



Office of the Interim First Nations Aged Care Commissioner: Consultation Paper on the Pricing Framework for Australian Residential Aged Care Services 2025-26

Consultation paper questions

1. **Do the current Australian National Aged Care Classification (AN-ACC) classes in Figure 10 of the consultation paper group independently mobile residents in a manner that is relevant to both care and resource utilisation (that is, require the same degree of resources to support their care delivery)?**
 - Nil.
2. **What, if any, factors should the Independent Health and Aged Care Pricing Authority (IHACPA) consider when looking at specialised base care tariff (BCT) rates for Aboriginal and Torres Strait Islander peoples?**
 - The Office of the First Nations Aged Care Commissioner recommend IHACPA consider a range of factors:
 - At the time of the 2021 Census, there were 173,578 Aboriginal and/or Torres Strait Islander people over 50 years old living in Australia. Those aged 50 years and over make up 17.7% of the total Indigenous population and 3.96% of the Australian population eligible for aged care services (non-Indigenous Australians 65 years and older) (ABS, 2021). However, despite their higher burden of health and disease, in 2023 older Aboriginal and Torres Strait Islander people are underrepresented across all aged care services, particularly residential aged care:
 - 1.3% of residential aged care recipients
 - 2.9% of Commonwealth Home Support Programme (CHSP) recipients
 - 3.4% of Level 1 – 2 Home Care Package (HCP) recipients
 - 3.3% of Level 3 – 4 HCP recipients (Productivity Commissioner, 2024).
 - This data excludes recipients whose Indigenous status was not recorded and therefore likely underreports the numbers of Aboriginal and Torres Strait Islander people receiving services.
 - In some circumstances, this may be further reflective of a system that is not culturally safe, causing people to feel anxious about disclosing their Indigeneity.
 - While Aboriginal and Torres Strait Islander people over 50 years old make up 43% of the total population aged over 50 years old living in remote and very remote Australia, the majority of the older Indigenous cohort live in major cities (37%) (ABS, 2021). Throughout consultations, Interim Commissioner Kelly heard that critical access gaps persist for older Aboriginal and Torres Strait Islander people in metro locations as well as remote and very remote.
 - It is important to recognise the ongoing impacts of colonisation for many older Aboriginal and Torres Strait Islander people and communities. Some Aboriginal and Torres Strait Islander people are mistrustful of government and government services and will often not divulge information when asked about their needs, for fear they will be put in a residential aged care home away from family, community, and Country.
 - The forced removal of Aboriginal and Torres Strait Islander children from their families based on their race was common government policy and practice across Australia from the 19th century until the 1970s. Since 2022, all Stolen Generations survivors are 50 years old and over and eligible



for aged care. As The Healing Foundation noted in their 2021 report *Make Healing Happen*, Stolen Generations survivors have multiple complex and overlapping needs. Survivors carry a legacy of social and economic disadvantage, which has a significantly higher impact compared with Aboriginal and Torres Strait Islander peoples of a similar age who were not removed.

- Evidence shows the burden of disease among Aboriginal and Torres Strait Islander people is 2.3 times that of non-Indigenous Australians (AIHW, 2024). This observable health gap contributes to reduced life expectancy, higher burden of complex health conditions, and higher psychological distress scores on average (AIHW 2024).
- Racism and everyday discrimination continue to pervade our society. A national study of Aboriginal and Torres Strait Islander wellbeing has shown that two thirds of Aboriginal and Torres Strait Islander adults have experienced some form of discrimination (Lovett et al, 2022). Of those that had experience of discrimination, they were almost three times as likely to have high psychological distress compared with those who reported not experiencing discrimination. Commissioner Kelly heard from older Aboriginal and Torres Strait Islander people who had first-hand experiences with interpersonal and structural racism. Many expressed they did not feel supported to maintain and fulfill their cultural obligations and responsibilities while accessing aged care supports.
- It is well established that culture is an important protective factor for the social and emotional wellbeing of Aboriginal and Torres Strait Islander people (Bourke et al, 2018; Lovett et al, 2018). Connection to Country, relationships with community and family, self-determination and cultural identity are associated with health benefits – and importantly, healthy ageing for older people (Lowitja Institute, 2020).
- Access to culturally safe care is a priority:
 - As described in the Final Report of the Royal Commission into the Quality and Safety of Aged Care (2021), “cultural safety aims to ensure people of a different cultural background to the care giver or provider can feel safe in their experiences of care”. Throughout consultations, Commissioner Kelly heard the lack of culturally safe care delivered to older Aboriginal and Torres Strait Islander people across the aged care system persists as a key barrier to equitable aged care outcomes.
 - “Aboriginal and Torres Strait Islander people [often] need to choose between services that are not culturally safe or not accessing care and support at all.” – NACCHO Submission
 - The Office of the First Nations Aged Care Commissioner recommend IHACPA consider the evidence on the social and cultural determinants of health when looking at the specialised base tariff (BCT) rates for Aboriginal and Torres Strait Islander people. It is important that funding models reflect the cost of delivering holistic, culturally safe aged care.

3. What, if any, additional cost variations and eligibility requirements are associated with the provision of care for Aboriginal and Torres Strait Islander residents?

- The AN-ACC funding model currently considers the impact of two specific resident-related factors in determining the base cost tariff (BCT) rate. One of those factors is the provision of care to Aboriginal and Torres Strait Islander peoples in remote and very remote locations, reflecting the higher cost of operating in these locations and the extra cost related to those residents’ care.
- While we acknowledge the obvious need for supplementary funding for residential aged care providers in remote and very remote locations, we recommend that the IHACPA reconsider the



narrow remoteness-based eligibility requirement (Modified Monash Model [MMM] 6 and 7) for this specialisation to the BCT rate, and **expand the adjustment payments to services providing care outside remote and very remote locations**

- As outlined above, the majority of older Aboriginal and Torres Strait Islander people using permanent residential care live in metropolitan areas (MMM1 38.4%), but 31.8% of these older people do live in rural towns (MMM3-5) (AIHW, 2023) and the services in those locations are currently not eligible for additional funding for their Aboriginal and Torres Strait Islander residents.
- Throughout consultations providers expressed concerns that the MMM categorization is a flawed application in determining need and cost for aged care services. The rigid MMM classification does not account for nuance or local circumstances and disadvantage some service providers who are delivering services to Aboriginal and Torres Strait Islander people outside of the MMM6-7 locations and therefore do not receive the additional supplement to support the delivering of high quality, culturally safe aged care.
- The Final Report of the Aged Care Taskforce also recognised that the additional funding created by these adjustments is insufficient and recommended reappraising the eligibility for this specialisation for regional areas that may be less remote but also incur higher operating costs than metropolitan areas when delivering care to older Aboriginal and Torres Strait Islander people.
- The Office of the First Nations Aged Care Commissioner also supports the block funding approach currently in place for remote services based on approved provider beds rather than occupied beds. However, we recommend extending this block funding approach to residential aged care providers who would be eligible for 'Specialised Aboriginal and Torres Strait Islander Status' across all MMM regions, given the demographic data stated above.
- We recommend broadening of the location-based eligibility to reflect the true cost of delivering holistic, culturally safe care, which should be expected of any service providing care to older Aboriginal and Torres Strait Islander people, irrespective of their location.
- Across the consultations, Commissioner Kelly saw many examples of culturally safe care, which involved considerations such as:
 - Buildings that are built fit for purpose – considering factors like family structures, ceremony and protocols related to dying and passing
 - Staffing structures that are fit for purpose – considerations related to kinship, cultural protocols around men's and women's business, protocols related to dying and passing
 - Additional time taken to build trust and rapport with older people and their family, additional time to make information culturally accessible, in language, and meaningful for older people and their family, rooms needing to be held to complete cultural ceremonies and protocols around death.
 - Supports to maintain connection to Country – transportation, provision of culturally appropriate foods and bush medicine.
- Housing stability is a significant barrier faced by some older Aboriginal and Torres Strait Islander people entering residential aged care. There are cultural obligations around caring for grandchildren or other extended family.
 - Case study: Case Study: Booroongen Djugun Limited, on Dunghutti country on the Mid North Coast of NSW, is a community-led, culturally safe aged care setting providing



residential and community care services. This organisation is delivering culturally safe aged care in a setting that does not resemble an institution but instead is homely through its design and access to the outdoors. For those who enter residential aged care, their buildings are positioned with respect to the Earth, Air, Fire, and Water, and are designed to honour Ancestors. The site features rammed earth walls, open spaces, a pond, and Aboriginal art. They also organise culturally important events and activities for their residents.

- For a residential aged care service to meet the eligibility criteria for ‘Specialised Aboriginal and Torres Strait Islander status’, as well as being located in a remote or very remote location, the service must have more than 50% of its permanent residents identifying as Aboriginal or Torres Strait Islander, and be able to provide evidence of the provider level requirements, e.g. significant proportion of staff identify as Indigenous, or at least 90% of staff have completed annual cultural safety training. Once approved, the service receives a higher BCT rate for each resident, regardless of their individual Indigenous status.
 - We recommend reviewing the application process for Specialised Aboriginal and Torres Strait Islander BCT approval.
 - This system disadvantages services who may miss the 50% resident threshold but still have increased costs related to providing culturally safe care to their residents.
 - Encouraging aged care providers to deliver high-quality culturally safe care means not restricting this to organisations that have meet arbitrarily set ‘specialist service criteria’. Rather this supplement should be available to any provider with any number of Aboriginal and Torres Strait Islander residents.
 - We recommend this in light of the new ‘rights-based’ Aged Care Act which espouses a right to culturally safe, culturally appropriate aged care which shouldn’t be limited to a threshold of resident percentages.
- 4. What, if any, factors should IHACPA consider when looking at specialised BCT rates for specialised homeless status? What, if any, additional cost variations and eligibility requirements are associated with the provision of care for these residents?**
- Nil
- 5. What should be considered in any future refinement to the residential respite classes and AN-ACC funding model?**
- Nil
- 6. What, if any, changes should IHACPA consider for the proposed updated residential aged care pricing principles, which take into consideration a move toward revised funding model terminology (Figure 13 of the consultation paper)? [See Figure 13 in the consultation paper](#)**
- Nil
- 7. While feedback is welcome on any issue, it is of particular value to receive views on the consultation questions asked in this paper. Is there anything further you would like to add to your submission?**
- The Office of the Interim First Nations Aged Care Commissioner welcomes the opportunity to provide a submission to support the Independent Health and Aged Care Pricing Authority (IHACPA) in its consultations on the Pricing Framework for Australian Residential Aged Care



Services 2025-26. The Office is available to provide follow-up advice or expand upon our feedback if required and is also appreciative of the time extension granted to input into this important process.

- We wish to acknowledge the generous contributions of older Aboriginal and Torres Strait Islander people in providing their lived experience of the aged and health system.