



Office of the Interim First Nations Aged Care Commissioner: Consultation Paper on the Pricing Approach for the Support at Home Service List 2025-26

Consultation paper questions

1. What concerns, if any, do you have about the transition to set unit prices for services on the indicative Support at Home service list?

- The Office of the Interim First Nations Aged Care Commissioner (the Office) has concerns about the transition to set unit prices for the indicative Support at Home service list. We hope the new funding model will continue to encourage high quality care and incentivise new providers to enter the sector. We urge the Independent Health and Aged Care Pricing Authority (IHACPA) to consider the following issues when transitioning the current home care supports pricing market to the new set unit prices under Support at Home.
- The new set unit price approach risks not accurately representing the true cost of delivering culturally safe aged care across the aged care landscape. We understand IHCPA conducts extensive cost collection activities, but without adequate representation from Aboriginal and Torres Strait Islander specific aged care providers across geographical locations, it is unlikely the set unit prices will accurately reflect the true cost of delivering culturally safe care. As described further in our submission, it is imperative that IHACPA build the cost of delivering culturally safe care into the set unit prices for each service list item.
- The Office is concerned about the capacity for the set unit prices to reflect the true cost of delivering culturally safe care in thin markets.
 - The Final Report (2024) of the Aged Care Taskforce described thin markets as “*particularly common in rural and remote areas where there are fewer participants and distances are greater, but can exist across Australia, including metropolitan areas. Other factors that can cause a thin market include a shortage of providers able to meet specific health needs or cultural needs, such as First Nations*”
 - Thin markets do exist in urban and regional areas, where older Aboriginal and Torres Strait Islander people do not have access to culturally safe services, or a meaningful choice between mainstream and Aboriginal and Torres Strait
 - Islander service providers. For example, currently there is no Aboriginal Community Controlled Organisation delivering aged care services in the Perth metropolitan area.
 - Without significant additional funding available for thin markets, the new set unit price approach risks further disincentivising Aboriginal Community Controlled Organisations (ACCOs) from becoming aged care providers.
- The Interim Commissioner has heard from older Aboriginal and Torres Strait Islander people, providers and peak bodies in multiple conversations and submissions that the aged care system should avoid replicating the National Disability Insurance Scheme (NDIS) model of individualised, fee-for-service funding.



- In their submission, the Aboriginal Health Council of Western Australia (AHCWA) raised concerns about the impact of set unit prices for Aboriginal Community Controlled Health Services (ACCHS) who deliver aged care:
 - *“Flexible long-term block funding is essential for aged care service delivery in ACCHS because it provides stability for service provision, helps retain staff with long-term employment, and ensures continuity of care for Elders and older Aboriginal people. This funding model prevents reliance on fluctuating income from fee-for-service arrangements...making it possible to offer consistent care tailored to community needs. AHCWA emphasises the importance of avoiding replication of the NDIS model in aged care, including its individualised, fee-for-service funding. The NDIS's complicated, segmented nature contrasts with the holistic approach of the Aboriginal Community Controlled sector. This was recognised in both the ‘Royal Commission into Violence, Abuse, Neglect and Exploitation of People’ and the ‘Independent Review into the National Disability Insurance Scheme’ whereby recommendations included the need for alternative funding models for Aboriginal communities due to the current system's inadequacy.”*
- Aboriginal and Torres Strait Islander aged care providers raised with the Interim Commissioner that aged care services already lack the flexibility to respond to the needs and circumstances of their recipients. Implementing set unit prices, and an individualised budget for each aged care recipient, is antithetical to the need for flexible funding to support older Aboriginal and Torres Strait Islander people.

2. In developing its advice, what factors should IHACPA take into account when setting prices for different services?

- The Office recommends that IHACPA consider a range of factors when setting prices for different services, particularly for older Aboriginal and Torres Strait Islander people.
- 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:
 - 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, and
 - 3.3% of Level 3 – 4 HCP recipients (Productivity Commissioner, 2024).

Note: 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 metropolitan locations.

- 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. In the aged care space, this often results in older Aboriginal and Torres Strait Islander people not receiving the full suite of aged care services they require, as it can be difficult to divulge all their needs to the assessor during their assessment, which also often happens over the phone.
- 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 (ABS, 2022). As The Healing Foundation noted in their report, *Make Healing Happen* (2021), Stolen Generations survivors have multiple complex and overlapping needs. Survivors carry a legacy of social and economic disadvantage, which has a significantly higher impact when compared to Aboriginal and Torres Strait Islander people 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).
- In considering all these factors, it is imperative that the IHACPA consider the additional cost of providing culturally safe, trauma-aware and healing informed care to older Aboriginal and Torres Strait Islander people. This is also consistent with the intent of the New Aged Care Bill, as outlined in the exposure draft. Specifically:



- For all service types there is the added cost associated with the additional time it takes to build and maintain the trust of the older person, particularly for those with histories of trauma, removal, psycho-social of additional chronic diseases.
- Additional loading should be available for services delivered to Aboriginal and/or Torres Strait clients, in recognition of the reality that each care worker must take the time to get to know the older person, to understand their story and what culturally safe care means to them. This cannot occur with a funding model that doesn't appropriately remunerate or incentivise *relational care*.
- “[Many] Aboriginal and Torres Strait Islander people need to choose between services that are not culturally safe or not accessing care and support at all.” – NACCHO Submission to the Interim First Nations Aged Care Commissioner National Consultation Process.

3. What, if any, changes do you suggest to the proposed pricing principles to guide the development and operation of the Pricing Framework for Australian Support at Home Aged Care Services 2025-2026?

- As it is currently written, the principle of ‘Quality care and services’ only acknowledges “culturally appropriate” care. We recommend this principle be expanded to incorporate “culturally safe, culturally appropriate, trauma-aware and healing-informed”.
- This would bring the principle of ‘Quality care and services’ in line with the wording used in the new Aged Care Act.
- In the new Statement of Rights:
 - “An individual has a right to: funded aged care services being delivered to the individual... in a way that is culturally safe, culturally appropriate, trauma-aware and healing-informed.
- The Statement of Principles in the new Act requires:
 - “The Commonwealth aged care system offers accessible, culturally safe, culturally appropriate, trauma-aware and healing-informed funded as care services, if required by an individual and based on the needs of the individual, regardless of the individual’s location, background and life experiences.”
- The National Aboriginal and Torres Strait Islander Ageing and Aged Care Council developed a definition of cultural safety, which they describe as “the understanding of one’s culture and the impact that your culture, thinking and actions may have on the culture of others through ongoing critical self-reflection. Gaining such truthful insight about oneself is critical for ensuring access to a culturally safe, respectful, responsive and racism free aged care system providing for the optimal safety, autonomy, dignity, and absolute wellbeing of Aboriginal and Torres Strait Islander Elders and individuals accessing funded aged care services, and their families.”
- Further, the Final Report of the Royal Commission into the Quality and Safety of Aged Care (2021) provided the following description: “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, the Interim First Nations Aged Care Commissioner heard that 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. Many older



Aboriginal and Torres Strait Islander people spoke about their first-hand experiences of interpersonal and structural racism when accessing aged care, where many mainstream organisations are culturally unsafe and ill-equipped to meet their needs.

- Care that is trauma aware and healing informed acknowledges the trauma of colonisation and the subsequent government policies that continue to be felt by Aboriginal and Torres Strait Islander people today.
 - The Healing Foundation (2022) describes how colonisation, and the forced removal of children disrupted the cultural practices and knowledge systems of Aboriginal and Torres Strait Islander people. The breakdown of traditional knowledge systems and roles has resulted in Aboriginal and Torres Strait Islander men and women suffering from trauma. Intergenerational trauma is a form of historical trauma that is transmitted across generations, potentially leaving to a cycle of worsening social, economic and cultural consequences (The Lowitja Institute, 2018). It is a pervasive and complex aspect of the lives of Aboriginal and Torres Strait Islander people, and it operates at an individual, collective and community level. If people don't have the opportunity to heal from past trauma, they may unknowingly pass it on to others. Healing involves a holistic and ongoing approach that is deeply rooted in culture and addresses physical, social, emotional, mental, environmental and spiritual wellbeing (Aboriginal and Torres Strait Islander Healing Foundation Development Team, 2009).
 - When providing care that is culturally safe, culturally appropriate, trauma-aware and healing-informed, more time needs to be spent building relationships and trust with older Aboriginal and Torres Strait Islander care recipients. This time needs to be reflected in the set unit prices for services, particularly when the older person is entering the aged care system for the first time and for each new carer or health professional.
 - Engaging a trauma-aware and healing-informed approach to aged care is vitally important to avoid re-traumatising care recipients and promote healing in their aged care journey.
- 4. Are there any additional pricing principles for in-home aged care services that should be added? If so, please advise what they are.**
- Data sovereignty is an important principle that we recommend be included in the proposed list of pricing principles for in-home aged care services.
 - As described in the Communique from the 2018 Indigenous Data Sovereignty Summit, "Indigenous Data Sovereignty is concerned with the right of Indigenous peoples to govern the creation, collection, ownership and application of their data". Indigenous Data Sovereignty in Australia is derived from Aboriginal and Torres Strait Islander peoples inherent right to govern their peoples, Country and resources, as outlined in the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), for which Australia has formally endorsed.
 - The Summit delegates asserted that in Australia, Aboriginal and Torres Strait Islander people have the right to:
 - Exercise control of the data ecosystem including creation, development, stewardship, analysis, dissemination and infrastructure.



- Data that is contextual and disaggregated (available and accessible at individual, community and First Nations levels).
- Data that is relevant and empowers sustainable self-determination and effective self-governance.
- Data structures that are accountable to Indigenous peoples and First Nations.
- Data that is protective and respects our individual and collective interests.
- Indigenous Data Governance refers to the right of Aboriginal and Torres Strait Islander people to autonomously decide what, how and why Indigenous Data are collected, accessed and used. Indigenous Data Sovereignty is practiced through Indigenous Data Governance.
- In practice, the principles of Indigenous Data Sovereignty should be included in the proposed list of pricing principles to inform the development and application of cost collection practices. Without the principles Indigenous Data Sovereignty guiding cost collection activities, IHACPA risks causing harm to the older Aboriginal and Torres Strait Islander people involved in those activities.

5. How could IHACPA improve the representativeness of the cost collection participation across a range of domains, for example, service types, geography, specific population groups?

- We acknowledge that the IHACPA primarily relies on the data from cost collection activities to provide pricing advice for aged care services. However, if this data is not truly representative of the cost of delivering aged care services across the diverse landscape of aged care in Australia, then the set prices for Support at Home service list risk the viability of some aged care providers, particularly in thin markets. This could be devastating for older Aboriginal and Torres Strait Islander people needing aged care services, who already do not access aged care services commensurate with their level of need.
- We are particularly concerned about the data collection activities conducted with Aboriginal and Torres Strait Islander aged care providers. We understand these specialised services are underrepresented in current cost collection activities.
- We have heard from providers that they have not been able to participate in these activities due to a variety of factors but, ultimately, the key reason is a lack of resources to undertake the additional workload.
- We have a number of suggestions to improve the representation of Aboriginal and Torres Strait Islander aged care providers in cost collection participation:
 - We strongly recommend engaging in a process of co-design, in genuine partnership with Aboriginal and Torres Strait Islander providers and communities, to develop and implement future cost collection activities. We hope this process could ensure cultural safety and the principles of data sovereignty are embedded in the design of the activities so that providers and aged care recipients are more willing to participate. As described earlier, the history of colonisation and overbearing government policies has had a lasting effect on Aboriginal and Torres Strait Islander people to this day. By co-designing the cost collection activities, we hope IHACPA can avoid causing harm or retraumatising aged care recipients, particularly Stolen Generation survivors.
 - To address the high resource burden for providers undertaking cost collection activities, consultants could be engaged to go out to the sites for the duration of the cost collection



phase. Throughout consultations, the Interim Commissioner saw firsthand how stretched the aged care workforce is delivering care to older Aboriginal and Torres Strait Islander people. The burden of allocating staff to undertake the tasks involved with these activities is prohibitive for most providers.

- Utilise data sources that are readily available, e.g. aged care reporting data, national government data sets. We understand there is a lack of Indigenous specific data in this space but recommend IHACPA analyse the available data to help in understanding the Aboriginal and Torres Strait Islander aged care landscape.
 - We also wanted to note that where there are no Aboriginal and Torres Strait Islander specialised providers, current cost collection activities ignore these populations.
 - It is critically important that the set unit prices accurately reflect the true cost of delivering culturally safe care for older Aboriginal and Torres Strait Islander people.
- 6. Do you support IHACPA's proposal to establish unit pricing using a cost-based approach that reflects the available data? Please provide a rationale.**
- Nil
- 7. Are there any alternative approaches to pricing that IHACPA should consider? Please provide a rationale**
- Nil
- 8. What else should be considered in the development of an indexation methodology for Support at Home unit prices?**
- As described in the Consultation Paper, we agree with IHACPA consulting with the Australian Bureau of Statistics and other relevant experts to determine the most appropriate indexes by which to index the labour and non-labour components of unit prices.
 - While we do suggest including the Consumer Price Index (CPI) as part of the IHACPA's methodology to index unit prices, CPI only measures price changes in the metropolitan areas of the eight Australian capital cities (Reserve Bank of Australia, 2024). It does not measure price changes in regional, rural or remote areas of Australia. Due to this limitation, we would strongly suggest also incorporating indices that cover price changes across all remoteness classifications.
 - Acknowledging that labour costs would make up a significant portion of the unit prices for most, if not all, the items on the service list, we suggest also including the Wage Price Index in the IHACPA's indexation methodology. It is also important to incorporate the average change in wages for aged care workers specifically.
 - For transparency, we also recommend publicly releasing the methodologies for indexing unit prices so aged care providers and recipients can stay informed on how prices have been adjusted for inflation each year.
- 9. To what extent should IHACPA consider price benchmarking for similar services provided under comparable schemes in adjacent sectors (for example, National Disability Insurance Scheme, Department of Veteran's Affairs) and why?**



- Nil

10. What factors, if any, should be considered as cost differences that should be accounted for in the pricing of in-home aged care services?

- Please refer to the answer provided for [question 2](#).

11. What factors should be considered in the pricing adjustments to allow for differences in costs within a given service type, and why? Please provide a rationale and evidence to support your answer.

- Base Care Tariff for Specialised Providers:
 - In the pricing approach for Support at Home Service List, we do not recommend IHACPA duplicate the additional base care tariff (BCT) price that currently applies to specialised Aboriginal and Torres Strait Islander residential aged care providers.
 - While we acknowledge the obvious need for supplementary funding for Support at Home providers in remote and very remote locations. If the approach is to be duplicated, we recommend that IHACPA reconsider the narrow remoteness-based eligibility requirement (Modified Monash Model [MMM] 6 and 7) for this specialisation to the BCT rate and consider expanding the adjustment payments to services providing care outside remote and very remote locations.
 - 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 the nuance of local circumstances. It disadvantages 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 (2024) 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, regional and rural areas when delivering care to older Aboriginal and Torres Strait Islander people.
- Supplement for Stolen Generation Survivors
 - During the Senate Inquiry into the Aged Care Bill 2024, Senator Penny Allman-Payne suggested older people who have experienced institutional trauma, and who would be re-traumatised if they were to be placed in a residential aged care home, should be eligible for an additional supplement to support them to continue to receive care at home. We support this pricing adjustment for survivors of the Stolen Generation who were forcibly removed from their homes and families to be raised in institutions, fostered out or adopted by non-Indigenous families. Stolen Generation survivors, care leavers and Forgotten Australians should all be eligible for a supplement for additional services beyond the highest-level package to ensure they can receive necessary aged care at home, instead of in a residential aged care facility, as a result of their trauma burden.



12. Should particular service types be considered for additional pricing adjustments to recognise social support aspects of the service? Which services? Please provide a rationale and evidence to support your answer.

- The Final Report of the Royal Commission into the Quality and Safety of Aged Care (2021) recommended funding be available to assist older Aboriginal and Torres Strait Islander people to return to Country and community:
 - *“The new aged care system must provide for the changing and diverse needs of Aboriginal and Torres Strait Islander people. There should be a focus on providing services within, or close to, Aboriginal and Torres Strait Islander populations while maximising opportunities for people to remain on, and maintain connection with, their Country and community... We recommend provision of funding for retaining connection to Country to assist Aboriginal and Torres Strait Islander people to return to their Country or community if they have left to receive aged care.”*
- While we acknowledge this is less applicable to Support at Home, we recommend the pricing structure reflect the social emotional importance of Country and community for many older Aboriginal and Torres Strait Islander people.
- Please also refer to the answer provided for [question 3](#).

13. Is the pricing method fit-for-purpose across all geographic areas, including areas where there are thin markets?

- Please refer to the answer provided for [question 1](#).

14. For future years, what do you see as the priority areas for IHACPA to consider when developing advice on adjustments to the service list unit prices? Please provide supporting evidence, where available.

- In the future, we would expect IHACPA to include consumer perspectives in consultations, particularly for priority populations. Consultation sessions with consumers could provide much needed context about the needs of care recipients with real world examples about how the older people are accessing the aged care system. In the process of providing updated pricing advice, we would recommend IHAPCA engage with the older Aboriginal and Torres Strait Islander people receiving the care, perhaps through yarning circles or community sessions.

1. Providers are required to provide safe and high-quality care. What safety and quality of care issues should be considered as part of IHACPA's pricing advice?

- Nil.