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Reducing barriers to business dynamism inquiry
Productivity Commission
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Dear Productivity Commission,

Submission to Productivity Commission: Reducing Barriers to Business Dynamism

Ageing Australia is the national peak body representing providers across the aged care sector, including retirement living, seniors housing, residential care, home care, community care and related services. This submission reflects the experiences of Ageing Australia members, specifically many of the challenges they face in efforts to grow and expand aged care services.

Ageing Australia's objective is to ensure our aged care system is accessible, meets the needs of older people, and delivers high-quality, holistic care. Robust compliance and regulation mechanisms are key to achieving this, but when the burden becomes too high, they become a barrier to sector growth and innovation. The most serious impact of this is slowing growth, limiting access of older people to aged care as supply of aged care places falls further behind demand. Regulatory barriers and excessive reporting requirements across Australia's aged care system are materially impeding provider expansion, innovation and investment, particularly in thin markets.

It is imperative that the barriers to sector growth are addressed as a priority. Nationally, residential aged care is at or near capacity. In March 2026, the number of people across all stages of the waiting list for a Support at Home packages exceeded 250,000 people. From 2025 to 2054, the number of people aged 70 years and over in Australia will increase by approximately 2.2 million (62.4%). During this time, the proportion of people aged 85 years and over will increase from 17.4% in 2025 to 24.5%. (Financial Report on the Australian Aged Care Sector 2023-24) Demand for residential aged care beds will increase by approximately 10,400 beds per year, requiring in approximately 412,000 residential aged care places by 2045.[1] Unfortunately, only about 500 beds added to the sector in 2025.[2] In some states, the number of beds is going backwards.[3]

Ageing Australia is in favour of strong regulation that supports older people to age with dignity, independence and choice. It should protect older people against unsafe and poor-quality care, as well as providing valuable indicators of quality and outcomes. However, the aged care system is being choked by regulatory activity that duplicates effort, slows innovation, locks in outdated models of care or diverts scarce workforce time away from residents.

[1] Department of Health, Disability and Ageing (2026). Financial Report on the Australian Aged Care Sector 2024-25.
[2] Tim Hicks (2025). 2024/25 residential care bed supply analysis.
[3] EY Parthenon (2026). Supply and Demand Analysis of Residential Aged Care in WA.

We need to see a shift in how regulation is viewed and enacted in aged care. By applying a productivity framework, we expect this will allow us to progress to a system that supports greater investment in care technology and digital infrastructure; better use of scarce workforce capability; clearer and more consistent regulation across the care economy; and productivity measures that recognise quality, prevention, safety, wellbeing and avoided hospitalisations, not just counted activity.

Ageing Australia's proposed reform directions:

1. Adopt a productive regulation test across aged care reform: protect what matters, remove what does not add proportionate value, and redesign what can be done better.
2. Use Treasury productivity pillars as a policy framework for aged care: capital investment, competition and dynamism, human capital, digital technology and quality care delivered efficiently.
3. Progress a care economy regulatory alignment program covering standards, audits, worker screening, registration, incident reporting and data reporting.
4. Create a report-once-use-often roadmap, supported by common data definitions, reusable evidence and interoperable provider systems.
5. Measure productivity by outcomes: resident experience, safety, avoided hospitalisations, workforce time released, falls reduced, documentation reduced and quality of life improved.
6. Introduce independent review mechanisms for aged care policies to ensure the impact on supply is a primary consideration of current and future reforms.
7. Trial care minutes flexibility for virtual nursing, enrolled nurse scope, allied health, holistic care and alternative models, with outcome safeguards and transparent evaluation.

Compliance burden

In a recent Ageing Australia survey of aged care providers, compliance and regulatory burden was identified as the biggest challenges for the aged sector in the next two years. Providers described reform pressures — particularly compliance burden and rapid implementation — as "relentless" and financially unsustainable for many providers, especially smaller and regional/rural organisations.

76% of residential aged care providers listed regulatory demands as a barrier to expansion. Providers identified excessive reporting, complex compliance requirements and unclear reform processes as issues that diverted staff away from residents, which also contributed to burnout.

Over the last decade, Australia has seen the largest number of aged care reforms in its history:

- *Aged Care Quality and Safety Commission Act 2018*
- *Aged Care and Other Legislation (Royal Commission Response No.1) Act 2021*
- *Aged Care Amendment (Implementing Care Reform) Act 2022*
- *Aged Care Act 2024* and its associated rules from 1 November 2025.

While Ageing Australia has supported these reforms, the pace has been unrealistic. The overlapping reforms have come with tremendous amounts of new, important information which is not always obvious.

For example, in the week preceding the transition to the new Aged Care Act on 1 November 2025, we recorded over 200 information releases to the sector by the Department of Health, Disability and Ageing (the Department), the Aged Care Quality and Safety Commission (the Commission) and other governmental bodies. Our best estimate is that half of these were new, however many did not include dates or specify

which information was new or had been updated. Providers have been expected to process this information, make the required changes to meet the requirements of the new Act and Strengthened Aged Care Quality Standards, all while continuing to deliver high quality aged care. This has led to significant change fatigue and staff burnout.

Administrative burden of the transition

It is important to note that the transition to the new Aged Care Act and the Strengthened Aged Care Quality Standards is still in progress. The transition has not been smooth, with a significant administrative burden placed on providers. In particular, it is still unclear whether the significant increase in reporting burden is a result of transition or reflects the new standard.

The increased administrative burden has been significant and is reported across the sector. While an increase was anticipated, the amount has exceeded all expectations. As an example, one smaller regional Support at Home provider reported that the time required to reconcile and submit monthly claims to Services Australia has increased from a 30-minute task to one that takes 10-11 hours.

Challenges with digital infrastructure have been a significant source of frustration. The pace of transition has led to widespread system fragmentation, with many organisations relying on multiple, non-integrated platforms. This has led to heavy reliance on manual workarounds, particularly for reporting requirements such as 15-minute service increments. As a result, administrative burden is high, with some providers reporting costs exceeding the 10% care management allowance, placing pressure on financial sustainability.

Many of these issues could be addressed by improving transparency around technical issues being experienced at all levels (system, software and provider). Shared visibility is essential, including the creation of joint issue registers and clearer guidance on critical reporting requirements. Simplifying administrative processes — such as streamlining care plans, enabling automated claim adjustments and reducing unnecessary documentation — would allow providers to focus more on care delivery.

Example: Associated providers

As part of the new Aged Care Act, a new category of provider was created for individuals and organisations that deliver services on behalf of registered providers (the technical term for aged care providers). Essentially, it is registration for subcontractors. The introduction of associated providers has created significant challenges for aged care providers, for self-managed Support at Home participants, and for organisations and health professionals who need to register as associated providers.

One specific area where a changes to the rules could materially reduce the administrative burden for all involved is the record-keeping requirements for worker screening. The record keeping requirements for worker screening are set out in Chapter 4, Part 7, Division 1, Subdivision P of the Aged Care Rules 2025. Section 154-905 makes it a requirement for registered providers to keep an up-to-date record of the following for each aged care worker:

- A record of the worker's full name, date of birth and address
- A record of the worker's police certificate or NDIS worker screening clearance or (if applicable) statutory declaration
- A record of how the registered provider has ensured the worker has appropriate qualifications, skills or experience to provide funded aged care services that the registered provider delivers to individuals.

There is no central registry for associated providers, so each registered provider must complete the registration process as new each time, regardless of whether that

associated provider is already registered. Likewise, registered providers who are also operate as associated providers must still complete registration.

This is also burdensome on the associated providers. Many associated providers are also Ahpra registered health professionals who have annual registration processes. Ageing Australia has received many reports that some allied health professionals and organisations are rejecting aged care work because of the burden to register across multiple registered providers.

Ageing Australia supports the objectives, but the requirements are too excessive. In practice, it means that if a registered provider uses an agency with 700 staff, but only 50 regularly provide care to their participants with the other 650 only covering occasionally, the registered provider needs to secure this information — including a police check — for all 700 staff and store this information in their records. This is a real example from an Ageing Australia member who provides Support at Home.

Reporting burden and manual systems

The Aged Care Data and Reporting Review has identified thousands of unique data reporting requirements across the sector, with significant duplication and single use.

A significant conclusion of the report was that data reported to the Department by residential aged care homes for the Quality Indicator (QI) Program is collected at the person-level but aggregated for reporting, and that data used by providers as part of routine care varies and may differ from what they report to the QI program.

In preparing the report, the reviewers identified six factors contributing to time-consuming data entry:

1. Manual data entry and reconciliation process
2. Unwieldy Excel templates
3. Data reporting may require internal approval to ensure quality and accuracy
4. Use of multiple portals for data submission
5. Providers with multiple service types have a higher reporting burden
6. Tight deadlines and resource limitations.

We understand the final report will soon be provided to the Department. We encourage the PC to review a copy as part of this inquiry.

Duplicated regulation across aged care, disability, veterans care and health

Providers operating across aged care and the NDIS can face duplicated registration, accreditation, audit, quality standards, incident reporting, worker screening, behaviour support and restrictive practice requirements. The public purpose is legitimate, but the burden becomes red tape where the same provider must prove substantially similar things to different regulators through different systems.

There are genuine opportunities for regulatory alignment across sectors, including:

- Initiating a formal program to test and evaluate options for regulatory alignment and streamlining with the care sector, including opportunities (e.g. via a taskforce) to address the dual regulatory inefficiencies of aged care and NDIS in the near term
- identifying any barriers to implementation and associated mitigation strategies to optimise efficiency
- publishing timelines and regular sector updates on progress towards regulatory alignment and streamlining.

Financial and prudential regulation constraints

The financial monitoring framework has introduced increased reporting and disclosure requirements, including quarterly reporting, detailed financial disclosures, and new governance sign-offs. Alongside this, providers must meet liquidity and prudential standards by maintaining minimum liquidity levels, implementing investment and liquidity management strategies, and complying with frequent reporting and review obligations.

Stakeholder feedback across the sector points to the practical impact of these requirements: cash flow pressure arising from liquidity obligations, reduced financial flexibility and working capital, and constraints on providers' ability to secure capital and invest. This includes restrictive conditions attached to low or interest-free loan programs and capital grants, as well as delays in local and state/territory government approvals, which increase the cost of new builds or refurbishments over time.

Collectively, these constraints limit providers' capacity to build new residential facilities and expand services in thin or regional markets, while increasing the cost of capital and reducing the overall investability of the sector. This is reflected in the rising cost of development, with the average cost of a 100-bed build increasing from $30 million to $60 million over the last three years.

Compliance intensity and governance burden

The new regulatory model has expanded governance expectations, placing greater direct accountability on boards and governing bodies and increasing requirements for oversight of quality, financial, and workforce performance.

In response, providers must expand investment in governance structures, internal compliance systems, and continuous monitoring and audit processes. This has raised the minimum efficient scale needed to operate in the sector, meaning smaller providers struggle to absorb the fixed costs associated with governance and compliance.

As a result, the regulatory environment tends to encourage consolidation rather than supporting new market entry or innovation.

Productivity opportunity

There is a clear opportunity to ease regulatory burden without compromising quality or safety. This starts with conducting a regulatory impact assessment based on cumulative burden, rather than assessing each new requirement in isolation, so that the combined weight of overlapping obligations on providers is properly understood.

Implementation sequencing and transition funding should also be built into how reforms are rolled out, giving providers realistic timeframes and the resources needed to adapt. Documentation and audit expectations should be risk-tiered, so that the level of scrutiny applied reflects the actual risk profile of a provider or service, rather than applying uniform requirements across the board.

Regulators should provide guidance that values outcomes over volume of paperwork, shifting the focus from compliance-for-its-own-sake to genuine quality and safety outcomes.

There should be a process for the regular removal of superseded or low-value obligations, ensuring the regulatory framework doesn't accumulate requirements that no longer serve a clear purpose.

Finally, we need to shift from input-focused regulatory models to output-focus. Input standards are sometimes necessary, providing a baseline level of assurance around how care is delivered. However, they become counterproductive when they lock in a single model of care or prevent safe innovation, constraining providers to one way of operating even when alternative approaches might achieve the same or better outcomes. Care minutes are the clearest example of this tension and are examined in more detail below.

Care minutes

Care minutes were introduced as a minimum staff time quality and safety standard following the Aged Care Royal Commission. They provide transparency, create a baseline safeguard and respond to historic under-staffing. This makes them a legitimate regulatory tool.

However, the current design focuses too heavily on counting care rather than on driving quality care. With the specificity of what type of care is counted and by who it can be delivered, providers lack the flexibility to holistically respond to the needs of their resident cohort. Consequentially, compliance is too narrow, resource-intensive and input-focused.

The Inspector-General of Aged Care stated:

> "While the Royal Commission specified the delivery of 200/215 care minutes, there are many in the sector who question whether this an overly simplistic approach to ensure high quality care. While the government deserves appropriate recognition for delivering on this recommendation, including ahead of time, there is a need to evaluate the effectiveness of the approach in ensuring residents' care needs are being comprehensively met."[4]

An example of how the current care minute structure is undermining the objectives of the program is provided in this example from a member. Adherence to rigid care minutes requirements means that staff time is not counted in one member's work to support their residents in improving and maintaining their physical and mental wellbeing. This member operates a group gym program which is seeing improvements in resident reablement and overall wellbeing, however the time spent supporting residents in this program does not count towards direct care for care minutes purposes despite it improving clinical outcomes.

Ageing Australia recommends redesigning care minutes to focus on delivering person-centred care, aligned with the rights-based intent of the Act, to improve quality of care for older people while reducing the compliance burden on providers. This will require the adoption of a more holistic approach to care minutes, of which must be designed in collaboration with providers and participants.

Ageing Australia would position the following recommendations to begin the person-centred reform care minutes policy needs:

- Conduct a full evaluation of care minute impacts and unintended consequences
- Remove the care minute supplement
- Enable greater than 10% of RN minutes to be met by EN time
- Remove the proportionality component of the PCW definition and for 'holistic minutes' to be recognised and counted.
- Enable exemptions to the requirements where alternative care models are being tested
- Enable virtual nursing care to be counted towards requirements.

This work should begin with a review. Care minutes were first implemented in 2022, and as of 2026, have not undergone a formal evaluation on their implementation or impact on outcomes and experiences of older people in residential aged care.

Continuing the care minutes requirement without review, particularly given ongoing challenges in compliance and reports of misalignment between purpose and impact, is antithetical to their expressed objective.

[4] Office of the Inspector-General of Aged Care (2025). Progress Report: Implementation of the Recommendations of the Royal Commission into Aged Care Quality and Safety, 2025. p.157

There already exists a draft Monitoring and Evaluation Framework for the Care Minutes and 24/7 Registered Nurse measures from 2024, awaiting appropriate budget to be implemented.

Conclusion

As the Minister for Health, Disability and Ageing, the Hon Mark Butler, stated in his April Press Club address: "we need to open a new Aged Care home every three days for the next twenty years." There are a range of policy tweaks and changes that would unlock the sector growth we need. Unless we can urgently begin increasing access to aged care, older people will not be able to receive the most appropriate care they deserve. This means more people awaiting discharge from public hospitals, increased carer requirements on family and community, and delayed access to care requiring more significant interventions. There is a growing access block in aged care that is impacting productivity beyond the provision of aged care.

Our system lacks an independent body that can review policy settings in aged care at all levels with a specific objective of supporting the system provide timely access, to grow and meet the demand of the community. Ideally, it would be this body we provide this submission to, not the Productivity Commission.

There is significant opportunity to minimise the avoidable burden across aged care. Burden created when regulation is duplicated, misaligned, manual, disproportionate or focused on process rather than outcomes. The strongest productivity opportunities are not achieved by weakening safeguards. They are achieved by redesigning regulation so safeguards work better: harmonised where possible, digital by default, proportionate to risk, open to safe innovation and measured by outcomes for older people.

Care minutes could be a practical test case. A reformed framework can retain the minimum staffing safeguard while recognising the real mix of care residents need, including clinical care, personal care, emotional support, allied health, prevention and technology-enabled care. Done well, this would protect older people while allowing providers and workers to spend more time on what matters most: delivering quality care with dignity, respect and human connection.

Yours sincerely,

[redacted]

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