AH&MRC
Aboriginal Health & Medical Research Council of NSW

Office address:
Level 4, 280 Pitt Street,
Sydney NSW 2000

Postal address:
PO Box 193
Matraville NSW 2036

T +61 2 9212 4777
E ahmrc@ahmrc.org.au
W www.ahmrc.org.au

Supported by the NSW Ministry of Health

***ABN** 66 085 654 397*

Aboriginal Health and Medical Research Council of NSW

Special Commission Inquiry into Healthcare Funding

The AH&MRC Acknowledges the Traditional Owners of the lands on which the AH&MRC stands, the lands of the Bidjigal and Gadigal people of the Eora Nation. The AH&MRC pays respect to Elders past, present and emerging.

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About the AH&MRC

The Aboriginal Health and Medical Research Council of NSW (AH&MRC) is a membership-based organisation and the Peak Body for Aboriginal Health in New South Wales. We represent 51 Aboriginal Community Controlled Health Organisations (ACCHOs) across the state.

The AH&MRC assists ACCHOs to ensure they have access to an adequately resourced and skilled workforce to provide high-quality health care services for Aboriginal communities. The AH&MRC is committed to the delivery of four key priorities:

- Aboriginal Community Control and Innovation
- Education and Workforce
- Research and Data
- Governance and Finance

The AH&MRC would like to thank the Committee for the opportunity to provide a submission for this review. The AH&MRC has consulted the AH&MRC Policy Advisory Group made up of Chief Executive Officers of our 51 Member Services and internal staff with expertise in this area to inform this review. The response provided in this submission are grouped into key themes based on the experiences of the Member Services we represent. These themes are interconnected and must be considered holistically.

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AH&MRC Response:

The AH&MRC is committed to ensuring its Member Services are supported to provide high quality, holistic and integrated primary health care for Aboriginal communities in NSW. ACCHOs were first established in response to failings by the mainstream health system to meet the health needs of Aboriginal people. ACCHOs operate under a comprehensive primary health care model that integrates a social and cultural determinants approach. This model provides wrap around support for patients and seeks to address more than the presenting symptom.

ACCHOs are funded through a mix of State and Commonwealth funding with associated reporting requirements. ACCHO funding is widely considered to be insufficient and unable to address the burden of disease experienced by Aboriginal people.[1] ACCHOs are often not funded for their holistic service offerings such as transport, social support and other services that improve the access and utilisation of primary health care. Additionally, where funding contracts are administered, they can be inflexible, short-term and poorly resourced. As such, funding challenges can significantly impact the quality of care being delivered to Aboriginal people.

There are many challenges contributing to the funding environment at both State and Commonwealth level. However, for the purpose of this response the AH&MRC has focused on system and policy levers at the state-level. The main challenges the AH&MRC will address in this submission are:

1. Existing funding models are not enabling long-term health planning, with ACCHOs running at a deficit to keep up with rising costs.
2. Short-term and insufficient funding that inhibits the recruitment and retention of a skilled, long-term workforce within ACCHOs.

1. Existing funding models are not enabling long-term health planning, with ACCHOs running at a deficit to keep up with rising costs.

ACCHOs receive core funding from the Commonwealth government under the 'Indigenous Australians Health Program' in addition to Medicare income and Primary Health Network distributed grant funding. The NSW Government primarily provides ACCHOs with grant-based or program specific funding accessible through a competitive tender process. Commonwealth and state funding is not meeting Aboriginal population growth and the burden of disease in NSW, nor is it in line with the complexity of care being delivery by the ACCHO sector.

[1] Brown, A., Brown, N., Braunack-Mayer, A., Aromataris, E., & Pearson, A. (2018). *Aboriginal Community Controlled Health Organisations in practice: Sharing ways of working from the ACCHO sector*.

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Further to this, ACCHOs are a key primary health provider and often deliver services that are inaccessible under the public health system due to costs and availability of practitioners. Accessing outpatient and allied health services is a state responsibility yet ACCHOs are filling this gap for Aboriginal communities at no cost to the patient. It is well documented that the Medicare system does not cover the cost of delivering health services yet ACCHOs remain one of the last primary health care providers to bulk bill their patients.[2] Overall, funding continues to not sufficiently fill the discrepancy of service delivery versus the cost of services. The NSW Government has a responsibility to ensure that the continuum of care between primary health care, hospitals, outpatient and community health is effective, accessible and of a high quality. This includes the management of complex and chronic conditions which accounts for 80% of the difference in burden of disease between Aboriginal and Torres Strait Islander people and non-Indigenous people.[3]

NSW Health grant funding is not reflecting the real cost of delivering high quality and culturally safe services and poses challenges for long term planning. Oral health services are primarily funded by short-term and intermittent funding. Despite a high need for these services, ACCHOs have reported current funding arrangements as a barrier to providing the level of care that community needs.[4] Piecemeal and fragmented funding is not isolated to oral health and is an ongoing challenge with grant and program-specific funding.

Funding submissions and tender processes require considerable time and resources in order to prepare submissions, privileging larger services. Funding opportunities through tenders must have reasonable timeframes and adequate promotion to the ACCHO sector. In addition, capacity building to prepare competitive submissions would greatly benefit the sector. In line with priority reform 2 to build the community-controlled sector, NSW Government should explore funding an Aboriginal-led sustainability model that assists ACCHOs to develop viable financial models where the anticipated expenditure is higher than the income received. Where services are not delivered, a critical health need is not met. As such, any potential model should not be in lieu of providing sufficient funding for the ACCHO model of care but to identify shortfalls in funding and prevent services running at additional deficits.

a. Supporting better funding models through partnerships and needs-based funding

Additionally, ACCHOs are often required to compete with mainstream organisations for Aboriginal-specific funding. The current funding model relies on a decentralised approach, where Aboriginal-specific funding or programs are being managed by the Local Health Districts. However, this model often assumes that LHDs will

[2] https://www.mja.com.au/journal/2023/218/7/challenges-medicare-and-universal-health-care-australia-2000
[3] https://equityhealthj.biomedcentral.com/articles/10.1186/s12939-024-02325-x
[4] https://www.sciencedirect.com/science/article/pii/S1326020023021866

effectively coordinate with ACCHO's as key partners. The relationship between ACCHOs and LHDs vary across the state and is often individually driven rather than process driven. Poor partnerships and communication breakdowns can lead to programs that do not meet the needs of the local community. There have been some improvements in the overall partnership where LHDs are required to apply for funding in collaboration with local ACCHOs to deliver programs. However, there are instances where ACCHOs are asked to sign on to initiatives without adequate oversight or involvement in program development. Implementing a shared workforce model could offer a potential solution to address these concerns, ensuring greater collaboration and oversight in program delivery. Additionally, service level agreements for LHDs delivering Aboriginal-specific programs should align with the NSW Aboriginal Health Plan, mandating shared decision-making with local ACCHOs in all service-level agreements and contracting arrangements.

NSW Health has committed to the reprioritisation of Aboriginal-specific funding to the ACCHO Sector where feasible. However, this process has yet to formally commence with no plan to systematically assess funding streams. The demand for ACCHOs is growing rapidly without sufficient funding increases whilst mainstream programs with poor uptake are continued. Where program funding for critical resources is not provided, ACCHOs are required to divert from their core funds. This is evident in funding across Aboriginal maternal health and mental health initiatives in NSW. Ensuring that ACCHOs are well resourced to provide critical primary health services will divert Aboriginal people from emergency departments in line with the State's priority to improve preventative and integrated healthcare. The NSW Government must develop a robust plan to review Aboriginal-specific initiatives being delivered in mainstream settings and identify opportunities to transition funding to the ACCHO Sector.

NSW ACCHOs have reported instances where multiple services, serving Aboriginal communities with comparable health needs and socioeconomic challenges, receive unequal funding—where one service may secure a large portion of the funds, leaving others struggling to meet community needs. There must be a commitment to adopt an equitable funding approach that accounts for population size, geographical distribution, and access to essential resources. Evidently, the quantum of funding spent on health must significantly increase. The approach to rationing services and prioritising funding for prevention, early diagnosis, and treatment must evolve toward needs-based funding that utilises multiple indicators to better assess community needs.[5] By incorporating a range of indicators, such as health status, access barriers, and geographic factors, needs-based funding models can ensure that resources are directed where it is needed most.

[5] https://www.racgp.org.au/getmedia/1573eb96-55a6-41ca-a0f0-329465d9d5cf/RACGP-position-Increased-Investment-in-ACCHOs.pdf.aspx

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Short-term and insufficient funding that inhibits the recruitment and retention of a skilled, long-term workforce within ACCHOs.

The ACCHO workforce is essential for delivering culturally safe health care, yet, recruitment and retention remain a challenge. Whilst the NSW government has been exploring solutions to workforce shortages related to the availability of nurses, specialists and other health professionals, improving funding models to attract and retain critical staff is yet to occur.

Existing funding models are limited in scope and focused on short-term solutions rather than holistic and preventative approaches. This is particularly evident in rural and remote communities, where accessing services is already a significant challenge. The majority of NSW ACCHOs operate in regional and remote areas, where existing access barriers exacerbates workforce shortages. Further, ACCHO staff are not eligible for the rural health workforce incentive scheme as they are not considered NSW Health providers despite playing a key role in the NSW public health system. Funding allocation guidelines for grants must consider remote loading to account for the higher cost of delivering services in these areas.[6] This is an important mechanism to attract and retain a skilled ACCHO workforce where incentives fall short.

Limited funding flexibility, a lack of strategic investment in Aboriginal-specific initiatives, and restricted resources impact ACCHOs' capacity to retain skilled staff in primary health settings. Additionally, the burden of meeting complex reporting requirements often diverts resources from patient care to administrative tasks, affecting service delivery quality and staff well-being. There are significant challenges associated with fragmented income streams and complexity in administrative and reporting requirements. This poses a large burden on the ACCHO workforce and creates a negative flow on effect for income generation given the reliance on Medicare. Within a mixed funding model, the ACCHO workforce needs to be proactive about identifying funding opportunities, adding to the burden. State-level fundings needs to consider these workforce challenges when administering funding contracts to support workforce recruitment, retention and development to ultimately facilitate strong program delivery.

Unrealistic outcome measures often mispresent the challenges faced by small, under-resourced health services, sometimes casting these services in an unfairly negative light. Performance indicators, like the National Key Performance Indicators (NKPIs), have created a competitive environment, as funding increasingly depends on reporting on government determined outcomes. Similarly, the NSW Health performance indicators do not sufficiently reflect the needs of Aboriginal communities. For example, KPIs specific to sexually transmitted

[6] https://www.naccho.org.au/app/uploads/2024/04/A-stronger-more-diverse-and-independent-community-sector-NACCHO-submission-05Dec23.pdf

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infections and blood-borne viruses were developed without an obvious risk assessment and require ACCHOs to report on 6-monthly Hepatitis C testing. This is not reflective of the health risk for Aboriginal people in NSW nor is it practical for services to undergo 6-monthy testing for this specific infectious disease. Broad issues exist with the current NSW Health KPIs. These indicators are meant to reflect where resources and interventions are most needed. However, despite ACCHOs being required to report against them, this has not resulted in the appropriate allocation of funding to address those identified needs. For example, the commonwealth government provided 6 full-time equivalent positions towards sexual health across the NSW ACCHO sector whilst NSW Health provided no funding in this area. This leads to a disconnect between health needs and resource allocation, hindering the effectiveness of health programs.

A well-staffed and well-resourced ACCHO workforce is critical not only for the delivery of routine primary healthcare to Aboriginal people, but also the delivery of healthcare in the face of emerging needs. ACCHOs should have the capability to rapidly scale up their workforce to meet increased demand and effectively respond in times of crisis. Flexible and longer term funding would allow ACCHOs to surge their workforce and scale services accordingly.

The Aboriginal health workforce is crucial for improving the health and wellbeing of Aboriginal communities. ACCHOs are the largest employer of Aboriginal people in NSW and offers a unique role in the delivery of primary healthcare to Aboriginal communities. Recognising the critical role that ACCHOs play in delivering culturally safe and community-led healthcare is essential to addressing gaps that mainstream health systems struggle to bridge due to cultural, geographical, and systemic barriers. This includes advocating for funding models and policy development that support ACCHOs' autonomy and input into healthcare reform. ACCHOs must be recognised as experts in Aboriginal health with funding decisions that reflect this.

The AH&MRC and its member services are committed to advancing access to services and driving progress towards better health and wellbeing outcomes for Aboriginal people in NSW. We believe the issues raised in this submission are a missed opportunity to achieve progress towards the commitments made under the National Agreement on Closing the Gap.

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Recommendations:

The AH&MRC urges the Committee to consider the below recommendations:

1. NSW Health should adopt a needs-based funding model to allow ACCHOs to deliver health programs in line with community need, which includes:
    a. remote loading to account for high delivery costs and workforce recruitment based on geographic factors
    b. longer term contracts to support sustainability, workforce retention and delivery of ACCHO model of care
2. NSW Government simplifies grant applications and reporting requirements, including to develop capacity building mechanisms that support ACCHOs to better navigate grant processes
3. NSW Government must develop a framework to identify where the reprioritisation of Aboriginal specific funding to the ACCHO sector should occur
4. Modify performance metrics and reporting requirements to better align with ACCHOs' service models, reducing administrative burden:
    a. ACCHOs should be allocated funding based on reportable KPIs, with the aim of establishing specific access pathways within each identified health area

The AH&MRC appreciates the opportunity to provide this submission to the Special Inquiry into Healthcare Funding. It is our hope that these recommendations will contribute to a healthcare system that recognises and supports the unique and critical role of ACCHOs in providing culturally safe, effective care to Aboriginal communities across New South Wales.



Nicole Turner

Interim Chief Executive Officer

Aboriginal Health & Medical Research Council of NSW

nturner@ahmrc.org.au

For further information please contact:

Nathan Taylor

Acting Director of Intelligence

ntaylor@ahmrc.org.au