

Ai Group Response to the Productivity Commission Five Pillars Inquiry – Care Economy

June 2025



Pillar 4: Delivering quality care more efficiently

Section 2. Reform of quality and safety regulation to support a more cohesive care economy

To what extent do differences in quality and safety regulation make it costly or complex to provide or access care services?

While the National Disability Insurance Scheme (NDIS) is a national initiative, the persistence of state-based reporting obligations has resulted in duplication of reporting and monitoring requirements. This fragmentation undermines the efficiency and consistency of the scheme's oversight mechanisms.

Registered NDIS providers are committed to delivering high-quality, safe services. However, they face significant administrative, safeguarding, reporting, and audit costs. These obligations place them at a competitive disadvantage compared to unregistered providers, who are not subject to the same regulatory scrutiny or compliance costs.

Further compounding these challenges are ambiguities in reporting guidelines. Unclear expectations lead to confusion and often result in overreporting, as providers seek to mitigate the risk of non-compliance penalties. This not only increases administrative burden but also diverts resources away from direct service delivery.

As has been noted in Senate Estimates hearings and in ongoing discussions with government, the NDIS Quality and Safeguards Commission, and the Inspector-General, the increasingly complex, granular, and often duplicative regulatory environment has created a significant compliance burden. This burden is not matched by a commensurate increase in safety or service quality outcomes.

To ensure the sustainability and effectiveness of the NDIS, it is essential that regulatory frameworks are streamlined, reporting requirements are clarified, and the compliance burden is proportionate to risk. This will allow providers to focus on delivering high-quality support while maintaining accountability and safeguarding participant wellbeing.

What are the reasons for your answer?

The current level of reporting required under existing frameworks is highly granular and input-focused across multiple domains. This emphasis on measuring inputs often detracts from direct care delivery, diverts attention from outcome-focused practices, and limits the capacity to invest in areas with potential for significant impact—such as preventative technologies.

Where ongoing and increasing funding is directed toward supporting these detailed reporting obligations, there is a consequential opportunity cost. Resources that could otherwise be

allocated to practice improvement, workforce development, or innovation are instead absorbed by compliance activities. This dynamic raises concerns about the overall efficiency and strategic alignment of regulatory investment.

To what extent should quality and safety regulations be more aligned across the different care service sectors and jurisdictions?

There is significant opportunity to improve efficiency, reduce duplication, and enhance outcomes through greater alignment of quality and safety regulations across care service sectors and jurisdictions. Despite shared objectives and overlapping responsibilities, particularly between Commonwealth-regulated sectors such as aged care and the National Disability Insurance Scheme (NDIS), regulatory frameworks remain largely siloed. This has resulted in fragmentation, duplication of effort, increased compliance costs, and administrative burden for providers.

Harmonisation of standards, complaints mechanisms, and safeguarding requirements would reduce complexity for providers and improve clarity for participants and clients. A more integrated regulatory approach would also support consistency in service delivery and strengthen public confidence in care systems.

One practical reform would be the introduction of a single, integrated audit cycle for providers delivering multiple types of care services (e.g., disability, aged care, mental health). A harmonised audit framework - built around a core set of shared quality and safety standards, with sector-specific modules - would:

- > Promote regulatory efficiency and consistency;
- > Reduce administrative and compliance duplication;
- > Support provider sustainability; and
- > Enable more integrated care models that reflect the real-life needs of individuals.

Aligning regulatory schemes across care sectors represents not only a policy opportunity but also a pathway to significant productivity gains and more effective use of public funds.

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Our purpose is to create a better Australia by empowering industry success. We offer our membership strong advocacy and an effective voice at all levels of government underpinned by our respected position of policy leadership and political non-partisanship.

With more than 250 staff and networks of relationships that extend beyond borders (domestic and international), we have the resources and expertise to meet the changing needs of our membership. We provide the practical information, advice and assistance you need to run your business. Our deep experience of industrial relations and workplace law positions Ai Group as Australia's leading industrial advocate.

We listen and we support our members by remaining at the cutting edge of policy debate and legislative change. We provide solution-driven advice to address business opportunities and risks.

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