15 September 2025

Productivity Commission
GPO Box 1428
Canberra ACT 2601
Australia

Subject: Inquiry into Delivering Quality Care More Efficiently – Response to Interim Report

1. About Anglicare Sydney

Anglicare Sydney is a significant provider of in-home aged care, residential aged care, and retirement living services across Greater Sydney, New England, the Far South Coast, Lithgow, and the Illawarra.

For more than 70 years, Anglicare Sydney has provided aged care guided by principles of dignity, choice, hope, and compassion, underpinned by high-quality clinical and holistic services.

2. General Comments on the Interim Report

Anglicare Sydney welcomes the Interim Report's focus on improving productivity in the care economy through regulatory alignment, integrated commissioning, and prevention. Productivity in aged care must be understood not only in terms of efficiency but also through quality outcomes, including emotional, social, and spiritual wellbeing.

There is a significant opportunity for the Australian Government to design a productive care economy that reflects a dynamic and modern Australia: one that honours all Australians who need care, strengthens the link between investment and impact, and delivers care that is compassionate, coordinated, and efficient for everyone who depends on it.

As the population ages, life expectancy rises, and care needs become more complex, the sector faces mounting pressure to deliver high-quality, person-centred care across the whole sector in an effective, efficient and coordinated manner while also ensuring long-term economic sustainability for public and private providers, patients, clients and residents as well as taxpayers. To meet this challenge, a fundamental shift is required: one that prioritises productivity, innovation, workforce, and smarter service delivery across the whole care economy without compromising on compassion or quality of care.

3. Expanded Comments and Key Areas for Government Consideration

3.1 Ageing in Place as a Productivity Booster

The ability for older Australians to remain in their own homes or local communities as they age is a widely held preference and a key principle of person-centred care. Beyond its alignment with dignity, autonomy, and wellbeing, ageing in place presents significant opportunities to boost productivity across the aged care sector.

As the demand for aged care services rises, shifting the focus toward community-based models can relieve pressure on residential aged care facilities, which are struggling with regulatory complexity, workforce shortages, and convoluted funding structures. Facilitating ageing in place should also address the pressure on the hospital and emergency care systems. Community-based models of care improve outcomes for individuals in multiple ways physically, mentally, spiritually and emotionally, and make more efficient use of available resources. For the aged care system to be productive, it must evolve to support the desire of older Australians to age in place.

Anglicare's *For Life* model demonstrates the value of a holistic, village-based care approach. Onsite care teams enable residents to remain in familiar surroundings, maintain social connections, and reduce reliance on overstretched home care and hospital services.

Barriers to Ageing in Place:

- Long wait times and inadequate home care packages.
- Inconsistent coordination between aged care, health, and disability sectors.
- Workforce shortages, particularly in regional and high accommodation cost metropolitan areas.
- Limited access to assistive technologies and home modifications.
- Insufficient support for informal carers.

Recommendations:

- Streamline assessment processes and funding release to reduce wait times.
- Introduce workforce incentives, training, and portable entitlements.
- Expand digital health tools, remote monitoring, and assistive technologies.
- Provide respite services, financial relief, and structured support for informal carers.
- Improve coordination between primary care, aged care, and hospitals.
- Promote integrated care models and age-friendly housing design.

3.2 Integrated and Sustainable Care Economy

Today, the services provided to older Australians across the country remain the product of fragmented and siloed systems. The ongoing separation between aged care and health care undermines continuity of care, leads to inefficiencies, and fails to meet the holistic needs of older people.

The interface between aged care and health care is a critical opportunity for reform. A more coordinated system would improve care quality and generate significant savings. For example:

- Reducing hospital bed-blocking by improving timely access to residential and home care.
- Delivering post-hospitalisation recovery in aged care settings, which is cost-effective.
- Expanding funding for social, emotional, and spiritual support.
- Increasing access to GPs and nurse practitioners while ensuring appropriate scope and oversight.

Recommendations:

- Recognise social, emotional, and spiritual care as part of care outcomes.
- Encourage integrated care across aged care, disability, and health systems.
- Support post-acute and sub-acute care in aged care settings.
- Reform planning frameworks to enable innovative housing and care models.

3.3 Workforce Sustainability

The most immediate threat to care quality, access, and system sustainability is the ongoing workforce shortage across the care economy. Competition between the aged care, health, and disability sectors for a limited pool of skilled workers is intensifying, placing all services under mounting strain. Without urgent, coordinated action, the capacity of the care system and its economic contribution risks serious decline.

A sustainable care economy requires a stable, skilled workforce. Current challenges include:

- Over 221 vacant aged care positions, with a voluntary turnover rate of 16.90% at Anglicare for example.
- High metropolitan housing costs and long commutes limiting workforce access.
- Competition across aged care, health, and disability sectors.

Recommendations:

- Provide affordable housing solutions for essential workers in high-cost areas.
- Fund training pathways, career development, and incentives for retention and mobility.
- Review cost-of-service benchmarks to reflect true metropolitan care delivery costs.

3.4 Innovation and Productivity

To realise the full productivity benefits of innovation, providers must be supported in designing and implementing new models of care. Regulatory and funding frameworks should encourage flexibility, experimentation, and continuous improvement, rather than enforcing rigid compliance and uniformity. Regulation should be properly risk-based, rather than a one-size-fits-all approach, enabling and encouraging providers who demonstrate high quality delivery by having a tiered regulatory model.

Like all consumer-focused sectors, aged care must balance the opportunities of digital technology and artificial intelligence with strong protections for those it serves. For providers such as Anglicare, who support some of Australia's most vulnerable people, innovation must be accompanied by the highest standards of ethical care, privacy, and accountability.

Central to Anglicare's future model of care is the integration of advanced data, digital, and artificial intelligence (AI) capabilities. New tools will be vital in improving client and resident outcomes, streamlining services, and addressing rising demand. As with all consumer-facing sectors, this brings a necessary balance between innovation and end-user protection.

A key productivity challenge in aged care is the reliance on input-based funding and performance measures, such as mandated care minutes. This model restricts flexibility and provides limited incentive for providers to improve the quality of care while managing resources efficiently. Outcomes including health, safety, wellbeing, and consumer satisfaction are the measures that ultimately matter to older people, their families, and the community. A funding and accountability framework that prioritises outcomes rather than inputs would enable innovation, improve productivity across the sector, ensure greater value for taxpayers and deliver better care for older Australians.

Recommendations:

- Establish a dedicated aged care innovation and research fund.
- Develop nationally agreed digital and data outcome frameworks.
- Support provider-led experimentation and continuous improvement in care models.
- Move from input-based funding and measurement to outcomes-based.

4. Addressing the Interim Report Recommendations

Anglicare Sydney strongly supports the Commission's three reform areas and recommends that they be extended to reflect the realities of aged care delivery and the experience of providers, residents, clients, and families.

4.1 Reform of Quality and Safety Regulation

Anglicare Sydney supports the Interim Report's Draft Recommendation 1.1 for greater regulatory alignment across aged care, disability, and veterans' care sectors.

From our experience, fragmented compliance regimes increase administrative burden, reduce workforce mobility, and divert resources away from frontline care. As noted in our earlier submission, Anglicare staff and managers are subject to multiple overlapping audits, reporting requirements, and accreditation processes that add cost without demonstrable benefit to quality.

Recommendations:

- A national worker screening clearance and unified approach to worker registration should be prioritised. This will strengthen safeguards while reducing duplication and barriers to workforce entry.
- A single digital portal for provider registration and audits will significantly reduce compliance costs.
- Any alignment must preserve flexibility for context-specific differences, recognising the unique needs of older Australians, people with disability, and veterans.
- Importantly, regulatory design should not only safeguard against harm but also actively support innovation and continuous improvement.

4.2 Embedding Collaborative Commissioning

Anglicare Sydney endorses Draft Recommendation 2.1 to embed collaborative commissioning, especially between Local Hospital Networks, Primary Health Networks, and Aboriginal Community Controlled Health Organisations.

For aged care, this reform is crucial to resolving systemic challenges at the health–aged care interface:

- Hospital bed blockages occur due to delays in aged care assessments and funding approvals, driving inefficiency and poor outcomes.
- Transitional and sub-acute care delivered in aged care settings could reduce unnecessary hospitalisations at a fraction of the cost.
- Current funding models fail to incentivise flexible, community-based recovery options, despite strong evidence of improved outcomes.

Recommendations:

- Governments should establish funding models that incentivise transitional care in residential aged care, retirement villages, or home settings.
- Collaborative commissioning committees should explicitly include aged care providers, given our central role in managing older people's health and wellbeing.
- Social, emotional, and spiritual care should be recognised within care outcomes and funding models, as these are integral to wellbeing and prevention.

4.3 National Prevention Investment Framework

We strongly support Draft Recommendation 3.1 for a National Prevention Investment Framework. Prevention is critical to both productivity and wellbeing.

Older Australians supported at home or in integrated communities experience:

- Reduced hospitalisation rates,
- Improved mental health and social connection, and
- Delayed or avoided entry into high-cost residential care.

A public health approach to dementia prevention should form a core part of a National Prevention Investment Framework. Research shows that modifiable lifestyle factors, including reducing alcohol consumption, improving nutrition, maintaining regular exercise and supporting better sleep, can significantly reduce dementia prevalence. Australian modelling suggests that reducing exposure to such risk factors by 5 to 20 per cent per decade could cut dementia prevalence by up to 30 per cent by 2050 (Anstey et al., 2019; AIHW, 2023).

International evidence also indicates that addressing modifiable risk factors could prevent or delay as many as 40 per cent of dementia cases globally (Livingston et al., 2020; WHO, 2019). The economic and social benefits of even modest reductions would be substantial, including lower health and aged care costs, reduced pressure on the workforce, and improved quality of life for older Australians and their families.

Anglicare's For Life model demonstrates how prevention-oriented investment in community living and on-site support reduces demand on acute services while enhancing dignity and quality of life.

Recommendations:

- The framework should explicitly recognise the role of aged care providers as prevention partners, particularly through community-based models that delay hospitalisation and institutional care.
- The Advisory Board should include provider representation to ensure investment decisions are grounded in practical delivery experience.
- Prevention funding should encompass support for informal carers, who play a vital but often unsupported role in delaying higher-cost care.
- The National Prevention Investment Framework should prioritise dementia prevention by funding public health initiatives that target modifiable lifestyle risk factors (nutrition, exercise, alcohol reduction and sleep health) to reduce future prevalence and associated health and aged care costs.

5. Conclusion

Anglicare Sydney commends the Productivity Commission for highlighting regulatory alignment, integrated commissioning, and prevention. To fully realise the potential of a productive, compassionate care economy, reforms must also address workforce sustainability, affordable housing for care workers, care outcomes measurement, prevention investment, and holistic care encompassing social, emotional, and spiritual wellbeing.

These reforms will ensure older Australians can live well, age well, and die well, while supporting a care system that is effective, efficient, and equitable.

Yours sincerely

Simon Miller
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