



Delivering quality care more efficiently

Interim report Executive summary



This is an interim report prepared for further public consultation and input. The PC will finalise its report after these processes have taken place.



August 2025



The Productivity Commission acknowledges the Traditional Owners of Country throughout Australia and their continuing connection to land, waters and community. We pay our respects to their Cultures, Country and Elders past and present.

The Productivity Commission

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Opportunity for comment

The PC thanks all participants for their contribution to this inquiry and now seeks additional input for the final report.

You are invited to examine this interim report and comment on it by written submission to the PC, preferably in electronic format, by 15 September 2025.

Further information on how to provide a submission is included on the website:

www.pc.gov.au/inquiries/current/quality-care

The PC will prepare the final report after further submissions have been received, and it will hold further discussions with participants.

Commissioners

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Executive summary

High quality care services – across health care, early childhood education and care, disability support, aged care, veterans' care and other community services – enable us to live independent lives and participate more fully in the community and economy. Over recent decades, choice in services has increased and quality of care has improved. New and more innovative ways of delivering care have been introduced. But as the population and its needs continue to change, the care system is coming under increasing pressure to deliver high-quality services at a sustainable cost.

Governments can shape the trajectory of the care economy through reforms that enhance the connections between sectors and break through the siloed approach to government decision making. This will improve the quality of care services and make their delivery more efficient. We outline three such opportunities to boost productivity in the care economy in this report.

First, greater alignment of safety and quality regulation in the care economy is needed. Regulation is essential for protecting people's rights and safety, but taking different approaches across sectors creates risks and reduces choice for care users and leads to unnecessary costs for care workers and providers.

We propose the Australian Government pursue greater alignment in quality and safety regulation across care sectors, including developing a standardised safety and quality reporting framework and data repository, and introducing a single set of practice and quality standards for aged care and National Disability Insurance Scheme services. Getting these regulatory settings right will improve workers' mobility, enable providers to redirect resources into frontline services and provide care users with better information to support choice. A joined-up approach will also better protect care users from unsafe providers and workers.

Second, governments should embed the practice of organisations working in partnership to plan, procure and evaluate services for their local communities. This practice, known as collaborative commissioning, has potential to support more integrated care, address service gaps and tailor care services to local needs.

While collaborative commissioning is endorsed in government plans and agreements, this ambition remains unrealised. As a start, governance arrangements between Local Hospital Networks, Primary Health Networks and Aboriginal Community Controlled Health Organisations should be strengthened to support more collaboration. Greater flexibility to address local needs and dedicated funding for more integrated care, including initiatives that minimise potentially preventable hospitalisations, are also required, to enhance productivity and lower potential future costs.

Finally, a new approach to prevention investment is needed, through a National Prevention Investment Framework. Stopping problems from starting or getting worse – particularly for vulnerable populations – can result in better outcomes for individuals and the community. Investing in effective prevention can reduce demand for acute and more costly services down the track, helping to slow ongoing growth in government expenditure. The proposed framework will support a different approach to government investment in prevention by recognising that the benefits fall across sectors and levels of government, and over extended timeframes. At the centre of the framework is a new national independent advisory board that would evaluate ongoing prevention programs and assess the cost-effectiveness of new programs. Where programs involve the states and territories, they should contribute funding based on their expected proportional benefit.

Draft recommendations

Reform of quality and safety regulation to support a more cohesive care economy



Draft recommendation 1.1

The Australian Government should pursue greater alignment in quality and safety regulation of the care economy to improve efficiency and outcomes for care users

The Australian Government should pursue greater alignment in quality and safety regulation of the care economy, initially focusing on the aged care, National Disability Insurance Scheme (NDIS) and veterans' care sectors. As a first step towards achieving this goal, the Australian Government should implement the following suite of actions.

- To align **care worker** regulation, the Australian Government should, within three years:
 - develop a national screening clearance for workers in the aged care, NDIS, veterans' care and early childhood education and care (ECEC) sectors in collaboration with state and territory governments
 - adopt a unified approach to worker registration across the aged care, NDIS and veterans' care sectors, supported by:
 - » a national registration system and single portal for workers required to be registered
 - » mutual recognition arrangements for health workers already registered through the National Registration and Accreditation Scheme.
- To align the approach taken to **care provider accreditation, registration and audits**, the Australian Government should:
 - within three years:
 - » establish a common suitability assessment for providers operating across the aged care, NDIS, veterans' care and ECEC sectors
 - » establish mutual recognition of audits against the aged care quality standards and NDIS practice standards
 - » create a single digital portal for providers to manage their registration and audits across the aged care, NDIS and veterans' care sectors
 - within a further three years:
 - » create a single (potentially modular) set of practice and quality standards across aged care and NDIS services
 - » develop a cross-sectoral registration system for registered providers across the aged care, NDIS and veterans' care sectors.
- To align the **broader regulatory landscape**, the Australian Government should:
 - ensure a consistent approach to the regulation of artificial intelligence across the aged care, NDIS and veterans' care sectors (within three years)



Draft recommendation 1.1

The Australian Government should pursue greater alignment in quality and safety regulation of the care economy to improve efficiency and outcomes for care users

- establish a standardised quality and safety reporting framework and data repository to hold data reported against the framework, which could also be used to more consistently measure productivity and report on performance across sectors (within three years)
- explore the suitability of a single regulator across the aged care, NDIS and veterans' care sectors (within six years)
- in collaboration with state and territory governments, explore the potential for greater alignment in the regulation of behaviour support plans and use of restrictive practices focusing on the aged care and NDIS sectors, and implement agreed actions (within six years).

Embed collaborative commissioning to increase the integration of care services



Draft recommendation 2.1

Governments should embed collaborative commissioning, with an initial focus on reducing fragmentation in health care to foster innovation, improve care outcomes and generate savings

In the next addendum to the *National Health Reform Agreement*, governments should agree to governance and funding arrangements that support better collaboration between Local Hospital Networks (LHNs), Primary Health Networks (PHNs) and Aboriginal Community Controlled Health Organisations (ACCHOs).

New joint governance arrangements to support collaboration are needed.

- LHNs and PHNs should be required to plan together to identify areas for collaboration, including joint needs assessments, agreed plans of work and joint monitoring and reporting of outcomes.
- LHNs and PHNs must work in partnership with ACCHOs and other organisations to inform planning and shared decision making. Partnering with ACCHOs should be consistent with the principles set out in the National Agreement on Closing the Gap to ensure relevant needs are appropriately and respectfully assessed and key decisions are shared.
- There needs to be stronger requirements for formal joint collaborative commissioning committees and the development of data-sharing arrangements to underpin joint needs assessments and evaluation of outcomes.

Changes to funding arrangements are also needed to embed collaborative commissioning.

- Barriers to pooling funding or other forms of joint commissioning should be removed. The Australian Government should make funding for PHNs more flexible. State and territory governments need to ensure that service agreements provide flexibility in the services and programs that LHNs can fund.
- LHNs, PHNs and ACCHOs should be sufficiently resourced to undertake comprehensive joint governance.



Draft recommendation 2.1

Governments should embed collaborative commissioning, with an initial focus on reducing fragmentation in health care to foster innovation, improve care outcomes and generate savings

- The Australian Government should provide LHNs and PHNs with sufficient dedicated funding to embed collaborative commissioning programs once they submit a joint plan. The joint plan should clearly link agreed shared outcomes to enhanced productivity in the form of quality improvements or more services that lower potential future costs. Initially, the focus should be on reducing potentially preventable hospitalisations. Future funding should be adjusted based on whether agreed shared outcomes have been achieved at the local level.

A national framework to support government investment in prevention



Draft recommendation 3.1

Establish a National Prevention Investment Framework to support investment in prevention, improving outcomes and slowing the escalating growth in government care expenditure

The Australian Government should work with state and territory governments to establish a National Prevention Investment Framework. The framework will support governments to invest in prevention programs that improve outcomes and reduce demand for future acute care services. It will identify programs that produce the best value for money, based on rigorous assessment and evaluation. The framework should provide a stable and ongoing basis for funding prevention, recognising that the benefits fall across sectors and levels of government, and over extended timeframes.

The framework should be implemented by establishing:

- an independent Prevention Framework Advisory Board that assesses and provides expert advice on requests for prevention funding and develops a standardised actuarial model and frameworks for the analysis of prevention programs. The board would evaluate ongoing prevention programs, recommend whether programs should continue to be funded, and build the evidence base for prevention
- a funding mechanism that supports eligible prevention initiatives across Australian, state and territory governments. The mechanism should support co-contributions from state and territory governments based on their expected benefits, enable consideration of the second-round and longer-term fiscal effects of prevention programs, and facilitate ongoing funding where needed
- an intergovernmental agreement between the Australian, state and territory governments that outlines prevention funding arrangements and the roles and responsibilities of relevant parties. The agreement should be accompanied by federation funding agreement schedules that deliver Australian Government funding to states and territories for specific interventions.