HumanAbility Submission

Productivity Commission interim reports on the five pillars of productivity

Pillar 2: Building a skilled and adaptable workforce

Pillar 3: Harnessing data and digital technology

Pillar 4: Delivering quality care more efficiently

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Acknowledgement of Country

HumanAbility acknowledges Aboriginal and Torres Strait Islander peoples as the Traditional Custodians of Australia and their continuing connection to both their lands and seas.

We pay our respects to Elders – past and present.

About HumanAbility

HumanAbility is the Jobs and Skills Council for the Care and Support Economy. One of 10 Jobs and Skills Councils established in 2023, our role is to provide leadership to address skills and workforce challenges for our industries, with a focus on the Vocational Education and Training (VET) qualified workforce.

We are responsible for ensuring the aged care, disability support, children's education and care, health, human (community) services and sport and recreation sectors are supported with skilled, adaptable and sustainable workforces to achieve positive economic and social outcomes for industry, community and individuals.

Human Ability's four key functions are:

- Workforce planning
- Training Product development
- Implementation, promotion and monitoring
- Industry stewardship

We are tripartite. Our governance structure and stakeholder engagement approach reflect government, unions and industry.

Contents

Executive Summary

HumanAbility welcomes the Productivity Commission's interim reports on the five pillars of the Government's productivity growth agenda. This submission focusses on three of the five reports:

1. Delivering Quality Care More Efficiently (hereafter, care);
2. Building a Skilled and Adaptable Workforce (workforce); and
3. Harnessing Data and Digital Technology (digital).

Access to care and support services is fundamental to wellbeing and labour force participation. Protecting and expanding **access must be treated as an essential driver of national productivity**.

Aboriginal Community Controlled Organisations (ACCOs) play a critical role in delivering culturally safe care, leading regional planning and supporting workforce diversity. Sustained, flexible funding for ACCOs is essential.

The **Commission should avoid artificially narrowing its scope**. Its Chair has rightly stated that no single reform will restore productivity growth, and that many pro-productivity decisions are needed.

HumanAbility has previously submitted a range of **reforms that remain vital and underattended**:

- earn-while-you-learn models;
- systematic job design reviews;
- scope of practice reforms;
- stronger workforce data;
- clear career pathways;
- tertiary harmonisation; and
- ethical adoption of technology.

The **draft reports underplay or ignore key realities for the care and support services sector** including the gendered impacts of the care and support workforce being disproportionally female, labour supply shortages, the impact of low pay on attraction and retention, and government monopsony.

Regulatory alignment is addressed in principle but not in practice. The final reports should set out how alignment can be achieved, through robust consultation, and clear governance.

The aim of regulatory reform must be to **design bureaucratic systems that lighten the administrative load on providers**, not systems that shift that load onto providers for Departmental efficiency.

Reforms must not shift costs onto low-paid workers or financially stretched providers. Government should meet any additional costs to avoid undermining workforce and provider sustainability.

A wide review of occupational entry requirements is warranted, but evidence does not justify removal in aged care where Royal Commission recommendations should take precedence.

Finally, HumanAbility supports a **consensus approach to overseas skilled migration** and calls for stronger linkages between the inquiries, ensuring **workforce issues are embedded in the care report** (and vice versa).

Expand Access to Care and Support Services to Drive Productivity

Care and support services are fundamental to wellbeing, dignity, and economic participation for all Australians. These services have a direct impact on physical and mental health, labour force participation, and the reduction of disadvantage.[i] With Australia's population ageing and diversifying, and a transition from informal to formal care, demand in these sectors is rising sharply.[ii] Protecting and expanding access to these services is paramount for Australia's future productivity.

It is crucial we do away with the misunderstanding that productivity in the care and support sector inherently lags productivity in other areas of the economy. Standard productivity measures don't tell the full story for the care and support economy because service quality and key outputs (like improved wellbeing or reduced intervention) are difficult to price, identify, and attribute. As a result, metrics struggle to reflect the nature of the work, the outcomes produced, and the conditions required for success.[iii]

Many of Australia's most productive sectors are within the care and support economy. While traditional multifactor productivity metrics in the hospital sector have been long reported as low, when adjusted for quality, productivity growth for this sector outpaced the broader economy, growing by about 3 per cent annually between 2011-12 and 2017-18. This finding by the Productivity Commission clearly refutes the idea of naturally low productivity in care and support.[iv]

The productivity of care and support is repeatedly reinforced throughout the interim reports. For instance, in discussions around fragmented care, two of three integration examples highlight access as the core issue.[v] The examples of effective collaborative initiatives also (inversely) platform the importance of service access.[vi]

This reasoning highlights that the availability and ease of accessing services are critical determinants of overall economic efficiency. As a result, care and support services should be appropriately recognised as essential drivers of productivity, contributing significantly to living standards and economic well-being.

As outlined in the care report, rigid and short-term funding arrangements are a significant barrier to access, as they limit the capacity of organisations to meet their objectives, and prevent them from attracting, retaining, and training staff.[vii]

It is essential, for Australia's future productivity, that current access to care and support services is protected, and comprehensive analysis is undertaken to understand where it should be expanded.

These historically undervalued roles remain overwhelmingly female-dominated in both paid and unpaid workforces.

Alongside the paid workforce, Australia's large volunteer workforce contributes significant value across care and community services. Sustaining and strengthening this contribution should be recognised as part of the productivity agenda.

Economic security from employment is not guaranteed for people with disability. Increasing participation by people with disability and embedding lived experience expertise into roles is vital. This not only expands the available workforce but also improves service design and delivery, strengthening both equity and productivity.

Support Aboriginal Community Controlled Models of Care

HumanAbility reinforces the care report comments that investment in Aboriginal Community Controlled Organisation and Aboriginal Community Controlled Health Organisation models of care is essential for achieving better outcomes for Aboriginal and Torres Strait Islander people. These organisations provide culturally safe, consistent, and trusting care, which directly translates into improved outcomes.[viii]

ACCHOs are uniquely positioned to lead regional needs assessments and service planning for Aboriginal and Torres Strait Islander populations, ensuring care is responsive to community-specific needs. Sustained and flexible funding for ACCOs (coupled with culturally appropriate prevention programs) directly supports the National Agreement on Closing the Gap targets and helps to build a more diverse and skilled workforce by accommodating First Nations workers.

Recognise and Advance Missed Opportunities

While acknowledging the valuable insights offered in the Productivity Commission's interim reports, the scope of these inquiries has been too readily reduced. The Productivity Commission Chair has explicitly stated that "productivity growth is the only way to sustainably lift wages and opportunities over time".[ix] The Chair has also highlighted that "there is simply no single policy reform that can bring productivity growth back to its long-term average" and that "to shift the dial, governments will have to make a lot of pro-productivity decisions".[x] This framing means the appetite to defer or sidestep important and impactful reforms should be low.

The Terms of Reference for these inquiries appropriately instructs the Commission to "have regard to other current and recent reviews of relevance to Australia's productivity performance" and to "identify prospective areas for reform...recognising the findings of recent reviews and taking into account Government reforms and reform directions".[xi]

However, "having regard to" or "recognising" other findings should not serve as a restriction when impactful cross-sectoral reform is not underway. An expansive view of reform opportunities, rather than one that avoids areas due to other (often finalised) review, would better serve the goal of boosting Australia's productivity performance and more closely align with the Terms of Reference.

For these reasons, HumanAbility recommends that the final reports incorporate a longer list of recommended opportunities to improve productivity, including detailed proposals on the previously submitted initiatives summarised below in Box 1.1.[xii]

Box 1.1: Vital initiatives that can make a productivity difference

Earn while you learn models: designed to reduce 'placement poverty' and attract a more diverse workforce. HumanAbility notes that new or expanded earn-while-you-learn opportunities need careful design to avoid narrowing the learning experience or shifting costs onto employers and providers and must not inadvertently reinforce a low-paid work model within an already underpaid sector.

Job design reviews: aimed at aligning qualifications with real-world tasks and supporting stable employment. HumanAbility highlights that many care and support roles have evolved significantly, but qualifications and job descriptions have not always kept pace. This often leads to casualisation, limited career pathways, and staff being required to perform tasks outside the scope of their formal training.

Scope of practice reforms: to improve delegation of tasks and reduce professional underutilisation. Enabling professionals to work to their full scope can improve access to care, lead to better health outcomes, and increase job satisfaction, which, in turn, supports workforce retention. HumanAbility stresses that these reforms should be accompanied by clear delegation frameworks and appropriate supervision to avoid confusion or role creep.

Better workforce data: essential to support effective planning and investment. The development of career pathways frameworks, for instance, requires data to guide training and education providers, underscoring the importance of comprehensive, granular, and timely workforce information.

Career pathways frameworks: to clarify roles and support workforce development, helping workers understand progression opportunities and aiding talent retention. This aims to counter ambiguity that contributes to high turnover rates and challenges in attracting new employees. The frameworks should identify the skills, qualifications, and experience required at each stage, providing a clear roadmap for career development.

Tertiary harmonisation: to remove unhelpful barriers between vocational education and training and higher education. This aims to align these systems to enable clearer pathways, more flexible program design, and stronger recognition of both skills and knowledge, ensuring that learners can access the right mix of training and education across their careers. HumanAbility also commends the development of a national recognition of prior learning portal with standardised practices across RTOs, supported by ASQA oversight. This should provide clear guidelines, self assessment tools, and digital credential wallets.

Ethical use of technology: prioritising tools that support frontline care. This involves leveraging technology effectively and safely, enabling workers to spend more time on meaningful care, thereby improving job satisfaction and workforce retention by reducing time spent on repetitive or low-value tasks.

These initiatives are grounded in sector feedback and aligned with the broader goal of building a more skilled, responsive, and resilient care and support economy. They collectively possess the potential to drive productivity gains over time by improving how work is organised, reducing duplication, strengthening workforce capability, and supporting more consistent, effective service delivery. A more expansive interpretation of the Terms of Reference, focusing on how these initiatives contribute to productivity, would strengthen the final recommendations.

Recognise Defining Challenges in the Care and Support Economy

The credibility of these inquiries collectively depends on their engaging with real-world challenges. When the interim reports collectively omit the well-established evidence that employment conditions and resourcing are affecting service delivery in the care and support services sectors,[xiii] the analysis risks appearing disconnected from reality and of limited use in guiding reform. Concerningly, there is limited discussion across the interim reports of the care and support workforce being a female-dominated workforce and the gendered impacts this has historically had on pay, data, training pathways and of attracting and retaining men in non-traditional roles[xiv]. For example, the interim care report:

- contextualises the current and forecast demand for care services, but not the growing shortfall of labour supply required to deliver those services;[xv]
- identifies the labour intensity of the care sector and asserts wage equalisation pressure from the rest-of-the-economy, but does not recognise the sector's frequent reliance on low-paid workforces;[xvi]
- recognises that costs can lead to service withdrawal, but is muted on the near monopsonic role of government in wage and funding setting;[xvii] and
- notes the proportion of women working in the care and support sectors, but does not analyse this further. The interim care report provides some more detail but tends to focus more on getting women into non-traditional roles rather than on the care workforce[xviii].

By addressing these omissions in its final report, the Commission can strengthen the credibility of its analysis and build greater confidence in its recommendations.

Incorporate the Regulatory How

It is uncontested that quality and safety regulation is important.[xix] It is also widely acknowledged that quality and safety regulation can be unnecessarily expensive if not set correctly. Similarly, there is universal agreement that regulatory alignment is beneficial when it can be achieved without excessive cost. [xx]

These acknowledgements notwithstanding, previous endeavours to align and optimise regulation have faced roadblocks and lost momentum. The care report highlights three key reasons for this: competing priorities, fragmented responsibilities, and resistance to further change.[xxi]

It is important to note that wide agreement on finding the right regulatory balance predates many failed attempts at optimising regulation.[xxii] Similarly, the Productivity Commission's Principles of leading-practice regulation also predate many stalled attempts to align regulation.[xxiii]

These failures exhibit that while the "what" (the desired principles and outcomes) was understood, the "how" (the process of implementation and overcoming systemic barriers) proved to be the more significant challenge. Therefore, more consideration should be given to the *how*.

The Government and Australia would be well served by a set of final reports that better enunciate practical pathways to implementation, incorporating robust consultation with stakeholders and identifying the governance arrangements needed to sustain momentum.

Align Bureaucracy to Real-World Needs

The care interim report highlights that fragmented and misaligned regulation across different care sectors creates unnecessary burdens and costs for care users, providers, workers, and government, ultimately reducing the sector's productivity.[xxiv] Bureaucratic systems should be designed to lighten the administrative load on providers, not entrench systems that shift that load onto providers for the sake of Departmental efficiency.

For example, combining aged care quality standards and National Disability Insurance Scheme practice standards into a single set, as recommended, will require a modular approach.[xxv] This means developing core modules that apply universally, supplemented by specific modules tailored to different service types, thereby accommodating the meaningful differences between sectors without compromising overall quality or safety. HumanAbility endorses a national, portable screening clearance that spans aged care, disability, veterans' care, and early childhood education.

Extend the Prevention Framework

HumanAbility strongly supports the recommendation to establish a National Prevention Investment Framework as detailed in the care interim report.[xxvi] We acknowledge the Commission's analysis that investing in effective prevention can improve outcomes and reduce demand for services over time, thereby helping to slow ongoing growth in government expenditure in care.[xxvii]

The framework's design should extend its focus beyond the care sector and aim to slow *all* government expenditure. Designing the framework to explicitly recognise cross-sectoral benefits will maximise its potential to drive productivity.

Similarly, the framework should consider proposals and projects where the government may not be a direct beneficiary, but the public is. The inquiry scope acknowledges the importance of "benefits accruing to Australian households including distributional impacts where possible, or other outcomes such as improved quality of

services or living standards".[xxviii] Non-fiscal returns-on-investment should be explicitly weighed in the assessment and prioritisation of prevention initiatives.

By adopting this comprehensive approach (encompassing all government expenditure and prioritising broader public benefits) the National Prevention Investment Framework can be more transformative.

Protect Standards in Aged Care Entry Requirements

HumanAbility acknowledges the analysis in the workforce report highlighting that Occupational Entry Requirements (OERs) may worsen worker shortages. We recognise that the evidence provided warrants a wide-scoped review of OERs across various occupations. The documented prevalence and inconsistencies of OERs across jurisdictions underscore this need.[xxix]

However, it is similarly clear that the interim report does not provide sufficient evidence to warrant the immediate removal of any specific entry requirement. The draft recommendation says that OER reductions "should be considered for" specific occupations.[xxx] This cautious framing by the Commission indicates a need for further evidence before advocating for the removal of existing regulations.

Further, the interim report's suggestion against minimum qualifications in aged care is unsupported.[xxxi] This suggestion contradicts the Royal Commission into Aged Care Quality and Safety, which recommended a mandatory Certificate III for care workers, and comes as the Australian Government is developing a national aged care worker registration scheme for personal care workers.[xxxii] Worker registration is an enabler: it provides the most direct pathway to reliable workforce data, strengthens career pathways, and underpins quality and safety across the sector. Registration should be advanced as a central workforce reform, with national implementation aligned to the skills pathways, workforce and career planning agenda. In this context, the Commission's caution that licensing may be an entry barrier is misplaced in aged care where the evidence shows it is essential infrastructure for a sustainable and professionalised workforce.

For these reasons, review of aged care OERs should be deprioritised in favour of reviews covering roles where regulatory reform is not already underway and the supporting evidence not so authoritatively established.

As stated in our submission on the national registration scheme for personal care workers, targeted consultations with First Nations people and Aboriginal Community Controlled Organisations are essential to inform the most appropriate approach to occupational requirements for First Nation workers.[xxxiii]

Conclusion

HumanAbility welcomes the Commission's work across the five pillars of productivity and urges the final reports to adopt a more expansive and integrated approach. Productivity in the care and support economy depends on access, quality, and a sustainable workforce. Reforms must therefore protect and expand access to services, strengthen ACCO models of care, and address workforce challenges directly through practical, evidence-based initiatives.

The Commission's final reports will carry greater weight if they focus on the "how" of reform, not just the "what," and if they engage openly with the pressures facing workers and providers in the sector. Clearer linkages between the inquiries, and a practical strategy for aligning regulation to real-world needs, will ensure the analysis is highly credible and of direct use to governments.

References

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ii Australian Institute of Health and Welfare (2024). Older Australians.

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iv Productivity Commission (2024). Advances in measuring healthcare productivity.

v Productivity Commission 2025, Delivering quality care more efficiently, Interim report, Canberra, August., 31.

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vii Productivity Commission 2025, Delivering quality care more efficiently, Interim report, Canberra, August., 33.

viii National agreement on closing the gap. Canberra: National. Indigenous Australian Agency; 2020, Priority Reform 6.42

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xi Chalmers, J (2025). Terms or Reference: Five pillars of the Government's productivity growth agenda.

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xiii See, for example: Royal Commission into Aged Care Quality and Safety (2021). Finale Report: Care, Dignity, and Respect; Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability (2023). Final Report; and Royal Commission into Defence and Veteran Suicide (2024). Final Report.

xiv See the Jobs and Skills Australia (2025), Education and training divides – Gendered skills, pathways and outcomes

xv Productivity Commission 2025, Delivering quality care more efficiently, Interim report, Canberra, August., 6.

xvi Productivity Commission 2025, Delivering quality care more efficiently, Interim report, Canberra, August., 7.

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xviii Productivity Commission 2025, Delivering quality care more efficiently, Interim report, Canberra, August. 5. And Productivity Commission 2025, Building a skilled and adaptable workforce, Interim report, Canberra, August. 13.

xix Productivity Commission 2025, Delivering quality care more efficiently, Interim report, Canberra, August., 11.

xx Productivity Commission 2025, Delivering quality care more efficiently, Interim report, Canberra, August., 9.

xxi Productivity Commission 2025, Delivering quality care more efficiently, Interim report, Canberra, August., 26.

xxii See, for example: The establishment of regulatory alignment taskforces in 2021 and 2022 occurred after these principles were articulated.

xxiii Productivity Commission 2025, Delivering quality care more efficiently, Interim report, Canberra, August., 16.

xxiv Productivity Commission 2025, Delivering quality care more efficiently, Interim report, Canberra, August., 11.

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