Delivering quality care more efficiently (interim report)

Productivity Commission Inquiry: Quality Care (sections 1.1, 2.1 and 3.1)

Date: 15 September 2025
Subject: MSIA response to selected draft recommendations (Interim report, August 2025)
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MSIA
MEDICAL SOFTWARE INDUSTRY ASSOCIATION

Acknowledgment of Country

The Medical Software industry of Australia acknowledges traditional custodians of country throughout Australia and recognises the continuing connection to lands, waters and communities. We pay our respects to Aboriginal and Torres Strait Island cultures and to Elders past and present.

The MSIA supports Australia's health software industry for equitable access to healthcare & productivity.

Executive Summary

Thank you for the opportunity to comment on the interim report, which the Medical Software Industry Association ("MSIA") supports. MSIA is the national peak for Australia's digital-health sector, representing 140+ member companies. Our members develop and manage the clinical and administrative systems that power Australia's healthcare, from booking right through to payments including care in Hospitals, General Practice, Pharmacy, radiology and pathology, aged care, disability, and virtual care. We work constructively with government to design practical, risk-proportionate reforms that lift quality, safety, and productivity across the care economy.

This submission builds on MSIA's previously published positions including:

- 2025 Incoming Government Brief for Productivity – powering Australia's healthcare for all Australians
- Data Availability and Transparency Act 2022(DAT Act) Cth Review
- MSIA Submission to the productivity Commission Pillars 1,3 & 4
- Submission to the Economic Roundtable
- MSIA Submission: Digital Sourcing Consider First Policy (The Digital Transformation Agency)
- Response: DTA Response to MSIA Submission Consider the First Policy
- Australian Institute of Health and Welfare: National Health Information Strategy Online Consultation Response

Summary of MSIA position

All three (3) draft proposals are supported. These have been extended in this submission in recognition of the fact that healthcare in Australian public and private realms depends on health software which is largely developed by member companies of the MSIA.

A digital-first commissioning model can unlock measurable quality and productivity gains now. MSIA recommends three linked actions:

1. Harmonise regulation via a single GovData-Ready certificate and mutual recognition across jurisdictions.
2. Commission for digital outcomes and pay on verified adoption and create a national Industry Services Catalogue so LHNs/PHNs/ACCHOs can directly procure vendor-delivered implementation services.
3. A prevention stream should preference solutions available now in Australia's healthcare landscape – for example, use of precision medicine is possible with the right settings now, as referenced in our submission above to the AIHW.

Government sets the trajectory with regulation and payments, but industry embeds the direction making it a reality through software in healthcare settings. The data collected by our members holds the key to meaningful outcomes based on preventative care.

We support the alignment of quality and safety regulation across the care economy which is achievable through our recommended approach of 'test-once, accept-many' times and mutual recognition throughout all jurisdictional Australian governments and regulators.

Likewise, we support collaborative commissioning with shared KPIs, and a cohesive National Prevention Investment Framework with digital tools and co-funding to stop the "blame game" between the Jurisdictions and Commonwealth governments to facilitate outcomes over transactions.

We look forward to working with Government on all three proposed reforms for productivity uplift in health.

Draft Recommendations

Draft recommendation 1.1 - The Australian Government should pursue greater alignment in quality and safety regulation of the care economy to improve efficiency and outcomes for care users. (MSIA Supports)

Harmonisation of regulation provides certainty for users and investors of technology, in addition to significant productivity uplift as a result cutting down duplication. It also has the flow-on benefits of increasing workforce capability and availability, as the obstacles of attaining multiple overlapping certifications are overcome. The proposed harmonisation of quality and safety regulations could be informed by the MSIA proposal on reformed Data Governance on page 15 of the MSIA 2025 Incoming Government Brief for Productivity – powering Australia's healthcare for all Australians, reproduced here:

Data Governance

Moving from many overlapping frameworks to one clear, risk-based system.

Fragmented rules cause cost and confusion. Each tier of the health system has its own framework: the Australian Digital Health Agency's corporate "Data & Information Governance" model Digital Health Australia; the RACGP's practice-level security handbook RACGP; state and Commonwealth health departments' frameworks Health and Aged Care Australia; plus the Finance-led whole-of-government framework now under development Department of Finance. Vendors must map to—and insure against—several sets of principles, inflating procurement paperwork and premium costs and slowing adoption of new software.

SOLUTION
National Data-Governance Unification Package

Single over-arching framework. Finish Finance's APS-wide Data Governance Framework and legislate it as the baseline; all sector-specific guides (health, GP, AIHW) become "implementation handbooks" that can add nuance but **may not contradict** the core controls.

National Data Governance Council. Co-chaired by Finance and Health with ADHA, AIHW, OAIC, Peak industry and professional representatives and state CDOs to maintain the common core, approve sector add-ons and publish a living glossary.

One certification, many uses. Create a single "GovData-Ready" conformance assessment (built on the Five Safes, ISO 27001 and the FAIR principles); agencies accept it in lieu of bespoke questionnaires.

Harmonised contract clauses. Insert identical data-governance wording into SourceIT-Lite and state purchasing templates so suppliers don't renegotiate terms agency-by-agency.

Public guidance & sandbox. Fund the University of Melbourne Validitron -run sandbox where vendors can test once against security, privacy and interoperability requirements and publish their pass result in an open registry aligned with the Data & Digital Government Strategy's "Mission 5 – Data Foundations.

BENEFITS

Lower compliance costs. One audit instead of four+ saves SMEs tens of thousands in assessment and insurance fees, freeing capital for R-&-D.

Faster procurement & uptake. Purchasers can rely on the common certificate, cutting tender cycle-time and accelerating clinician access to new tools.

Improved data quality & transparency. A harmonised standard lets AIHW aggregate national datasets more quickly and publish clearer insights for funding and policy.

Greater investor confidence. Clear, stable rules de-risk scale-up capital, boosting domestic innovation and export potential.

Stronger public trust. Consistent privacy and security settings across jurisdictions make it easier to explain protections to patients and clinicians, supporting wider data sharing and AI adoption.

Specifically, the MSIA supports:

- Creation of a single digital portal and common suitability assessment. One certificate for many uses – built on Five Safes, ISO27001 and FAIR.
- Mutual recognition of audits across aged care, NDIS, and veterans' care.
- Funding of a national conformance sandbox for security and interoperability and a 'GovData-Ready' certificate recognised by Finance, ADHA, OAIC and states.
- National 'test-once, accept-many' conformance to remove duplicate audits and keep SMEs in market while lifting safety and privacy.
- Development of modular practice and quality standards across aged care and NDIS; establish a standardised quality/safety reporting framework and national repository.
- A consistent approach to AI regulation across care sectors; reduce duplicate governance to lower costs and accelerate safe adoption.

The health software industry currently provides many tools which enable significant productivity uplift in workforce, safety audit tools, and regulatory auditing. The proposed recommendation can be converted into a reality by our member companies.

Draft recommendation 2.1 - Governments should embed collaborative commissioning, with an initial focus on reducing fragmentation in health care to foster innovation, improve care outcomes and generate savings (MSIA Supports)

A digital-first commissioning model can unlock measurable quality and productivity gains. MSIA recommends three linked actions:

1. Commission for digital outcomes and pay on verified adoption;
2. Support the creation of a national Industry Services Catalogue so LHNs/PHNs/ACCHOs can directly procure industry-delivered implementation services;
3. Harmonise regulation via a single GovData-Ready certificate and mutual recognition across jurisdictions (consistent with the Draft Recommendation 1.1 on harmonisation of regulation).

Details on converting the current commissioning process and the business case for this can be seen on page 9 of the MSIA 2025 Incoming Government Brief for Productivity – powering Australia's healthcare for all Australians, reproduced below, and include competitive neutrality which could be achieved so industry suppliers compete on a level playing field where publicly funded entities must pass a neutrality test before listing any software service.

Procurement Reform

Creating a fair, SME-friendly, IP-smart and competitively-neutral market.

Capital-barrier "glass ceiling." Many RFTs insist on multi-million-dollar turnover tests or unlimited parent guarantees, benchmarks few Australian digital-health SMEs can meet. SME's make up 97% of Australian businesses but win only 11% of procurement value. MSIA's 2025-26 Budget submission calls this the key barrier and proposes that government underwriting "level the playing field" so innovators can bid with confidence.

Competitive-neutrality breaches. PHNs have used Commonwealth grants to build and distribute software such as Primary Sense and HealthPathways, directly competing with commercial vendors despite the Commonwealth Competitive Neutrality Policy Statement's requirement that publicly funded entities not distort markets. Complex, inconsistent rules. More than 120 entities overlay bespoke conditions on the Commonwealth Procurement Rules (CPRs); the July 2024 update lifted SME targets to 25 % (< A$1 bn) and 40 % (< A$20 m) and raised the direct-buy threshold to A$500k, yet compliance and transparency remain patchy.

Paperwork & legacy IP clauses. SourceIT-Plus contracts still run past 100 pages and vest all foreground IP in the Crown, ignoring the Attorney-General's 2012 IP Manual that advises licence-back, not acquisition.

Insurance. The current insurance requirements for contracts in public and state RFTs are often not fit for purpose requiring cover in excess of the value of the contract and not matched to the risk. This disincentivises smaller innovative companies which lack the bargaining power with insurers.

Transparency of Procurement success. The ANAO reports on large procurements e.g. Defence ands MyHR. Trust, accountability and improvements to process are necessary to drive return on investment are all procurements were flagged for annual updates on how they are meeting objectives or not.

SOLUTION
Fair-Go Health-ICT Procurement Renewal Package

Commonwealth SME Credit-Guarantee Facility.

- Treasury, Export Finance Australia and MSIA co-design a pilot guarantee that tops up performance bonds or provides partial contract-value guarantees for qualifying Australian vendors.
- Fund an initial **White Paper (2025-26 Budget Submission to include this measure in Budget Paper No.2 under treasury/ Finance)** to scope parameters, risk pricing and governance.
- Limit individual exposures (e.g., A$5 m) and charge a modest fee so the scheme is fiscally neutral over time.

Unified rules & 20-page "SourceIT-Lite".

- Finance publishes a live register of CPR deviations and issues a plain-English modular contract that:
  - defaults IP ownership to the supplier with a perpetual, royalty-free government licence;
  - caps liability at proportionate fault;
  - embeds outcome-based milestones.
- Any true IP assignment must be CIO-approved and logged on AusTender with a short justification tag.

SME-First pathways.

- Default to CPR **Exemption 17** for procurements < A$500 k; mandate an SME weighting in the "broader economic benefit" assessment for contracts > A$1 m and publish progress towards the 25 %/40 % targets.

Always-open digital-health panel + "try-before-buy". Quarterly refresh; require at least one SME on every shortlist and allow A$200 k rapid proofs-of-concept using the Commonwealth Contracting Suite.

Accredited "IP-Smart Buyer" program. MSIA/Finance micro-credential covering FHIR, cyber-risk, agile contracting and the 2012 IP Manual; graduates flagged on AusTender.

Competitive Neutrality Enforcement Stream.

- Mandatory CN test for any entity (PHNs, hospitals, agencies) proposing new software development; they must publish evidence that no suitable commercial alternative exists.
- Empower the Productivity Commission's Competitive Neutrality Complaints Office to initiate investigations, issue binding directions and levy penalties within 90 days.

Live performance dashboards. AusTender displays cycle-time, SME share, IP-ownership status, CN compliance and delivery outcomes—driving continuous improvement.

Transparency of Procurement process and Value. Drive trust accountability and process uplift by annual l publication of status of procurement, variations, ROI and timelines.

BENEFITS

Level playing field & sovereign capability. Government underwriting plus slimmer templates let Australian SMEs go head-to-head with multinationals, keeping more of the A$70 bn federal spend in local IP and high-skill jobs.

More innovation at lower cost. Wider bidder pools, "try-before-buy" pilots and outcome-based contracts sharpen price tension and speed delivery of cutting-edge digital-health tools.

Reduced project risk. Credit guarantees tackle solvency hurdles without forcing SMEs into risky unlimited indemnities; balanced IP/ licence clauses ensure products can evolve post-implementation.

Market integrity. Enforcing competitive neutrality stops publicly funded bodies crowding out private R&D and focuses PHNs on their commissioning mandate rather than product development.

Transparency & trust. Public dashboards and empowered CN oversight show taxpayers that government buying is fair, efficient and aligned with the Buy Australian Plan and "Future Made in Australia" agenda.

An additional (4) recommendations cohesive with the PC Recommendation 2.1 which would guarantee uptake of productivity and safety enhancing outcomes include:

1. Outcome-Based Funding — Recasting ePIP into Digital Outcomes Payments (DOP)

Recast ePIP as Digital Outcomes Payments; use the Interoperability Acceleration Fund to underwrite vendor implementation and conformance at speed. Tie payments to measurable digital use (e.g., e-referrals, digital authority scripts, secure-message volumes), not just effort.

Fund the 'last mile' via vendor-delivered implementation vouchers would incentivise success and transparency of funding and initiatives which can then be scaled, or not. For instance:

- Auto-reported metrics (e.g., online authority share, secure-message volumes, FHIR transaction counts) via shared national APIs.
- Vendor-direct vouchers paid when sites go live and outcome targets are met (first mandates: OPA Connect, FHIR event summaries, Support-at-Home claiming).
- Micro-levy funding (0.15% of MBS/PBS) to sustain incentives without new net spend.

2. Mapping Collaborative Commissioning to Procurement Settings

The PC's collaborative-commissioning intent (shared LHN–PHN–ACCHO planning, strong data-sharing, and measurable outcomes) requires procurement that buys outcomes, not hours. This is consistent with the NHS "Value Based Procurement." Budgets should be framed as digital outcome units (e.g., percentage of discharges exchanged via FHIR, percentage of authority scripts processed online), with payments released only when usage is verified.

- Outcome-based budgets: shift from inputs (workshops, time) to verified adoption metrics that can be audited via programmatic data flows (PBS/MBS).
- Direct vendor implementation: route change-management and training funds to the companies that build and support the software, avoiding re-work and delays.
- Interoperability Acceleration: competitive grants or per-site vouchers to implement priority FHIR use-cases and security controls at speed.
- Shared local KPIs backed by data: align commissioning targets with national APIs to ensure comparability and public reporting.

3. Industry Services Catalogue — Commission Implementation, Not Generic Consulting

Create a national, always-open catalogue of standardised, outcome-priced implementation services. Catalogue entries are service definitions with adoption metrics, not generic advisory items. This lets commissioners quickly buy 'last-mile' enablement from accredited vendors and verify delivery via live usage data.

This would provide pre-scoped, outcome-priced service for interoperability enablement, OPA Connect integration, security uplift, data quality, and prevention activation.

For instance:

- Scope: workflow mapping, data migration, go-live support, micro-credential training; Essential-Eight uplift.

- Payment: pay-on-adoption voucher; security tasks included.
- Interoperability Enablement (Practice – Hospital- Aged Care) prevention activation (Diabetes/CVD/Falls/COPD/Mental Health)
- Scope: risk registry setup, recalls, remote-monitoring linkages, pharmacist follow-ups, outcome tracking.
- KPI: care-gap closures; adherence; Potentially Preventable Hospitalisations (PPH) change; equity indicators
- Scope: FHIR event/discharge summary + secure messaging + e-referral enablement and testing.
- Entry: sandbox pass; GovData-Ready certificate; live support SLA.
- Payment: 60/40 on go-live & 90-day usage threshold.
- Verification: automated counts via shared national APIs. A1.
- Adherence; Potentially preventable hospitalisations (PPH) change; equity indicators.

The beauty of commercials, and therefore productivity here is that it would be founded on outcome-based payment (per practice, ward, or home) released on proof of use. It would also help capability mapping by use of public dashboards to show time-to-value and adoption by supplier and region.

Finally, it would uplift industry innovation, investment and sustainability in lieu of merely supporting multinational generic consulting firms with limited returns to Australia's economy.

4. Procurement Renewal that Enables Commissioning

Align purchasing with a Fair-Go Health-ICT package to open markets and reduce cycle-time without new net spend.

- SourceIT-Lite (≈20 pages) with supplier-owned IP (versus perpetual government licence), proportionate liability, and outcome-based milestones.
- SME credit-guarantee to underwrite bonding/solvency barriers with fee-based risk pricing (fiscally neutral).
- Always-open panel with A$200k try-before-buy and mandatory SME presence on shortlists.
- Competitive-neutrality enforcement and transparent dashboards of procurement performance.

Draft recommendation 3.1 - Establish a National Prevention Investment Framework to support investment in prevention, improving outcomes and slowing the escalating growth in government care expenditure (MSIA Supports)

The proposed Prevention Framework Advisory Board, funding mechanisms and intergovernmental agreements will all be complimented by digital solutions enabling autonomy and transparency for consumers. Creation of a funding mechanism that supports eligible initiatives with state co-contributions commensurate with expected benefit, and ongoing funding where metrics are met, as suggested in the commissioning recommendations above will facilitate this policy.

In addition, the MSIA recommends two (2) specific extensions including commissioning of companies that provide preventative tools and preventative health KPIs for measurement and auditability.

1. Prevention — Commission Companies Providing the Following Tools

- Risk stratification & proactive recall — care-gap analytics, automated recalls and dashboards embedded in GP, aged-care, and pharmacy platforms.
- Remote monitoring & virtual care — device capture, alerting and escalation integrated into clinical systems.
- Medicines safety & adherence — digital OPAs, polypharmacy alerts, pharmacist follow-up workflows.
- Screening & immunisation uplift — register integration, reminders, and population reporting.
- Falls, injury & mental-health early intervention — standard assessments, digital care pathways, and outcome tracking.
- Workforce productivity tools (low-risk AI & automation) — clinical documentation support, structured data extraction, and secure communications.

2. Indicative KPIs for PC Alignment, audit and Public Reporting

- Interoperability: % of discharges/event summaries exchanged via FHIR; secure-message volumes per 1,000 residents.
- Medications: % of authority scripts processed online; median time-to-approval; helpline calls per 1,000 scripts.
- Prevention: care-gap closure rate; screening uptake; remote-monitoring adherence; PPH reduction for target cohorts.
- Uptake/implementation: sites live per quarter via vendor vouchers; training completion; Essential-Eight tasks completed at go-live.
- Regulatory: suppliers with GovData-Ready; average days from procurement to go-live under SourceIT-Lite.
- Digital Outcomes Payments funded via a 0.15% MBS/PBS micro-levy (~A$95m p.a.).
- OPA Connect (<~A$10m one-off plus integration vouchers) with ANAO-style KPIs and public dashboard.
- Interoperability Acceleration Fund (budgeted line-item) for FHIR/security enablement and national sandboxes.

Conclusion

The MSIA has provided practical suggestions for implementation many of which have been tried successfully in the past. We look forward to working with all levels of government to leverage the technology which powers Australia's healthcare system to now make it more productive.

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The Medical Software Industry Association of Australia (MSIA) powers healthcare in Australia.