BCA
Business Council of Australia

Delivering quality care more efficiently

BCA response to the Productivity Commission's Interim Report

September 2025

Contents

1. BCA response to the Productivity Commission's Interim Reports

The BCA welcomes the opportunity to respond to all five interim reports developed as part of the Productivity Commission's Five Pillars of Productivity Inquiries. We are a member-led organisation, and our submissions reflect engagement with those members and the expertise and practical experience they bring.

Australians have long enjoyed rising living standards, supported by productivity growth, abundant natural resources, a skilled population, and strong institutions. But this is now under pressure. Living standards are falling amid rising costs and sluggish productivity. At the same time, geopolitical tension, shifting trade patterns, decarbonisation, and digital transformation are reshaping the world economy. The only sustainable path to higher living standards and real wage growth is faster productivity growth. This means improving skills, attracting capital, innovating, and allocating resources efficiently.

Australia's productivity growth over the previous decade was the weakest in 60 years, and Budget forecasts suggest it will be even lower this decade. This outlook is based on an assumed return to pre-COVID productivity trends — a risky bet that ignores the scale of the challenge we face.

What's needed is a shift in mindset, one that recognises our deteriorating competitiveness and puts productivity back at the centre of the national reform agenda. That means doubling down on the fundamentals: investment and innovation.

There are practical, positive steps we can take, and ones that we believe could unite business, government, and the broader community. We must make it easier to do business, without compromising the protections and standards that underpin trust in our economy. That starts with cutting the needless red tape that adds cost but delivers no value.

We believe Australia should set a national ambition: to reduce the cost of regulation by 25 per cent by 2030.

The Productivity Commission gets the challenge, and we acknowledge the extensive work that it has undertaken to develop detailed and actionable recommendations that seek to support Australian governments to deliver meaningful and measurable reforms to boost productivity. The BCA does not support every recommendation in the interim reports; however, we welcome the constructive exchange of ideas and the opportunity for robust policy debate.

On Tuesday 2 September 2025, the BCA released its health and care economy blueprint, *Supporting a Healthy and Productive Nation* which outlines the need for Australia to modernise its health and care system to ensure future generations have access to world leading services. Our blueprint focuses on *health* and *aged care*, while recognising the interconnectedness of disability, mental health, and veterans' services. The blueprint is founded on six key principles and recommendations, and supported by a number of actions aimed at lifting productivity in the sector:

- **Consumer empowerment:** Empower consumers to choose how their care and support needs are met.
- **Financial sustainability:** Implement reforms to support the financial sustainability of the health and care system, and to address intergenerational fairness in the context of an ageing population.
- **Innovation and technology:** Capture the opportunities presented by evidence-based innovations and technologies, working with leading researchers to improve health and care outcomes and productivity.
- **A skilled workforce:** Expand and sustain a highly skilled and trained health and care workforce to meet the needs of our population.
- **Complementary public and private systems:** Build on the strengths of our complementary public and private systems to achieve the best outcomes.

- **A coordinated national approach:** Take a unified approach to the long-term structural issues of the health and care economy. Reform cannot happen in isolation; it must consider the full continuum of care for consumers.

This blueprint addresses many elements that respond to the Productivity Commission's ***Delivering quality care more efficiently*** interim report, released for comment on 13 August 2025. We would welcome the opportunity to discuss this interim report with you as you attend to its finalisation.

2. Key observations and recommendations

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

Table 1 Draft recommendations

No	Draft Recommendation	BCA Response
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.	We support and welcome efforts to ensure our health and care system is supported by a coordinated national approach, improved accountability, and coordination.

Table 2 Information requests

No	Information Request	BCA Response
1.1	For which care services (across aged care, NDIS and veterans' care and beyond) and performance indicators are there the greatest overlap in quality and safety reporting requirements? What are some examples of duplicative reporting requirements across sectors? What should a standardised reporting framework for providers look like? Are there examples of cross sectoral standardised reporting frameworks that have reduced the reporting burden on providers? How could technology be used to support a standardised reporting framework? What quality information should be publicly reported to support service improvement and innovation?	While we recognise the broad range of care services across various sectors, in our view health, disability and ageing are most aligned and therefore initial reform should be focused here. While early childhood education and care (ECEC) and veterans' affairs are also important components of the broader care economy, significant work has already been undertaken to address these areas. In our view, ECEC is more appropriately addressed within the context of education and learning, which is very different from the care required in aged care.
1.2	What are the costs, benefits and risks of a single quality and safety regulator across aged care, NDIS and veterans' care services? To what extent would a single regulator produce a more coordinated, consistent and efficient system, especially if regulation was based on a single set of practice and quality standards and a single provider registration and audit system? How might a single regulator be unable to accommodate differences in services and service users across sectors? What could be the consequences?	Governments, in partnership with the private sector and appropriate clinical bodies, should consider establishing the Australian Health and Care Commission, which would amalgamate the Australian Commission on Safety and Quality in Health Care, the Aged Care Quality and Safety Commission and the NDIS Quality and Safeguards Commission. The greatest efficiencies and improvements in outcomes will be through the greater alignment across health, aged care and NDIS. Incorporating health is central to all these services. Governments, in partnership with the private sector and appropriate clinical bodies, should develop a set of National Health and Care Standards that consolidate the existing National Safety and Quality Health Service Standards, Aged Care Quality Standards, and the NDIS Practice Standards. In our view these amalgamations should not include the Defence and Veterans' Commission, noting the comprehensive findings of the *Royal*

No	Information Request	BCA Response
		Commission into Defence and Veteran Suicide Prevention, but we emphasise that it will need to work closely with the proposed Commission.
1.3	What are the potential benefits and costs of aligning regulatory requirements across aged care and NDIS services for the development of behaviour support plans? What is the scope to align regulatory requirements for the use and authorisation of restrictive practices within NDIS services and across aged care and NDIS services?	N/A

Further observations and recommendations

- In our view, National Cabinet, in consultation with clinical bodies and providers, should:
  - rename the Australian Health Practitioner Regulation Agency to the Australian Health and Care Practitioner Regulation Agency and expand its remit to oversee the broader health and care workforce. The expanded agency could also incorporate the national registration scheme for personal care workers recommended by the *Royal Commission into Aged Care Quality and Safety*.
  - consider the proposed Australian Health and Care Commission or another national body to oversee the development and implementation of national clinical guidelines and determine how guidelines can be more broadly shared or adopted. National Cabinet may wish to consider overseas models.
  - consider developing national clinical collaboratives (such as the Paediatric Improvement Collaborative). This should involve the proposed Australian Health and Care Commission.
- The Australian Government should provide dedicated funding to enhance the adoption of the *Australian Atlas of Healthcare Variation Series*. This will support raising awareness of, and access to services that produce better outcomes.
- We also support a consistent approach to the regulation of AI across the health and care economy. The Australian Government should consider as a priority the findings of the Therapeutic Goods Administration and the Department of Health, Disability and Ageing on the uptake and use of AI.

2.2 Embed collaborative commissioning to increase the integration of care services

Table 3 Draft recommendations

No	Draft Recommendation	BCA Response
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	We support the policy intent of collaborative commissioning. However, we have concerns about the model put forward by the Productivity Commission. This does not appear to address the underlying issue of fragmented services. The Australian Government should establish a new entity, the Australian Health and Care Planning and Delivery Agency to provide independent advice on the planning and delivery of health and care services. In time, the Australian Government should evaluate transitioning away from Primary Health Networks and provide the responsibility for commissioning services to

No	Draft Recommendation	BCA Response
		the Australian Health and Care Planning and Delivery Agency. We support the Productivity Commission's proposal for more flexible funding models to enable the implementation of cost-effective community-led services and to work more closely with Aboriginal Community Controlled Health Organisations. As such, the proposed agency could lead this work.

Table 3 Information requests

No	Information Request	BCA Response
2.1	What additional factors to establish a consistent joint governance framework should be considered? How should an outcomes framework be designed to support joint monitoring and reporting? What other factors should be considered for joint monitoring and reporting? How should LHNs and PHNs partner with ACCHOs and other organisations?	There is currently a lack of strategic collaboration between both the public and private services regarding the services Australians need. State and territory governments, along with local health networks, may be better positioned to lead commissioning efforts, given their existing role in delivering a broad range of community-led services.
2.2	What levels of resourcing are required to: first, support enhanced joint governance requirements; and second, provide sufficient dedicated funding for collaboratively commissioned services? What types of funding could be pooled to support collaborative commissioning? How should the funding adjustment be implemented in practice? What unintended consequences could a funding adjustment to incentivise collaborative commissioning have? Are there outcome measures beyond potentially preventable hospitalisations that should be targeted with the incentive? What are the costs of existing collaborative commissioning programs? Is there other information that could inform estimates of the benefits of collaborative commissioning?"	The proposed Australian Health and Care Planning and Delivery Agency would reduce the number of Boards and Executive Management positions and provide greater responsibility to state led services which already deliver many of these community services. While PHNs were well intentioned, they have produced fragmented services, and it is unclear whether they are effective in delivering consumer-centred care. From 2015-16 to 2022-23, the Australian Government provided $11.6 billion in grants to PHNs.
2.3	What else needs to be considered to implement the reform? How should the mismatched boundaries between LHNs, PHNs, ACCHOs and other organisations be addressed in implementing the different elements of the proposed reform? Are additional supporting actions by governments needed? How can state and territory governments best support and lead change? How can this proposed reform be employed to further integrate and expand place-based approaches across the care sector?	A unified approach is essential to address the sustainability and longer-term structural issues of the health and care economy. Reform cannot happen in isolation; it must consider the full continuum of care for consumers – health, disability and ageing.

Further observations and recommendations

- The *Mid-term Review of the National Health Reform Agreement* and the *NSW Special Commission into Healthcare Funding* outline many of the issues related to coordination and commissioning of services, where there is an absence of effective and accessible primary care.
- The proposed Australian Health and Care Delivery and Planning Agency would have a flexible operating model to meet the needs of local populations and work closely with all governments and private providers. Responsibilities would include:
  - Commissioning services in consultation with local health networks and private providers.
  - Leading and driving service plan delivery, including government funding considerations.
  - Overseeing service planning and delivery across health, disability and ageing.
  - Data an information that supports service planning and delivery.
  - National workforce planning and oversight across health, disability and ageing.
- The Australian Government's Integrated Care and Commissioning Initiative, which trials new models of care, could also become the responsibility of this proposed agency.
- We recognise the Australian Government has commissioned a review into the PHN Business Model and Mental Health Flexible Funding Model. The review needs to determine whether the PHN operating model is appropriate for its performance expectations and supports a whole-of-system approach.

2.3 A national framework to support government investment in prevention

Table 5 Draft recommendations

No	Draft Recommendation	BCA Response
3.1	Establish a National Prevention Investment Framework to support investment in prevention, improving outcomes and slowing the escalating growth in government care expenditure.	We strongly support an increased focus on preventative health. We support the development of a National Prevention Investment Framework to guide government investment in prevention, improve outcomes, and reduce demand on services. This Framework should also include an evaluation framework and support the implementation of the *National Preventative Health Strategy 2021-2030*. We acknowledge the proposed establishment of an independent Prevention Framework Advisory Board. This is one option for putting discipline into funding processes. However, caution is needed to ensure it does not create a new bureaucratic process and barrier to innovation and long-term investment. We caution the creation of a new intergovernmental agreement on preventative health between governments. For simplification and alignment, this should form part of the National Health Reform Agreement as a dedicated schedule. This initiative can, and must be, measured by setting it up to operate with appropriate financial and non-financial returns.

Table 6 Information requests

No	Information Request	BCA Response
3.1	When prioritising different proposals, how should factors such as overall net benefits, net fiscal effects, cost effectiveness, equity, ease of implementation, timescale and the value of future benefits and costs be	Governments should target investment in preventative measures with a particular focus on the leading causes of disease, including mental health, cardiovascular disease and obesity. These measures should be cost effective, and evidence based.

No	Information Request	BCA Response
	weighted? Are there existing frameworks that do this well? Should there be minimum cost effectiveness and/or cost benefit ratios and how should they be set? How should decision makers balance the need to assess early effectiveness of programs with the need to maintain consistent long-term funding for programs with long term benefits? How could a diversification strategy be designed to ensure that prevention programs from different sectors and with benefits across different timeframes are funded?	Governments should also consider a range of specific preventative health initiatives and measures to improve the health of the population, such as awareness campaigns, education and training, and early intervention. Governments should focus on priority populations such as First Nations people, those with lower socioeconomic status and people with disability to have greater impact.
3.2	How should a National Prevention Investment Framework be implemented? What is the best way to incentivise Australian, state and territory governments to invest in prevention to improve future outcomes and avoid future costs? What changes if any to the existing budget operational rules would be needed to support consideration of recommendations from the Prevention Framework Advisory Board? Should alternative approaches be considered for governance of the framework, including institutional setting, processes for arriving at co funding arrangements, decisions and evidence requirements? What considerations would ensure that the framework works together with existing prevention programs funded by states and territories? How can the framework encourage governments to keep supporting existing effective prevention programs?	We support the establishment of a National Prevention Investment Fund, like the National Productivity Fund which would allow governments to propose programs that draw from these funds. All governments should amend existing government internal processes, including budget and new policy proposal processes, to ensure consideration of the longer-term impacts of health and care investments. This includes implementing more sustainable initiatives like preventative health programs. The Parliamentary Budget Office should amend the costings process to include broader economic effects for health and care proposals. This will ensure the longer-term benefits for initiatives such as preventative and digital are considered and incorporated. This may also require the Australian Government to update the *Charter of Budget Honesty Policy Costing Guidelines*. Governments should also consider incentivising and improving processes that would effectively allow for the identification of cross-portfolio issues and for initiatives to be brought forward by several Ministers. This would enable governments to tackle issues before they become health problems. The Australian Government should implement the recommendations of the Health Technology Assessment Policy and Methods Review Final Report as an urgent priority to ensure Australians can access medical technology and medicines in a timely manner. Priority consideration should be given to the discount rate and comparator criteria. Overall, this framework can shape biases of the sectors for secondary prevention through the collection of data, such as epidemiology interventions. This should be independent and provide practical outcomes, supported by IT standards, data reporting and operating system protocols, and system effectiveness measures.

Further observations and recommendations

- The *Mid-term Review of the National Health Reform Agreement* and the *NSW Special Commission into Healthcare Funding* outline many of the issues related to preventative health.
- We suggest all governments should commit to increasing health expenditure for preventative health measures to five per cent by 2030 as a first step to align with the OECD average. These measures should be cost effective and evidence based.
- The Australian Government should expand the role of the Australian Centre for Disease Control to include prevention. This would follow a similar approach to international comparisons.
- All governments should receive informed evidence from across departments. This includes better advice on the potential impacts of the population's health and wellbeing and broader system. Clarity should also be provided on how governments will address risk. The use of existing and improved processes such as Regulatory Impact Statements could support this. This informed evidence and advice should be made public when a new policy is announced to provide justification to all stakeholders.

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