Delivering quality care more efficiently

Submission to the Productivity Commission

15 September 2025

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Business Council of Co-operatives and Mutuals

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Executive Summary

The Business Council of Co-operatives and Mutuals (BCCM) thanks the Productivity Commission for the opportunity to respond to the Commission's Interim Report on delivering quality care more efficiently.

The BCCM is the national peak body representing co-operatives and mutuals in all sectors of the economy, including health and social care. Eight in 10 Australians and more than 60,000 businesses are members of at least one co-operative or mutual.

Our response draws heavily on our experience over many years in growing Australia's co-operative and mutual enterprise (CME) sector to deliver quality services to consumers and contribute to an efficient and inclusive economy.

From January 2023 to June 2025, working with the Department of Health Disability and Ageing via its Thin Markets and Innovation branch, which has a focus on improving access and quality of care in regional, rural and remote communities, the BCCM delivered the first stage of the Care Together program. This was the first Government-funded co-operative development and support program in social care.

Our submission contains information and findings from the program and includes lessons learned from Care Together projects. An underlying theme is that much more could be done to foster the growth of co-operatives and mutuals in care and support sectors, where Australia lags other advanced countries. Co-operatives and mutuals thrive in so called "thin markets", which include disadvantaged population groups and in regional, rural and remote communities.

Furthermore, the bottom-up collaboration that is enabled by co-operatives and mutuals lends them to the Productivity Commission's focus on policy and regulatory reforms that will deliver more effective collaborative commissioning and the development of sustainable, locally-supported integrated care models.

Improving the regulatory environment and supporting the growth of more co-operatives and mutuals will improve competition in care and support sectors, providing greater choice for care participants and workers, who are often disempowered in traditional hierarchical businesses. Innovative member-owned business models, such as worker owned co-operatives, compared to overseas, are quite rare in Australia, yet hold great potential to improve workforce attraction and retention, giving more autonomy to workers and providing an alternative to working independently or as sole traders.

Co-operatives and mutuals in the care economy: structures, role and policy benefits

What are co-operatives and mutuals?

Co-operatives and mutuals are enterprises that are owned and democratically governed by members, rather than shareholders.

Members are drawn from one or more of the consumers, workers, producers (SMEs) or a community of interest that uses or contributes to the services of the co-operative or mutual.

The business purpose in a co-operative or mutual enterprise is to deliver equitable benefits to members and their community. This distinguishes co-operatives and mutuals from government and traditional not-for-profits (public benefit) and for-profit companies (maximisation of profit)[1], and is encapsulated in the credit union slogan of 'not for profit, not for charity, but for service'. The distinct nature of co-ops and mutuals has been acknowledged in previous Productivity Commission inquiries into human services.[2]

Co-operatives and mutuals uphold this purpose through their governance and ownership arrangements, including a commitment to one-member one-vote control by members. The International Cooperative Alliance stewards seven internationally-agreed principles that guide co-operatives and mutuals to sustainably deliver mutual benefit to members and their communities. The United Nations has declared 2025 the second International Year of Cooperatives in recognition of the unique contribution that co-operatives and mutuals, with more than one billion members collectively, make to sustainable development.

Co-operative and mutual legal forms

Co-operatives and mutuals use a variety of legal forms, but by registration or provisions in their governing document, adhere to member ownership and control.

The most common legal forms used in Australia are the co-operative and the mutual company.

Co-operatives are registered under the Co-operatives National Law in their home state or territory (or the consistent Co-operatives Act 2009 in Western Australia). Only entities registered under this legislation can use the word 'co-op' or equivalents in their name and if the legislation enshrines the international co-operative principles.[3]

A mutual company must meet a statutory definition set out in s51M Corporations Act 2001. This definition requires that the company is governed on a one-member not-more-than-one-vote basis.

Aboriginal Corporations are also a common legal form for Aboriginal Community Controlled Health Organisations (ACCHOs). There are no specific provisions for co-operatives or mutuals in the Corporations (Aboriginal and Torres Strait Islander) Act 2006 (CATSI), however, the standard governing document for an Aboriginal Corporation is for a member-owned and governed form of organisation.

[1] Noting that for income tax purposes, co-operatives and mutuals can be for-profit or not-for-profit and can achieve charitable registration.
[2] See Human Services: Identifying Sectors for Reform - Study Report, 3.
[3] For example, s27 CNL provides that registration of a co-operative should only proceed if the Registrar is satisfied that the entity is designed to operate under co-operative principles.

Role of co-operatives and mutuals in social care in Australia and internationally

Based on data the BCCM collects for the National Mutual Economy Report, there are 204 co-operatives and mutuals active in the provision of health, allied health and social care services in Australia. The BCCM estimates the existing health and care sector employs more than 23,000 people and provides services to more than one million people.

The co-operative and mutual care sector is diverse in business size, services and membership models, ranging from Australian Unity, a multi-sector consumer-owned mutual and Australia's largest home care services provider, to community-owned ACCHOs like Rumbalara Aboriginal Co-operative, to single-site parent-governed child care co-ops like the Monash Community Family Co-operative and emerging worker-owned care providers like Eurobadalla Community Care Co-op:

- More than 150 of the entities are Aboriginal Community Controlled Organisations providing a wide spectrum of health, care and other services. Many ACCOs are registered co-operatives.
- 54 entities are active in community aged care.
- 46 entities are active in childcare. Mostly single-site, but including some larger organisations.
- 54 entities are disability care providers.

While Australia has an established co-operative and mutual health and care sector (especially the ACCHO sector), compared to many other developed countries, Australia lags in the number of co-operatives and mutuals in social care and in the infrastructure for the sector to grow and innovate. The Care Together Program is designed to address these challenges, including by piloting different co-operative care models, such as worker-owned and multistakeholder-owned co-ops, that have scaled in other jurisdictions but are not currently widespread in Australia.

The following are examples of developed economies with notable social care co-operative sectors:

Jurisdiction	**Role of co-ops in social care**	**Policy and sectoral environment**
Italy	14,000 co-operatives provide care to 12% of the population. Higher staff retention and higher rate of permanent employment. Co-ops have a mix of stakeholder ownership (consumers, community, workers etc.)	Special legislation for social co-operatives since the 1990s has spurred significant growth. Co-operatives recognised in the Constitution and in tax policy. Strong ecosystem of shared services co-ops spur innovation and sustainability amongst local care co-ops.
Spain	1,000 worker-owned co-operatives provide care services, half residential and half in-home.	Minister for Social Economy (responsible for co-operatives, associations, social enterprises), new social economy legislation in 2023. Strong federated structures.
Japan	Elder care co-ops emerged in the 1990s and generally have a hybrid consumer-worker structure. Hundreds of thousands of members.	Special legislation for worker co-operatives introduced in 2020.

	Consumer-owned grocery retail co-ops in Japan have also expanded to provider their members with care services.	Strong federated structures and base of existing consumer co-ops willing to diversify.
United States (New York)	Formed in 1985, Cooperative Home Care Associates employs 2,000 care workers. Co-operatives like CHCA are majority owned by people of colour.	Co-operatives partner with unions to advocate for increased wage levels in the aged care sector.
United Kingdom	More than 100 employee-owned social and healthcare mutuals.	Development of employee-owned care providers has been largely driven by policy programs in the last 15 years.

More international case studies can be viewed at the International Labor Organization's page on the social and solidarity economy and the care economy

Policy benefits co-operatives and mutuals in the care and support economy.

The structure, principles and operating model of co-operatives and mutuals means they have great potential to contribute to a better care system in Australia, including:

1. Being an innovative expression of public interest ownership. Co-operatives and mutuals are not for profit, not for charity, but for service. They are long-term stewards of business assets who share the government's objective of realising efficient, high-quality outcomes for citizens from taxpayer funds. Member governance provides a clear framework for enabling long-term stakeholder-led collaboration around commissioning and integrated care models.

- The Leading the Resilience Report documents how, in line with their corporate purpose, Australian co-operatives and mutuals used their assets during COVID to protect members and staff, rather than to maintain profitability.
- An NDIS study of family governance in Supported Independent Living Co-operative showed the co-operative SIL model used less funds overall than a control group of providers, while allocating more funds to activities such as Participant civic engagement.
- The Care Together Program's pilot projects (also discussed in the next section) demonstrate various opportunities for stakeholder-led innovations in the commissioning and delivery of care, particularly in regional Australia.

2. Building trust in service providers through participative ownership. Democratic ownership and governance give the community, consumers, workers and other stakeholders a real voice in service delivery, fostering transparency and trust.

- The Roy Morgan Bank Trust and Distrust Scores Report found that the consumer-owned mutual banking sector is the most trusted banking sector.

3. Enabling staff to reach their full potential. Co-operative ownership and control of care service businesses by workers can reduce attrition, increase productivity and service quality. Improved pay and conditions, increased training and development budgets and a real voice in strategic and operational matters are the key mechanisms that co-operatives enable.

- The People Powered Growth report commissioned by Employee Ownership Association UK showed a range of benefits from employee ownership, including a productivity boost of 8 to 12%.

4. A diversified care and support economy sector. The presence of established consumer and worker ownership models in a sector encourages all participants to focus more on measures that increase worker attraction and retention, and positive consumer outcomes. Co-operatives and mutuals also play an important role in market shaping initiatives that other models can't or won't. This includes operating in regional, rural and remote communities and collaborating with market stewards to build integrated care and commissioning models that require buy-in from multiple stakeholders.

- Per Capita's Co-operative Employment Economics study found that co-operatives were more likely to employ staff (i.e. commit to delivering services) at a lower profit rate than competitors, demonstrating to market stewards the potential role for CMEs in so-called 'thin markets' that are not sufficiently profitable to attract other care provider models.
- Monash University's Digital Lab found that community-owned and worker-owned co-operative care models can overcome barriers to entry in regional Australia. (Report provided as attachment).

The Care Together Program: a co-operative innovation program fostering stakeholder collaboration in the care sector

The Care Together program is a social care innovation initiative co-created by the BCCM and the Australian Government's Department of Health, Disability and Ageing (the Department) to develop social care co-operatives in regional, rural and remote Australia. In essence it is a strategic collaboration between the co-operative movement (BCCM), government (the Department) and local care stakeholders (workers, small providers, consumers, PHNs etc.) to pilot new stakeholder-led models of commissioning and delivering care services.

The Care Together team is guided by a cross-sector Program Advisory Committee that includes representatives of relevant government stakeholders including the Department of Social Services, NDIA, the Independent Health and Aged Care Pricing Authority and the Australian Human Rights Commission.

The first of its kind in Australia, the program has been extended for an additional year after the initial program from January 2023 to June 2025.

Over its initial 2.5 years to June 2025, Care Together provided co-operative business development support and expertise for 10 projects, resulting in four new co-operatives, the expansion of three existing co-operatives including one ACCO, two projects at the conceptual model stage, and concept development and testing of a national shared services co-operative.

In addition to these fully supported projects, Care Together engaged in discussions with 32 other organisations or individuals interested in learning more about the development of social care co-operatives. This level of interest is indicative of the latent demand and thus need for the scaling of social care co-operatives in regional, rural and remote Australia.

Care Together is a direct response to an important finding from the Royal Commission into Aged Care Quality and Safety that estimated there were supply gaps across 41% of regional rural and remote communities. These supply gaps are projected to increase significantly in the future, prompting

Government action to implement targeted policy levers to address these unique challenges through market stewardship interventions[4].

An important feature of the Care Together projects is that both supply and demand side designs are included. However, it proved more difficult to implement demand side (participant/consumer led) models because Australia's aged care system has for many years focussed on supply side (provider led) interventions. For example, two projects – one in disability (with the Summer Foundation) and one in aged care (with COTA Australia) involved demand side interventions to be sustainable. This proved difficult to achieve given the significant changes happening at the time in both aged care and the NDIS. Despite challenges, both these demand-led projects produced progress reports which may contribute to informing future market stewardship interventions in how participants/consumers interact with providers.

Crucially, the Care Together program has demonstrated that when communities are empowered, co-operatives and mutuals can play a transformative role in delivering high-quality, person-centred care. The program also demonstrates that creating and developing co-operatives and mutuals in regional and rural areas is not a short-term proposition – it takes considerable ongoing policy adjustments and industry commitment.

Selected Care Together Project Case Studies

- **The Murrumbidgee Aged Care Network** is demonstrating the benefits of aged care providers sharing back-office services at a regional level. By working together, small not-for-profit aged care providers can maintain their autonomy and local identity, while sharing regulatory and administrative tasks. There is also potential for the co-op to be a front door for better provider co-ordination with PHNs and other stakeholders.

- **The Eurobodalla Community Care Co-operative (ECCC)** has emerged as a worker-led response to policy issues raised in aged care reforms and the NDIS Review, where there has been a particular interest in the large numbers of care workers choosing to operate as unregistered independent workers. In developing regulatory requirements, policymakers are facing a difficult trade-off between maintaining workforce and quality. ECCC addresses this trade-off, by bringing independent workers together under the banner of a registered provider that provides them with back-office support, regulatory compliance and investment in professional development enabling them to deliver quality care without taking away the autonomy they value.

- With support from the **Hunter New England and Central Coast Primary Health Network (PHN)** a community-owned co-operative has been established in Glen Innes to provide community input into shaping primary health and social care commissioning and delivery in the town. The project could be replicated in other rural, regional and remote areas with support from other PHNs.

- **Co-operative Care Wagin (CCW)** is a community-owned co-operative that will focus on making it easier for residents to navigate the care system and bringing more services to the region. CCW grew from foundations laid by the Village Hub program, previously funded by the Department of Social Services (DSS). CCW is laying foundations whereby consumers, funders and providers can collaborate around place-based funding, making it easier for people who need support to have access to appropriate services.

[4] See KPMG Report – Rural and Remote Aged Care Policy Options

- At the national level, work undertaken to establish a co-operatively owned shared services centre (**Mutual Care Ltd**) shows great potential for further development to support sustainable growth in the co-operative care economy.

Regulatory reform and barriers

Throughout the delivery of the Care Together program, the team worked closely with the Innovation and Thin Markets branch of the Department of Health, Disability and Ageing to strengthen the regulatory and legislative environment for co-operatives and mutuals. Further, the education provided to the aged care regulators provided information and knowledge uplift to ensure that the regulators were cognisant of the existence of co-operative models.

As a result of these interventions, a regulatory conflict was identified between the governance requirements of the Co-operatives National Law and the new Aged Care Act that forms part of the response to the Royal Commission. Drawing on the BCCM's deep expertise, the Care Together team made recommendations to amend the regulations supporting the new Aged Care Act to address this conflict with Co-operatives National Law.5 This intervention at a critical stage in the development of the new aged care regulatory framework has given existing aged care co-operatives confidence to maintain their aged care operations after some were initially considering exiting the sector and ensures that the formation of new co-operative aged care providers will remain viable.

Observations and Findings from the Care Together projects

Key insights emerged from the Care Together projects that have shaped the direction and success of the projects and should be used to inform replications.

1. The strong alignment of co-operatives in being able to innovate in addressing unmet need for services in regional, rural and remote communities. Guided by the co-operative values and principles, co-operatives provide a legal and governance model where stakeholder collaboration to find better outcomes is embedded.
2. Market stewardship is vital if gaps in care and support services in so called "thin markets" are to be addressed. Care Together involved market stewardship where the Innovation and Thin Markets branch of the Department worked closely with the Care Together team to advance those projects with the greatest potential to improve productivity.
3. The most successful projects are community-led as opposed to top down. Co-operatives must be formed from within the community to ensure buy-in and long-term sustainability. The more successful projects were usually initiated by a group of committed citizens motivated to improve quality of care in their community. These people also knew about co-operatives or were curious to learn about them and their continuity also contributed to a successful project.
4. The Care Together co-operative development methodology was very successful in helping project sponsors agree on the purpose of their co-operative and how it would deliver value to its members. This was assisted by the Mutual Value Measurement tool.
5. The establishment of a steering group early on in each project was critical, as was empowering them to make key decisions. Some projects faced hesitation in making critical decisions, but it's become evident that by moving through the co-operative development phases decisively is crucial for progress. Building trust also plays a fundamental role in fostering successful

[5]See 157-5 and 157-15 in Final draft of the new Aged Care Rules | Australian Government Department of Health, Disability and Ageing

collaborations, especially in First Nations communities. This required a mixture of face-to-face engagement and online meetings.

6. Workforce attraction and retention is critical in care and support sectors especially in regional, rural and remote locations. Co-operatives offer a more sustainable and resilient alternative to traditional employment or sole trader arrangements, especially in sectors where providers are struggling to remain solvent. Registered co-operatives with appropriate accreditations for quality and safety provide added assurances for workers and service participants.
7. Shared services co-operatives offer potential to lift the productivity of smaller regional and rural based providers. The Murrumbidgee Aged Care network was a good place-based example of this. The conceptual and exploratory work undertaken on a national shared services mutual also proved to be beneficial. The decision to wait for use cases to inform the national shared services project was also beneficial, resulting in a more focused and impactful model that will support Care Together projects in the long term.
8. Demand driven projects like those sponsored by COTA and the Summer Foundation proved challenging to see through to a completed project. However, with the new rights based Aged Care Act and a participant led NDIS, there are opportunities to examine how productivity could be improved by piloting some evidence-based demand-led models.
9. The current regulatory and legislative environment for co-ops and mutuals in Australia continues to present barriers to co-operatives forming in care sectors. More investment is needed to improving understanding of co-operatives and mutuals including with policymakers, lawyers and accountant, governments and community stakeholders.
10. The Care Together program holds the potential to reshape the future of the care sector, offering a more sustainable and community-driven model that benefits both workers and recipients.

Care Together Research and Evaluation

Monash University conducted the research, monitoring and evaluation aspects of the Care Together program.

The Care Together program is based on a Theory of Change outlining key end-of- program outcome goals and defines key activities required to meet them. Monash's Research and Evaluation Report used this Theory of Change to frame its findings and insights. It concluded that overall, the Care Together program has made significant progress in supporting new models of social care co-operative in regional, rural and remote communities in Australia

Response to Interim Paper

The BCCM supports the intent of draft recommendation 2.1 of the Productivity Commission interim report that "Government's should embed collaborative commissioning, with an initial focus on reducing fragmentation in health to foster innovation, improve care outcomes and generate savings".

Based on our experience with the Care Together projects, the BCCM considers that collaborative commissioning is a great initiative with potential to deliver quality care more efficiently. However, the success of this initiative will be diminished without complementary reforms of pricing and delivery structures (inclusive of health, aged care, Veteran's Care and disability/NDIS) to support the growth of community-owned multi-purpose service hubs designed around co-operative and/or mutual governance structures, including ACCOs.

Drawing on our experience with the Care Together program, we consider the interventions with greatest potential to improve efficiency in care are:

1. Encouraging greater diversity in business models designed to suit the needs of communities. This requires market stewards to place more importance on co-operatives and mutuals, especially in so-called "thin markets".
2. Collaborative commissioning, especially in thin markets, has huge potential to improve efficiency, particularly inclusive of stakeholder-led models like co-ops and mutuals. The integrated care and commissioning projects, enhanced by the unification of aged care and disability care in the Department of Health Disability and Ageing, are well placed to be test cases for collaborative commissioning.
3. Harmonising provider registration across aged care (including Veteran's Care) and disability/NDIS is critical for improving productivity as well as facilitating care for participants rather than around the needs of providers.

The BCCM recommends that in its final report, the Productivity Commission:

1. **Recognise co-operative and mutual care provision as a distinct model** alongside the other care provision models noted in the Interim Report (government, not-for-profit and for-profit).
2. **Support collaborative commissioning and harmonised quality and safety registration trials with co-operative and mutual enterprises**, including in regional Australia and with integrated care projects.
3. **Consider how demand driven policy and funding initiatives could improve service productivity and consumer experience** alongside the regulatory reforms being recommended, with consideration of the Care Together projects as test cases.

BCCM thanks the Productivity Commission for enabling wide consultation on how to deliver quality care more efficiently. We would welcome the opportunity to meet with Commissioners at the appropriate time to expand on this submission.

About the BCCM

The BCCM is the national industry peak body for co-operatives and mutuals, working with governments, regulators, and policymakers to ensure the Australian economic landscape is fully able to benefit from a competitive co-operative and mutual movement.

Through its member co-operatives and mutuals, the BCCM represents 14.4 million memberships, including 60,000 small and medium businesses.

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Attachments

1. Monash Digital Lab An economic-theoretical analysis of the entry into care
2. KPMG_Rural and Remote Aged Care Policy Options