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Productivity Commission Interim Report - Care Sector

Summary

ACOSS and NCOSS welcome the opportunity to respond to the Productivity Commission's (PC) Interim Report, *Delivering Quality Care More Efficiently.* In this submission, we consider the reform directions outlined in the report in relation to our shared objectives of supporting a more sustainable, equitable, and effective service system, as well as improving experiences and outcomes for people accessing care and support services.

A. **Governments will best serve community needs and meet community expectations by considering the productivity of the care (and related) sectors beyond historical measures, incorporating concepts of effectiveness and integrity.** We welcome the PC's framing of productivity in care services as being about quality, and its acknowledgment of the limitations of more orthodox productivity measures. We encourage governments to adopt quality-adjusted productivity measures in their analysis of the effectiveness and efficiency of care and support services, alongside a range of relevant outcome measures, including greater emphasis on user-experience and wellbeing.

B. **Collaborative commissioning will deliver better community outcomes and should be more widely adopted in the care services sector and a national collaborative commissioning framework developed.** We welcome the PC's call for collaborative commissioning approaches to be more widely adopted. We note its recommendation that such approaches initially be trialled in Primary Health Networks, but urge the government to consider trials in a few different care service areas to reflect the diversity of the care economy and inform the development of a national collaborative commissioning framework.

C. **The proposed National Prevention Framework should be pursued by the Commonwealth Government**. Success relies on robust and consistent data; a unified understanding of prevention; and genuine cross-sectoral partnership.

D. **To improve service quality, safety, and productivity, the Commonwealth should create a more cohesive approach to the regulation of quality and safety across care sectors while ensuring providers are funded to deliver quality services.** This should include addressing gaps or weaknesses in quality

or safety regulations and, where possible, achieving greater consistency across care sectors, while recognising the specific needs and circumstances of different sectors. Importantly, governments need to ensure they fund providers to actually provide quality care by reference to objective quality care cost standards.

Recommendations

Productivity measurement

1. Consider the performance of the care sector through the lenses of productivity, effectiveness and integrity.
2. Shift towards wide-spread adoption of quality-adjusted productivity measures for the sector alongside a range of relevant outcome measures, including greater emphasis on user-experience and wellbeing.

Collaborative commissioning

1. Co-design the proposed collaborative commissioning joint governance framework with key stakeholders including the social service sector.
2. The outcomes framework must include both quantitative and qualitative outcome measures that demonstrate a holistic and person-centered picture of success.
3. Review and invest in professional and workforce development across all commissioning activities.

National Prevention Framework

1. Embed sector leadership within the Prevention Framework Advisory Board.
2. Establish a two-way data exchange between government and sector.
3. Ensure a unified understanding of prevention is outlined within the Prevention Framework.

Regulation

1. Gaps in quality standards should be addressed as a priority and providers adequately resourced to provide quality care and support services.

This submission is supported by:

ACT COSS Council of Social Service

NTCOSS Northern Territory Council of Social Service

SACOSS

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NCOSS NSW Council of Social Service

Introduction

NCOSS and ACOSS welcome the opportunity to provide a submission in response to the Productivity Commission's Interim Report. As the peak bodies for the social service sectors in NSW and nationally respectively, our response is informed by feedback from our member organisations and sector peaks from across the country. It is grounded in research, evidence and experience in the funding and delivery of care and support services, and gives priority to the needs and rights of people who need and/or access care and support services.

A. Governments should view the care sector through the lens of *performance*, considering productivity alongside effectiveness and integrity

As recognised by the Productivity Commission, traditional measures of productivity in the care sector (and the social sector more broadly), present a flawed picture of its contribution and impact. The Interim Report notes that "*much of the scope for improved productivity in the care economy lies in delivering better quality care that leads to better outcomes*". It further notes that previous work by the Productivity Commission notes that quality-adjusted measures can demonstrate significant productivity gains compared to traditional measures.

We encourage the Productivity Commission to take this thinking further. NCOSS recently partnered with Mandala to better understand productivity and performance in the social sector. This work highlighted the importance of balancing performance through productivity, effectiveness, and integrity; an equilibrium across these enables a sustainable social sector. It further noted:

- Investment in NSW's social sector currently prioritises productivity measures, reflecting government policy focusing on fiscal measures of spending;
- Sector sustainability deteriorates when productivity becomes the sole consideration, overlooking effectiveness and integrity; and
- Effective and ethical service delivery must complement productivity metrics to ensure adequate funding and appropriate regulatory frameworks.

A balanced approach was defined as utilising three interconnected factors:

1. Productivity - how efficiently outputs are produced;
2. Effectiveness - the achievement of desired outcomes; and
3. Integrity - the maintenance of ethical and procedural standards in social service delivery.

When productivity is the dominant consideration, particularly at the expense of achieving excellent outcomes with strong safeguards, sector sustainability is threatened, and outcomes for people and communities are diminished. Most Governments across Australia have an unbalanced focus on productivity, illustrated through practices such as increased contractual requirements with no corresponding increases in funding, and inadequate indexation. This approach lacks a broader perspective on performance that encapsulates effectiveness and integrity, undermining the quality of service delivery. Policy makers need to utilise an equilibrium-mindset across productivity, effectiveness and integrity.

Recommendations

1. Consider the performance of the care sector through the lenses of productivity, effectiveness and integrity.
2. Shift towards wide-spread adoption of quality-adjusted productivity measures for the sector alongside a range of relevant outcome measures, including greater emphasis on user-experience and wellbeing.

B. Collaborative commissioning should be more widely adopted in the care services sector nationally and a national commissioning framework developed.

In its Interim Report, the PC notes that governments have long shown interest in commissioning models, but that efforts to implement these models have been piecemeal with very limited progress towards a consistent national approach to commissioning. It defines the latter in the following terms:

"Collaborative commissioning describes organisations working in partnership to identify needs, design solutions, procure services and evaluate outcomes."

The PC proposes a formalised process for different tiers of government and different service organisations to collaborate on services and care needs that overlap or to address service gaps. It proposes that collaborative commissioning be trialled in the PHN context as a first step, to inform wider implementation.

ACOSS and NCOSS support further trialling of collaborative commissioning models in other care and support service contexts, to ideally inform the development of a national commissioning framework. The framework should seek to directly address the barriers to collaborative commissioning identified by the PC, including by:

- Providing more flexible and longer-term funding (also see the Not-For-Profit Sector Development Blueprint);
- Supporting the pooling of funding;
- Resourcing agencies and organisations to engage in collaborative commissioning models;
- Designing formal joint governance architecture; and
- Removing data and evaluation constraints.

In addition, the framework should address any barriers to collaborative commissioning arising in Commonwealth Government procurement rules, including the Public Governance, Performance and Accountability Act 2013, Commonwealth Grants Rules and Guidelines 2017 and departmental guidelines and policies on grant administration and contracting.

Collaborative commissioning offers an opportunity to move beyond transactional relationships towards genuine, outcomes-focused partnerships that deliver better social outcomes. A collaborative approach fosters innovation and flexibility by allowing government and non-government organisations (NGOs) to co-design services that are place based and respond directly to community need, while also building a foundation of accountability. Expanding this model is not just a good idea, but an essential evolution of service delivery that will unlock greater social outcomes and economic benefits.

The ACT commissioning experience

The ACT Government has been implementing commissioning approaches since 2021, under the 2022-24 Roadmap. ACTCOSS notes that the application has been mixed and the sector and government agree on the need to reform the process. The main outcome has been the adoption of longer funding contracts which, though welcome, falls short of the broader vision of collaborative commissioning.

One of the major issues identified by the ACT community sector is that the government did not adequately resource the commissioning decision-making process. The result has been a real strain on the community sector and a public service unable to undertake the work at a sufficient standard within set timeframes, meaning lots of short contract extensions and uncertainty in the sector.

ACTCOSS also notes that the government has not seen itself as a service delivery system steward and this has been really problematic. When procuring a set of services for a whole subsector all at once, the government should have a view of how all the services they do procure should fit together, a view developed in earlier parts of the commissioning process, and communicated and incentivised to the organisations that they procure. The failure to do this has meant that once they have procured the services, they've often left the organisations to their own devices to figure out how to work together, including establishing client pathways. This has led to poorer client outcomes, especially in the short-term and especially when competitive tendering reduced cooperation in the sector. The lack of stewardship has also meant that the overlap between incoming and outgoing service provider organisations has often been too brief, with cooperation between incoming and outgoing providers not resourced or effectively incentivised or supported.

Joint Governance Framework - Information Request 2.1

The proposal to establish a Joint Governance Framework to underpin collaborative commissioning is a positive action to ensure more genuine collaboration. It is important that the framework be co-designed with NGOs as equal partners, rather than through consultation, as this will ensure that sector expertise is utilised to achieve the best outcomes for the community. This will require genuine power-sharing to create joint monitoring and reporting mechanisms that are meaningful to all parties. Reporting measures within the framework must move beyond basic quantitative metrics to include qualitative measures that focus on client or community feedback, providing a deeper and more holistic picture of success.

Dismantling the cross-agency silos - Information Request 2.3

We commend the Commission's focus on formal joint collaborative commissioning committees and data-sharing agreements. Effective joint commissioning for better outcomes has long been hindered by barriers to two-way data sharing, driven by privacy concerns, incompatible systems and procedures, and a lack of a shared data governance framework. Extending this arrangement to include the sector will further elevate the client and community outcomes that can be supported through collaborative commissioning.

Improving long-term outcomes requires a collective effort, as no single agency can succeed in isolation. Addressing the historical power imbalances that have hampered collaboration is crucial. A shared vision, along with formalised roles and responsibilities, will foster trusted relationships across the sector and between the sector and government. This, in turn, will facilitate the identification of needs, promote innovative solutions, and create a safe environment to elevate the voices of those with lived experience in service design.

Workforce investment - Information Request 2.3

A substantial increase in collaborative commissioning will require a fundamental shift in the approaches and behaviours of commissioning agencies. NCOSS members regularly report experiencing commissioning practices that lack transparency, are hampered by poor communication, and demonstrate a lack of respect for the expertise of the community sector. To ensure government staff understand the value of good commissioning and respect the knowledge and skills of community organisations as strategic partners, the government should invest in comprehensive training for its workforce.

Secure Jobs and Funding Certainty Roadmap NSW

In April 2025, the NSW Government launched its Secure Jobs and Funding Certainty (SJFC) Roadmap. The Roadmap "sets out the shared vision of the NSW Government and the community services sector to increase job security and funding certainty across the sector".

The initiative was an election promise by the NSW Government to acknowledge the value of the community services sector's essential work by committing to job security and long-term funding certainty.

The initiative's key focus areas are:

- **Longer term funding** - transitioning to contracts of five years or more
- **Pricing approaches** - the government and service providers collaborating to estimate five-year service delivery costs, including potential changes, with price assumptions open for discussion if needed.
- **Jobs compact** - meeting the minimum labour standards, promoting stable employment, supporting workforce learning and ensuring diversity.
- **Prequalification scheme** – minimising duplication in funding applications by service providers and streamlining government agencies access to information.

Throughout 2024-25, NCOSS actively participated as a member of the Taskforce Leadership Group comprising government and sector peak body representatives. The Roadmap was released in April 2025; implementation and evaluation will continue until 2027.

An internal framework that brings together clear guidelines and performance metrics, should be reinforced by a robust support system that incentivises and rewards genuine collaboration rather than simply administrative compliance. This framework would empower staff to build trust-based relationships with partners. [3]

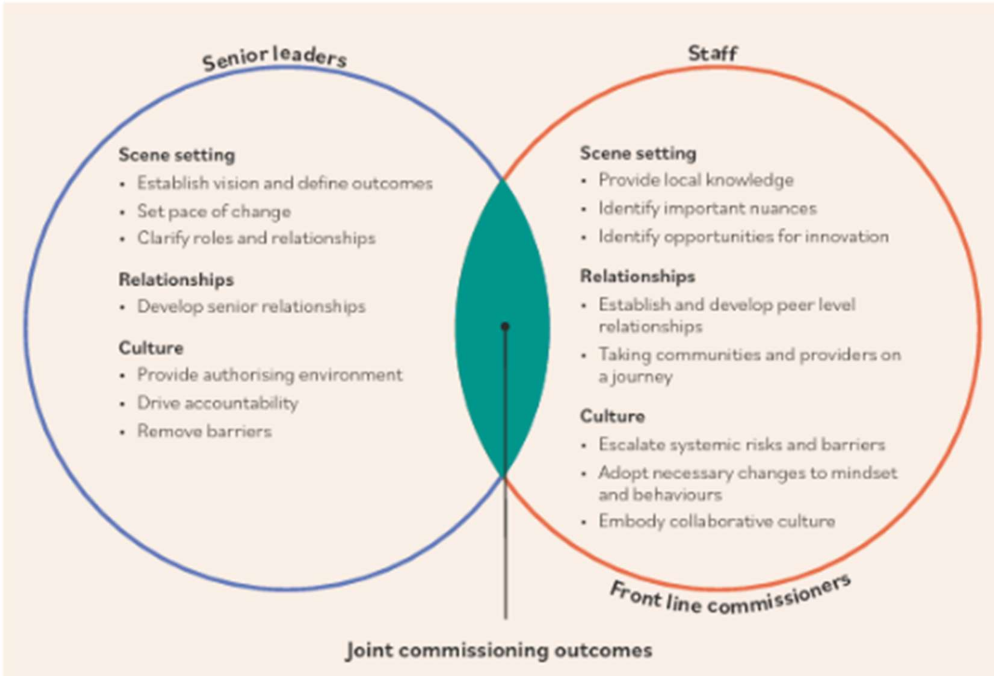

Image: PwC

Recommendations

1. Co-design the proposed collaborative commissioning joint governance framework with key stakeholders including the sector.
2. The outcomes framework must include both quantitative and qualitative outcome measures that demonstrate a holistic and person-centred picture of success
3. Review and invest in professional and workforce development across all commissioning activities.

C. The proposed National Prevention Framework should be pursued by the Commonwealth Government.

We fully support the recommendation of a National Prevention Framework and its commitment to improving people's lives and long term outcomes. An aspirational goal with the potential to shift the system toward long-term wellbeing, equity, and opportunity, recognising that meaningful change goes beyond financial returns.[4] The recommendation of this framework is strengthened through the inclusion of an independent Prevention Framework Advisory Board alongside an intergovernmental agreement of both State and Commonwealth Governments. This approach sets a strong foundation for the National Prevention Framework. Recommendations to elevate the success of a national framework include:

Prevention Framework Advisory Board (PFAB)

As advocates for the sector, we were pleased to see the inclusion of cross sectoral representation in the governance of the PFAB. This kind of genuine collaboration across agencies is a crucial step that has been a missing piece in other early intervention and prevention models. For a National Prevention Framework to succeed in its goal of supporting people before they reach a crisis point, it must leverage the existing work and knowledge of the care sector and the communities they serve.

We strongly advocate for embedding sector leadership within this panel, as a mechanism to ensure funded initiatives are truly grounded in lived experience and practical insight from frontline services. This approach will support the alignment of fiscal sustainability with social impact. Efforts to reduce long-term government costs will be driven by improved wellbeing through earlier and more effective service responses.

Implement a two way data exchange between government and the social sector

The PC highlights that the PFAB would play a central role in how data is shared and utilised but with no clear reference to the direct sharing of data between government agencies and the broader social service sector. From the initial stages of assessment through to program implementation and evaluation, data sharing across both government and community agencies will provide a more holistic understanding of need, outcomes and opportunity for improvement. A two-way exchange, with clear protocols, ensures a collaborative and properly informed approach to service delivery and policy.

Many service providers have embedded data systems that allow frontline workers to make informed decisions and tailor services to people's specific needs. This "on the ground" data is crucial as it captures information not typically found in government administrative data.

To improve the quality and consistency of data across all service providers, especially smaller organisations or Aboriginal Community Controlled Organisations, it is essential to standardise systems but also provide the resources needed to make this equitable across the sector. A common framework would ensure that all providers, regardless of their size or resourcing, can collect and share high-quality, comparable data, allowing for more comprehensive, large-scale analysis of early intervention programs and a better understanding of what works across different contexts.

A unified understanding of prevention

The PC report has taken a broad approach to defining prevention, recognising that at various points between early intervention and acute services, steps can be taken to stop problems arising or prevent existing problems from getting worse. While broad and flexible, the current ambiguity surrounding "prevention" means that agencies could propose initiatives that, while beneficial, are not truly preventative. For example, an initiative that provides temporary housing for people experiencing homelessness could be labeled as prevention when in fact, it is an emergency response. Without a shared metric, it's nearly impossible to compare the impact of different programs on long term outcomes, identify the most successful interventions, or ensure that funding under the framework is being used as effectively as possible.

In response, we recommend outlining a unified metric that all prevention initiatives must align with. This metric, created through a collaborative process with all stakeholders, would make it easier to compare the effectiveness of different programs and identify best practices.

Recommendations:

1. Embed sector leadership within the cross sectoral Prevention Framework Advisory Board.
2. Establish a two-way data exchange between government and the sector.
3. Ensure a unified metric of prevention is outlined within the Prevention Framework.

D. The Commonwealth should create a more cohesive approach to the regulation of quality and safety across care sectors while recognising the specific needs of different sectors and funding providers to deliver quality services.

The PC notes that there are a range of different mechanisms for regulatory quality and safety in the care sector, which creates complexity. This varies from legislative protections (e.g. in aged care, Early Childhood Education and Care and the National Disability Insurance Scheme (NDIS), to standards set by independent quality standards commissions, implemented in legislation (e.g. in health), to service agreements or contracts, professional regulations, licensing schemes and WHS schemes. This variation can result in a lack of transparency for service users, and complexity and cost for providers.

The PC proposes greater cohesion across quality and safety regulatory mechanisms, starting with the alignment of aged, disability and veterans services standards. It proposes consideration of a single regulator across those care sectors which would combine the existing Aged Care Quality and Safety Commission, the NDIS Quality and Safeguards Commission and the regulatory functions of the Department of Veterans' Affairs into a single statutory agency. Without taking a position on that specific proposal, we note that:

- Complexity and inconsistency across quality and safety regulatory systems increase the risks of non-compliance;
- The lack of transparency around quality and safety standards reduces service-users ability to assert their entitlements or hold services to account for poor service;
- Lessons can be learned from the experience of other jurisdictions, including the UK's Care Quality Commission, an independent regulator of health and social care, with powers to monitor, inspect and regulate services and take action when poor standards of care are identified;
- The articulation of quality and safety standards and service user entitlements is highly variable across sub-sectors, with few standards at all in some areas (like employment services), despite highly disadvantaged service users and evidence of very poor quality services (especially among larger for-profit providers).
- Gaps in quality standards should be addressed as a priority and providers adequately resourced to provide quality care and support services.

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