

Aged Care Research & Industry Innovation Australia (ARIIA) submission in response to the Productivity Commission's interim reports for the Five Pillars of Productivity inquiries

Contact

Reuben Jacob
Chief Executive Officer
[REDACTED]

ARIIA was established as a \$34 million Commonwealth Government funded initiative, born from recommendations in *A Matter of Care*, Australia's Aged Care Workforce Strategy, and the Royal Commission into Aged Care Quality and Safety, both calling for a dedicated centre to increase workforce capability, adoption of technology and innovation, and translation of evidence into practice. [1] In 2024, ARIIA was re-funded with a further \$13 million to continue and build on its important work. ARIIA's success demonstrates the value of effective collaboration and authentic engagement across a sector ecosystem to deliver innovative initiatives that genuinely address the needs of stakeholders.

ARIIA welcomes the opportunity to submit a response to the Productivity Commission's inquiries that have identified priority reforms and actionable recommendations for the Australian Government's productivity growth agenda. ARIIA would be pleased to meet with the Commission to expand on the proposals in this submission, and to answer any questions which may arise.

Grounded in the success ARIIA has demonstrated in the aged care sector, these responses are highly applicable to the broader care economy. Currently at 7% of GDP, projections from the Australian Government's Intergenerational Report 2023-2063 suggest the care economy could double to around 15% of GDP within 40 years.

With ARIIA's focus on building workforce and sector skills, capability and confidence to adopt technology and adapt to change, this submission will respond to a selection of Draft Recommendations from two of the interim reports:

- Building a skilled and adaptable workforce; and
- Delivering quality care more efficiently.

Building a skilled and adaptable workforce

Beyond sustaining a clinically competent workforce that delivers safe and high-quality care, increasing workforce skills, capability and confidence to adopt technology and adapt to change is essential for Australia's future productivity and prosperity. [2] Since 2021, ARIIA has demonstrated how an industry-led, evidence-to-practice model can tackle challenges in aged care through a range of capability and capacity building programs and resources developed with and for the workforce to empower them to embrace evidence, technology and change to improve care and service delivery.

ARIIA's unique model integrates research, industry and project expertise, with a deep understanding of sector challenges and a commitment to delivering tailored and pragmatic solutions that build persistent capacity and capability. There is an opportunity to leverage the substantial investment that has been made in ARIIA to date by expanding the successful model to other sectors in the care economy that experience similar challenges.

ARIIA's approach involves:

1. Building workforce capacity and capability to adapt to change, adopt technologies, and translate evidence into practice through **workforce capability building programs** in the areas of innovation, change management, and leadership.
2. Taking evidence off the shelf and placing it into the hands of frontline workers and decision makers, empowering them to deliver best practice every day through **online knowledge hubs** that summarise vast literature and resources into practical, easy to understand advice.
3. Supporting service providers, technology innovators, researchers and older Australians to collaborate, solve problems together and implement innovative solutions through **cross-sector incubator programs** that break down barriers and ensure the right problems can be addressed with the right technology, implemented sustainably and successfully, and evaluated with rigour.
4. Funding translational evidence-based projects that encourage collaboration, collective problem-solving and shared learning through **collaborative grants** that focus on achieving real outcomes that translate across diverse contexts to amplify impact and investment.

In tandem with support for innovation, foundational skills in technology and data are critical. To build a more productive and adaptable workforce, improving data and digital capability is essential. This observation and our role in addressing it is consistent with Recommendation of the Royal Commission into Aged Care Quality and Safety, which proposed an Aged Care Research and Innovation Council which would amongst other activities:

“Set the strategy and agenda for ... research into, and innovation in, the delivery of aged care, including workforce-related research and technology.” [3]

Ensuring that aged care workers, service providers and health professionals are digitally empowered to provide higher quality and better-connected care

The Department of Health, Disability and Ageing, in its Aged Care Data and Digital Strategy 2024–2029, highlights the critical role of data and digital transformation in preparing the aged care sector for rising demand, an ageing population, and ongoing workforce shortages. Strengthening workforce digital literacy is central not only to how care is delivered but also to how older people themselves engage with technology, for example, to reduce social isolation or to monitor health indicators such as vital signs and falls.

In outcome two, the strategy aims to *‘ensure that aged care workers, service providers and health professionals are digitally empowered to provide higher quality and better-connected care’*. [4] To achieve this, providers, direct care workers, managers and directors will require ongoing support and training to use care technologies and manage data effectively.

At the same time, they must work alongside consumers to build their own digital skills, ensuring older people can make the most of technological tools, within daily life and in accessing and receiving care, as required under the new Aged Care Act.

ARIIA notes that these objectives become more critical as the delivery of aged care and other social goods become more regional and remote, where technology is an essential support for increasingly stressed workforce availability.

Challenges

- **Digital inclusion and exclusion**

Barriers related to affordability, accessibility, and digital skills remain significant. These challenges are often magnified among First Nations peoples, those living in rural and remote areas, individuals with disabilities, and people from lower socio-economic or from culturally and linguistically diverse (CALD) backgrounds.

- **System-wide factors**

The sector faces uneven levels of digital maturity across providers. A lack of interoperability - for example, between aged care and health systems - limits integration and continuity of care. In addition, fragmented or incomplete datasets and the absence of consistent data standards hamper effective use of digital systems and industry-wide data. The CSIRO's Australian e-Health Research Centre (AEHRC) is leading improvement in this space as the Fast Healthcare Interoperability Resources (FHIR) community coordinator in partnership with the Department of Health, Disability and Aged Care (DoHDA), the Australian Digital Health Agency (ADHA), and HL7 Australia (HL7 AU). [4]

The evidence base surrounding the need to build a workforce which is not only digitally literate, but has the capability of being digitally assisted, is clear: ongoing training and development will be essential to ensure a sustainable and capable workforce. [5-6] Providers will therefore need to identify gaps in digital literacy, user confidence, and their own organisational readiness. [6] Effective workforce development also supports improvements in integration and smarter working practices. [7] Possible implementation issues arise when technologies are not effectively targeted to specific worker groups. [8] Structured, ongoing investment by both government and providers in ICT systems [9] and workforce digital capability [6] will be key to achieving sustainability and sector-wide transformation. Being digitally capable is also likely to yield gains in worker productivity and adaptability. However, challenges may arise where upskilling does not consider wider groups, such as administrators, hospitality staff, managers, directors and workers in different settings - residential or home care, reablement, rural and remote. ARIIA supports building a digitally capable workforce through its Aged Care Incubator, with programs and services that support aged care providers to navigate the complexity of new and emerging solutions and technologies.

Regarding the Productivity Commission Inquiry's draft recommendations, ARIIA responds to the following:

Building skills and qualifications for a more productive workforce

Draft recommendation 2.1: *Move toward a national system of credit transfer and recognition of prior learning (RPL) & Draft recommendation 2.2:* *Better target incentives to lift work-related training rates in small and medium enterprises (SMEs).*

ARIIA supports initiatives to remove barriers that prevent skilled, capable and compassionate workers from engaging (and remaining) in the care workforce, and highlights the following considerations:

- Credit transfer and RPL could be complemented by recognition of prior experience (RPE) such as informal caring, international experience and micro-credentials. This would enable overseas workers to transition more easily into care and allow local workers from adjacent sectors here to move between sectors. Records such as 'digital training passports' which create portable records of training acquisition are already in use in the aged care sector, reducing the cost of provider retraining and lessening worker 'training' fatigue. Currently with the sector, Earn While You Learn (EWYL) models of care delivery are being considered by HumanAbility with the aim to address areas of critical skills and occupation shortages, especially in regional and remote areas. [10] These needs align with the requirement for a national system of credit transfer and prior learning recognition to enable capability and productivity in the workforce.
- Recognition of fungible skills is significant here, to permit care workers to move between funding schemes where their training may for example equip them equally well to provide both aged and disability support. This is critically important in thin markets, where workforce siloes create demand gaps while leaving qualified workers without sufficient hours under their nominal qualifications.
- Evolving technologies place new demands on aged care workers and providers. Artificial Intelligence (AI) holds immense potential to enhance many aspects of aged care in Australia, particularly in care delivery, administrative efficiency, and workforce capability planning - including training and development. [11] While AI offers significant benefits, it also introduces risks that must be managed through safe and responsible adoption. [11] This highlights the need for ongoing, cross-sector support for digital training as a core element of professional development and career planning. Continuing digital education is critical to sustaining workforce capability [5-6] as digital competence enables more integrated and productive practices. [7] While embedding ongoing digital literacy into CPD requirements ensures it becomes a foundational part of maintaining professional and provider roles, skills and competencies. [12]

- Building a digitally capable workforce requires not only recognition of digital skills as essential, but the consideration of aspects of accessibility, time and costs for training. While ongoing education and development are critical to sustaining capability, [5-6] staff often report variable access to appropriate training opportunities, [13] and research shows that frontline staff require targeted training and dedicated release time, to deliver services effectively. [8] Government funds core training and specific initiatives, but analysis of ICT adoption found investment to be inconsistent, leaving providers to absorb indirect costs including wages during training as well as periodic losses in workplace capacity. [9] These challenges are particularly significant for workers and consumers in First Nations communities, rural and remote settings, individuals with disabilities, and those from lower socio-economic or culturally and linguistically diverse backgrounds. [4] [13] Without adequate time and funding, digital skills gaps will continue to persist, limiting adaptability and hampering productivity of workforce gains.
- Ensuring the aged care workforce has the digital skills to deliver culturally safe care that reflects the multicultural nature of the workforce and consumers, requires sustained investment in training, CPD, and career pathways. Working in collaboration with staff and consumers, providers will need to tailor training to specific individual need. Individuals from diverse backgrounds and experiences, will require relevant adaptation to their linguistic, cultural and spiritual needs to be able to fully benefit from digital access and adoption. AI ethical use will require providers to consider bias in AI supported data systems used to collect private and sensitive information. [11] For First Nations communities', data sovereignty - the right of communities to exercise authority over data that pertains to them, including its collection, access, use, and control is - another important factor when considering managing data and highlights the need for whole-system training and development surrounding technology, privacy and risk management. Alongside rural and remote services, culturally specific and CALD services must be recognised as thin markets for which technology availability and training should be prioritised.
- Leaders' digital capacity and competency is critical to embedding digital change across the aged care sector and to ensuring target rates of training are improved. To ensure that digital education and development sustain capability and meet future service demands, digital training must be differentiated for different roles and levels of responsibility. [8] Organisational digital strategies should also emphasise prioritisation of digital and data capability by boards and executives, to addressing inclusion barriers and system-wide training and development gaps. [4] Organisational readiness will therefore depend on leadership training that addresses not only the use of technology but also the risks, compliance obligations and operational implications associated with digital transformation. [7] [9]
- Improving worker retention will ensure that investments in training provide long-term talent benefits, so that valuable knowledge, skills and experience remain within the care sectors. ARIIA's unprecedented evidence review and environmental scan into aged care workforce retention [14] uncovered key findings:

- The decision to stay or leave in aged care workforce is rarely about a single issue. It is the interaction between leadership support, working conditions, and opportunities for professional growth.
- Supportive leadership, job autonomy, and positive workplace culture are the strongest factors that most consistently improve retention among aged care staff.
- Opportunities for training and development and clear role expectations empower staff and help them feel valued, capable, and committed to their work – which consistently improves retention and job satisfaction.
- Increasing pay or fixing staffing shortages does not always lead to improved retention. These factors contribute to retention only if the staff feel supported by leadership, valued, and confident in their roles. Investment in skills which allow all workers to practice at the top of their roles is a key to retention. [14]

Summary

In summary, ARIIA highlights the importance of expanding recognition to include prior experience (RPE) and supports models like Earn While You Learn (EWYL) to address areas of critical skills and occupation shortages. As digital transformation reshapes aged care, ongoing investment in digital literacy, culturally safe training, and leadership development is essential. Workforce retention hinges on supportive leadership, effective workforce planning, clear role expectations, and opportunities for growth, in addition to pay and staffing levels.

ARIIA is uniquely positioned to support these workforce reforms through providing research-backed insights, practical tools and guidance for aged care providers to adopt best practices, tailored resources for First Nations communities and CALD workers and programs such as the Leading Innovation For Transformation (LIFT) Leadership Program that equip leaders with the skills to lead digital transformation and embed strategic workforce planning.

Delivering quality care more efficiently

The Australian Government's Intergenerational Report 2023-2063 highlights the impacts of our ageing population and increasing demand for a productive care and support workforce that delivers high quality services. The number of Australians aged 85+ is projected to triple over the next 40 years, the NDIS will continue to grow faster than GDP and increasing female workforce participation will drive demand for formal care. By 2050, the care and support workforce will need to double what it was in 2020 to meet demand.[15]

ARIIA strongly advocates that achieving higher productivity and efficiency in care delivery must be balanced with the high standards of safety and quality that we expect for Australia's most vulnerable people. Productivities and efficiencies in the care economy should not only be driven by reducing costs but instead creating value by freeing up care workers' time to deliver human-centred care.

Regarding the Productivity Commission Inquiry's draft recommendations, ARIIA responds to the following:

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.*

ARIIA supports alignment across the care economy to reduce fragmentation and streamline care worker registration, care provider accreditation, and quality and safety regulation in aged care, NDIS, veterans' care and early childhood education and care. Recognition of core skills and equivalent qualifications is central to this proposition.

National care worker registration scheme

- With increasing care workforce and skills shortages, a common approach to worker registration will increase professionalisation and enhance career pathways to attract and retain workforce across the care economy. It will also safeguard vulnerable populations by ensuring workers who are de-registered for serious misconduct in one sector cannot be re-employed in another care sector.
- ARIIA recently prepared a submission to the Department of Health, Disability and Ageing's consultation for a national registration scheme to support personal care workers employed in aged care. There are many challenges in the implementation of such a scheme in aged care - challenges that would be compounded when implementing across the broader care economy. ARIIA recommends:
 - Looking to the experiences from other professions that suggest regulation in the form of professional registration may add barriers through costs and time, further compounded for migrants with developing English proficiency. It is reasonable to suggest that these same barriers would apply to personal care workers. This could be addressed by:
 - Dedicated, tailored induction training (pre- or post-migration) on registration requirements and the Australian aged care sector could help reduce these challenges.
 - Greater promotion in the sector of the Skills for Education and Employment Program ([SEE](#)) and the SEE First Nations Grants.
 - Consideration of CALD workers' English language competency and understanding of Australian culture, which can deter workers from entering the workforce despite fulfilling many of the required skills and characteristics, [16] and can lead to challenges in fully understanding the content of training. [17]
 - This could be addressed by:
 - English language classes built into professional development plans for workers that require them.
 - Provision of services in the worker's first language.

- Consideration of barriers identified by the ARIIA First Nations Aged Care Advisory Governance Committee, [18] including English as a second or third language, education and digital literacy barriers preventing successful completion of proficiency tests, apprehensiveness to proceed with police checks due to minor records, and administration barriers including internet access and high cost of screenings.
- Supporting workforce to meet any changes to minimum qualifications, including fee-free courses, employer support to access training, recognition of prior learning/work, and supportive technology for regional, rural and remote workers.

Care provider accreditation

- Aligning care provider accreditation, registration and audits should consider the differences between the care sectors and the distinct needs and complexities of individuals receiving aged care, NDIS care, veterans' care, or early childhood care. Whereas care workers may have fungible skills, the design and delivery of care programs is typically more idiosyncratic to individual sectors.
- The aged care sector is experiencing significant reform, with a new Act and strengthened quality standards being implemented from 1 November 2025. This has required substantial Government and sector investment and resources to implement, and it would be unreasonable to expect further changes within three 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.*

ARIIA supports improved collaboration to address health care fragmentation and improve innovation and care outcomes, and highlights the following considerations:

- It is important to look beyond just Government-funded bodies to ensure collaborative alignment with the diverse services that are used by people with complex health and care needs.
- Leadership resourcing and capabilities are critical to drive collaboration and manage the change associated with integrating services, with programs such as ARIIA's Leading Innovation for Transformation (LIFT) Leadership Program building the capability of leaders to implement and embed change in the complex care sector.
- ARIIA's programs such as the Aged Care Incubator and the Aged Care Collaborative demonstrate the value of breaking down silos within and across sectors, while facilitating collaboration and shared learning.

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