care.*

Services provided to older people in their own homes in the community include personal care, domestic assistance, food provision, nursing, transport, allied health, home modifications and maintenance, social support and respite care. Service providers' employees have to travel to clients' homes. In rural and remote areas, this involves hundreds of kilometers of travel using significant amounts of fuel and other consumables.

Significant numbers of older people, people with disabilities and their carers are supported by such services annually. The AIHW Report, *Older Australian at a Glance* (2007) indicates there were some 744,000 people who received assistance from HACC in 2004-2005 and 33,934 people received packaged care services as at June 2006 (CACP and EACH packages).<sup>1</sup>

- *Increased primary production and transport on-costs added to food costs*

The carbon emission scheme will increase the production and transport costs of food. This will have a major impact on the costs of providing meals in residential care facilities and for Meals on Wheels services.

*Older Australian at a Glance*<sup>2</sup> indicates that 98,557 persons over 65 years were in high level residential care as at June 2006. This equates to 98,557 x 3 meals per day x 7 days per week x 52 weeks per year = 107,624,244 meals per year!

The *HACC Minimum Data Set 2005-2006* highlights that there were 10,578, 447<sup>3</sup> meals delivered to people living in their own homes. This service will have to deal with increased food costs as well as the additional fuel costs.

- *Increased utilities costs, electricity, gas and water*

Increased costs in these areas will impact throughout the industry. Water and energy usage is high in residential facilities compared to commercial buildings, as they are occupied 24 hours per day each day of the year.

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<sup>1</sup> *Older Australian at a Glance* (4<sup>th</sup> Edition), AIHW 2007, pages (pp 125-126)

<sup>2</sup> *Ibid*, page 135

<sup>3</sup> *Home and Community Care Program Minimum Data Set 2005-06 Annual Bulletin* Department of Health and Ageing, 2007.(page 31)

Many clients of aged and community services live in their own homes where the adjustment costs of the CPRS will be keenly felt. The CPRS Green Paper (page 24) acknowledges that the introduction of this scheme will “result in changes to a wide range of prices, although the overall increase in the cost of living is expected to be modest. Nevertheless, the Government recognizes that even a modest increase in the cost of living impacts on household budgets.”

➤ *Workforce Costs*

There will be increasing costs for the workforce - including fuel costs for travel to and from their place of employment as well as increased personal food and utilities costs.

The industry is already experiencing the effects of workforce shortages. Under the current Federal Government funding arrangements for aged care providers are unable to provide competitive wages to nurses and personal carers. Increased personal costs for workers as a result of the CPRS may impact even further on the industry’s ability to attract and retain staff to deliver these essential services.

➤ *Suppliers to the aged care industry*

Aged care providers use goods produced by other manufacturing industries to effectively support the older people for whom they care. The CPRS will have an impact on many of these industries.

One such industry which is not currently recognized (and is therefore unable to qualify for any relief from the CPRS) is the pulp and paper industry. This industry produces toilet and facial tissues as well as continence products which are used extensively in residential care services. The CPRS will either force the price of production up, creating increased costs for aged and community care service providers, or will see production moved overseas, potentially to countries who afford a low priority to reducing carbon emissions.

The ethical dilemma of ensuring Australia meets its targets, without just moving the problem to another country, needs to be considered in the scheme’s design.

Minimising the unintended consequences of the CPRS on the delivery of aged and community care services will be critical. The provision of incentives for industries to participate in the scheme will also be important. In this way Government will be able to meet its environmental commitments and continue to deliver essential health and social services.

### **Increasing Aged Care Industry Sustainability**

The aged care industry wants to increase its sustainability and contribute to the Government’s policy of reducing carbon pollution.

Government and the aged care industry could achieve much by working in partnership to reduce the industry’s environmental footprint while maintaining the high quality of the services provided to older Australians.

There are some areas that are within the industry's power to directly affect. These include power and water usage and new building design. Other impacts of the CPRS (such as the cost of fuel and food) are outside industry's influence but must be managed to ensure quality care provision is not compromised.

The Aged Care industry appreciates and supports the need to develop new infrastructure that incorporates best practice in innovation, design and environmental sustainability. It will do what it can within the current operating structures to achieve greater sustainability. However, the additional costs which environmental sustainability creates are not recognized in the current aged and community care funding and program structures.

Forty percent of residential high care accommodation providers are already operating in deficit. It is anticipated that this number will grow steadily worse with the ongoing inadequate base indexation provisions (through the Commonwealth Governments Own Purpose Outlays (COPO) system which is most often less than CPI) and decreasing capital funding as the client population increasingly requires high care services. These providers do not have the funds to undertake the necessary modifications in existing premises or for new developments to achieve best practice in environmental sustainability.

Community care providers also receive inadequate indexation through COPO and have very limited ability to absorb increased costs as a result of the CPRS. They will just have to reduce the hours of care provided to needy older people.

Put simply the industry does not have the financial capacity to achieve best practice in environmental sustainability without assistance. Incentive schemes to support industry will go a long way in assisting the achievement of best practice.

The CPRS Green Paper provides information about the proposed support to be provided for households and business. The household support will be critical for older people living in the community. Any increased costs which reduces their available funds will significantly affect their quality of life and may put some older people at greater risk of housing stress, where the cost of housing (either as rental or as a mortgage) becomes too high relative to household income.

## **Recommendations**

It is imperative that the system implemented is as uncomplicated as possible for the end users (such as the aged care industry) to understand. Specific actions that ACSA calls on Government to consider to support the aged care industry reduce its carbon emissions include:

- Working with the aged care industry to better educate staff and clients on how to reduce demand on energy usage e.g. turning off lights during the day in residential facilities, except where absolutely necessary. This could take the form of travelling education and awareness workshops in aged care facilities. This simple strategy will improve energy productivity and could reduce carbon emissions on its own by a significant amount.
- Providing user friendly and age appropriate information that workers could use with community care clients to make their houses more energy efficient (appliances, electricity usage, light globes).

- Funding the production and distribution of an aged care industry Sustainability Guide.
- Providing incentives, such as discounts for meeting targeted reductions in electricity and water usage, to the aged care industry.
- Working in partnership with the aged care sector to develop sustainable solutions, such as the Government providing initial funding to install solar hot water and photovoltaic panels on residential facilities or developing water conservation measures to reduce environmental impact. The sector could then sell any carbon credits generated. Such an approach may assist Government and the industry to make greater efficiency gains in service delivery.
- Providing incentives to design and build more sustainable and energy efficient residential care facilities.
- Expanding the CPRS to include industries such as aged care that are not big polluters per se, but which could become more involved in the carbon trading element of CPRS.

## Conclusion

The proposed CPRS is only a starting point to achieve the Australian Government's commitments to reducing Australia's greenhouse gas emissions by 60 per cent on 2000 levels by 2050.

In taking this forward the impact on essential services, such as aged and community care, must be addressed either through the scheme design, specifically targeted incentives and/or via other funding and support arrangements.

The aged care industry stands willing to make its contribution to achieve this important social and environmental goal, in partnership with Government.

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## References

Australian Institute of Health and Welfare (AIHW) (2007), *Older Australian at a Glance* (4<sup>th</sup> Edition)

Australian Government (2008), *Carbon Pollution Reduction Scheme Green Paper Summary*

Australian Government Department of Health and Ageing (2007), *Home and Community Care Program Minimum Data Set 2005-2006 Annual Bulletin*