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To: The Productivity Commission
By: online submission

**Re: Submission to public inquiries “Delivering quality care more efficiently” and
“Harnessing data & digital technology”**

Dear Commissioners,

[Kernl](#) is an Australian company building AI-native tools for care providers. Our goal is simple: help providers specialise in people, not admin. We welcome the Commission’s focus on practical reforms to lift productivity and quality outcomes across the care economy, and we appreciate the opportunity to contribute.

Our submission outlines five ideas for how government can support the adoption of AI in the care economy as a means to improve the productivity and quality of care.

1. Redesign government workflows to be AI-native now, matching work being done in market
2. Invest in provider communities of practice
3. Upskill public servants in AI so they are in lockstep with sector capabilities
4. Redesign care data and how it is used
5. Make AI inclusive from the outset

In doing so, this submission also shares the current challenges faced by providers and the opportunity of AI to make a significant difference.

Thank you for considering this submission. We would be pleased to brief the Commission and arrange demonstrations of AI care software in action if useful.

Sincerely,

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Introduction

Providing care is simple. Providing *quality* care is hard. Care is riddled with key person risk. It is built on relationships and relationships are built on context, knowledge and action.

Workers and providers have a broad view of a client, supporting them in their home, community and workplace, they see preferences play out day in, day out. They notice the fabric of choices made by a client that, woven together, makes up a person's life. This is the **context**.

This broad view leads to a deeper understanding of the client, one that changes and grows as the client does. This is the **knowledge**.

With this context and knowledge, workers and providers can be more proactive in their support. Knowing client preferences and what would be helpful, they are more likely to act on good instincts. And clients' lives, in turn, are better off for it. In small ways, like how you speak to me, and in big ways, like my funding outcomes. This is the **action**.

To do this well, providers need:

- Rich information that is all in one place
- An intuitive grasp of the broader view
- Context-informed discernment in decision making

Until now, humans have been the only way to do this properly. While existing technology has tried to solve for it, in reality all technology has been able to do is house information that is static, passive and often fragmented. It has been a system of record. But with the rise in AI, we have the opportunity to manage context, knowledge and action much more effectively.

We have the opportunity to build a new system of care that augments the human role, enabling sustainable, high quality providers to scale and meet demand, both now and as populations grow.

AI can:

- Enable provider sustainability and growth
- Capture better on-shift intelligence
- Drive better analytics and, therefore, prevention
- More easily adapt to regulatory needs and changes

In its interim report, the Productivity Commission calls for reforms that enhance connectivity as a way to drive greater productivity and quality (Productivity Commission, 2025). Nowhere is this more promising than with the broad adoption of AI across the care economy.

In addition to unpacking the role of AI in care, this submission outlines how we believe government should be thinking about the opportunity through practical, real-world scenarios that can be actioned today.

These are:

1. Redesign government workflows to be AI-native now, matching work being done in market
2. Invest in provider communities of practice
3. Upskill public servants in AI so they are in lockstep with sector capabilities
4. Redesign care data and how it is used
5. Make AI inclusive from the outset

It is important to make Kernl's beliefs about AI in care explicit. These are the principles that guide all of our work, including this submission.

- **Humans are vital to AI-powered care workflows**

AI will replace work currently done by people in many ways, this is as true in the care economy as anywhere. However, in our specific context, this should and can be done with the view that it enables people to do more meaningful, value-adding work. For us, these are the uniquely human aspects of care, from being in a client's home to overseeing important decisions about funding, incidents and quality assurance.

- **Interoperability is a must-have, not a nice-to-have**

The care economy is a disjointed place. Between sectors, between regulators and between systems. We have a long way to go to strengthen interoperability. Any redesign should start with an open approach in which information, workflows and systems are shared by default.

- **AI is not an opportunity to redesign technology, it is an opportunity to redesign work**

As we apply AI to care, we shouldn't be looking for ways to simply layer it on top. We should take an AI-first approach and design new ways of working from first principles, genuinely reconsidering the way people and systems work. This is the only way to materialise the promise of greater productivity and quality that AI offers.

- **Respect the pace of change**

AI is moving at an eye-watering pace. The cycle of iteration is speeding up and new capabilities are coming online more rapidly than any technology before it. However, people are also part of the care loop. And if we're going to be successful in building a

more productive and high quality care economy, we must be as mindful of the pace of people as we are the pace of technology in bringing about change.

- **Safety and security are table stakes**

The kind of information care providers, and by virtue Kernl, handle is highly personal and sensitive. Ensuring this stays private and in the direct control of care recipients is paramount. It is non-negotiable that we act as safe, secure and thoughtful stewards of this information.

About Kernl

Kernl is an Australian software company building intuitive AI tools for care providers so they can specialise in people, not admin. Our tools are designed to be used by both frontline workers and central team members, and are built with enterprise-grade security, meeting the needs of organisations that handle sensitive information.

The Kernl team has deep experience in delivering care and support having built disability tech services since the roll out of the NDIS over a decade ago. We are also family members and advocates of people with disability.

Why we are making a submission

Kernl is driven by a deep need to ensure the AI wave does not pass by the care economy like so many waves of technology before it. Care providers are working hard to deliver high quality services but our extensive customer research has highlighted many common challenges facing provider sustainability and quality. As a result, we welcome the Productivity Commission's inquiry and are grateful for the opportunity to make a submission.

The insights and suggestions made in this submission are based on customer research, including:

- The challenge providers have in scaling their operations without adding headcount. Currently, if providers want to serve more clients, this means more employees in their central teams. As a result, the cost of growing is an inhibitor of growth.
- Current care management software, like all traditional workflow software, is layered on top of the human work. They still require people to drive and manage every part of them. This means that although software has made work easier, it has not changed the shape of the work itself and therefore made a substantive change to how providers operate.
- There is low technical literacy across the care economy. While larger providers are likely to have some technology or IT skills on staff, these are often limited to fixing issues as they arise and are not embedded in service design where technology has the potential to make a difference. Providers largely resort to people-based solutions by default when solving problems.
- Given the number of technology systems providers use in their operations, and the fact that they don't have adequate in-house talent to build bespoke solutions, most

information is moved between systems manually. Given the volume of data collected and managed in care, this is an onerous and unscalable task in and of itself.

- Capturing and utilising on-shift intelligence to improve service quality is rarely undertaken by providers. Overwhelmed with just managing the delivery of care, little is documented and databased outside of incidents or issues, which makes it hard to use on-shift intelligence to improve service dynamics and quality.
- Managing workforce rostering, especially last minute changes to worker availability, takes a significant amount of time for providers. The rostering puzzle requires deep contextual knowledge - matching the right client and worker, managing employment award requirements and optimising for location and travel between shifts, then doing this all again when a worker or client makes a shift change.

Why AI offers great promise for care

We believe there are significant gains to be had from safely and thoughtfully adopting AI in the care economy. Mapping and reporting against these outcomes will be key to understanding the impact of AI and knowing what is working and what is not.

Enabling provider sustainability and growth

Currently, providers are not only unprofitable, they are technically unsustainable. In FY24 registered NDIS providers experienced a median loss of 0.9% for a third year in a row. Industry leader, Ability Roundtable, forecasted this will also be the case in FY25 for a fourth consecutive year (Ability Roundtable, 2025). The NDIS sets its pricing on the assumption that providers will be sustainable with a 2% margin, however research suggests a 4-5% margin is needed for sustainability (Ability Roundtable, 2025). As a result, 75% of providers are not performing at a sustainable level and have not been for the past 3 years (Ability Roundtable, 2025).

In aged care, the story is no different and even more pertinent with the Support at Home changes ahead. 40% of providers are operating in deficit (Sutton et al., 2025) and service revenues would need to increase by 38% in order for providers to be viable with an investible margin (StewartBrown, 2025).

And yet, providers can not see a scalable path forward. At this stage, more growth requires more headcount. Current technology does not enable providers to grow without this constraint (Kernl, 2025).

How AI helps:

- This headcount is largely driven by the volume of administrative and coordination tasks that comes with care delivery, from post-shift reporting to roster management.
- AI excels at administrative and coordination tasks.
- Building AI-powered workflows that are specific to care and its regulatory requirements will enable providers to grow at a fraction of the cost.

Capturing and acting on better on-shift intelligence

Information capture before, on and during shift is still a very manual task that often lags the actual care delivery itself. This can result in incomplete or ineffective records, limiting the usefulness of this information. Given the nature of on-shift intelligence (e.g. client preferences, record of incidents, client context and environmental factors), this is a significant barrier to improved quality of care (Kernl, 2025).

How AI helps:

- AI tools allow us to capture more contemporaneous information, making shift noting more accessible and more intuitive.

Driving better analytics and, therefore, prevention

While there are reams of information that come with delivering care services, providers currently lack meaningful insights into their service delivery, due in part to the challenge of capturing on-shift intelligence and their inability to make resourcing available for analytics and prevention.

For example, teams that manage complex care such as restrictive practices (RPs) are tied up with managing the administration and paperwork of RPs instead of spending time on analysing when, where and why RPs are occurring and how to prevent this from being required in the first instance (Kernl, 2025).

This is also true of governments. While providers submit volumes of information to government, often it does not offer much insight and so government asks for more. This can layer more work on providers but without always solving the issue. For example, governments are requiring highly granular and repetitive reports on restrictive practices. However this has not resulted in a decrease in the number of RPs being used, indicating that there is a significant gap between documentation and prevention.

It is important to note that data requests from government are important and made in good faith with a view to improve service quality, however, work must be done to improve the quality of information and how it is used.

How AI helps:

- In driving better on-shift intelligence and more capacity to redirect teams from reactive management to proactive prevention, AI can take on the administration of information and help providers and government with pattern-matching and service improvement.

More easily adapt to regulatory needs and changes

Meeting regulatory changes is a significant challenge for the care economy. While it is important for regulation to stay relevant and responsive to service and market dynamics, mandated changes to pricing, award conditions, funding and service delivery always cause disruption. This is in part because these changes, no matter how small, must be manually applied at the provider level.

Rostering is a significantly painful example of this. Even with current rostering software in place, providers still need to manually process new conditions and rules.

For example, for many disability providers, a roster, a shift is worked and the information is sent for billing and payroll. It is at this point that SCHADS conditions are applied and worker wages are factored in. This means that providers run the risk of rostering on the most expensive worker without knowing it. Award conditions like overtime are calculated after the shift has occurred and the cost incurred by providers.

Other recent examples are the changes to NDIS in/out funding lists and paid travel between shifts. Optimising rosters for these new rules required significant and manual rostering changes for providers (i.e. what workers can and can't do on shift, and where shifts take place in relation to each other).

How AI helps:

- At the point of scheduling, AI can digest large volumes of contextual information to produce an optimised roster in seconds, factoring in award conditions and the cost of labour before it becomes a real cost for providers
- AI can ingest new regulatory conditions and produce an alternative roster in seconds. This can be escalated to a human for review, making the whole task a matter of minutes not hours for providers

Ideas to improve quality and productivity in care

In addition to the work being done across the provider community to adopt AI and improve the quality and productivity of care, we believe there are a number of ways the government can enable and accelerate change. These ideas are outlined below.

Idea 1: Redesign government workflows to be AI-native now, matching work being done in market

Providers of all sizes are currently remapping and rethinking their workflows. They are going beyond simply replacing current technology with AI-powered systems, taking a first-principles approach and rethinking where human-powered administration can be redirected.

Government should invest in the same thinking, starting now. If it doesn't, providers may operate better internally but will continue to be constrained by outdated processing as they integrate with government systems, limiting the potential of AI to improve provider productivity.

Government should look to do this in partnership with industry, co-designing workflows with providers directly so they are as seamless as possible between entities.

Idea 2: Invest in communities of practice

As with any change journey, good leadership is critical to success. As internet-era innovations were rolled out to public services in the UK, the spread was uneven, largely driven in pockets by good leadership. This leadership was generally shown by people in mid-level management who were hands-on and given space to explore by leaders above them. This patchy adoption curve was tenuous with programs changing or stopping as good leaders moved on (Plunkett, 2024).

To avoid this, we should invest in a new generation of provider leadership and its ability to harness AI effectively. We have the opportunity for Australia's care economy to be a global beacon for how AI can be ethical and powerful, addressing real problems for care recipients. Government should foster, support and, where possible, invest in communities of practice that upskill care economy leaders on the concepts, tools and capabilities required to lead teams that use AI responsibly to deliver better outcomes.

Idea 3: Upskill public servants in AI so they are in lockstep with the sector

It is equally important that we upskill our public service workers to understand and manage AI. To realise the potential productivity and quality gains in AI, government services need to keep pace with market changes and if our public servants can't understand the risks, opportunities and power of AI in practice, there is a risk that we slow down or undermine positive change.

The Australian Government could learn from the UK's government's [AI community](#) as a starting place.

Idea 4: Redesign care data and how it is used

Meaningful data and insights are thin on the ground in care service delivery. This is true within providers, between providers and government and within government. Poor data and insight hinders quality (how do we know what works for clients?), progress (how do we know we are building capacity and independence?) and growth (how do we know where there is unmet need?).

In its interim report, the Productivity Commission (2025) recognises that this, "lack of accessible high-quality data makes it hard to measure relevant outcomes."

As we realise the value of AI in capturing better data and turning this into more insightful intelligence thanks to the pattern matching capability of AI, government should take this opportunity to redesign what data is useful and build the systems for it to be collected and shared more effectively. This should be done with a view to strengthening services and improving outcomes for care recipients.

Idea 5: Make AI inclusive from the outset

It is not uncommon for providers to have well developed feedback loops on risk, safety and security. However, we have heard from many whose client feedback loops are significantly underdeveloped by comparison, especially where the feedback is positive. This means that negative, non-client driven feedback tends to be heard most within providers, and in turn has the most influence on culture and service design (Kernl, 2025).

In improving on-shift intelligence with AI, we have the opportunity to better position clients within this loop. However, technology is not always accessible to diverse populations.

Government should work to mitigate this with AI by considering inclusivity requirements alongside broader responsible and ethical guidelines for any new technologies.

Canada's approach to AI in healthcare serves as a reasonable guide for Australia on this. The approach stresses collaboration between government, providers and technology developers to ensure AI solutions are co-designed with end users in mind. Canadian policy highlights the importance of creating AI that is not only efficient but also equitable and inclusive, ensuring that AI tools are accessible to and address the needs of diverse populations, including people with disability and older adults (Health Canada, 2025).

Adopting a similar principle in Australia would ensure that any locally designed systems or AI capability will reach all stakeholders in the care economy.

Appendix

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