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*Submission: Senate Select
Committee on Productivity in
Australia – Discussion Paper*

About UnitingCare Australia

UnitingCare Australia is the national body for the Uniting Church's community services network and an agency of the Assembly of the Uniting Church in Australia.

We give voice to the Uniting Church's commitment to social justice through advocacy and by strengthening community service provision.

We are the largest network of social service providers in Australia, with over 55,000 staff and 17,000 volunteers, delivering 5.8 million interactions annually across 1,600 service locations in urban, rural and remote communities.

We focus on articulating and meeting the needs of people at all stages of life, and particularly those most vulnerable.

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Introduction

UnitingCare Australia welcomes the opportunity to respond to the Senate Select Committee's Discussion Paper on Productivity in Australia. Our submission consolidates positions already put to the Government through UnitingCare Australia's 2025 engagement with the Productivity Commission's Inquiry into Delivering Quality Care More Efficiently, our response to the Interim Report of the same Inquiry, and our contributions to the Treasurer's Economic Reform Roundtable and associated consultations. Consistent with those submissions, we emphasise a human-centred productivity approach that understands productivity not as an end in itself, but a means to improving quality of life.

1. Challenges in measuring productivity

UnitingCare Australia supports productivity with purpose and advocates the view that, to unlock the full potential of Australia's people and economy, we must invest in the conditions that enable everyone to thrive. This requires promotion of a human-centred productivity agenda that values:

- wellbeing as a key outcome of productivity
- resilience as a foundation for sustained growth, and
- inclusion as a driver of both equity and efficiency.

We believe productivity measurement in the care and support sector under-records value by focusing too heavily on input-based proxies and narrow output measures. We support reform directions that:

- extend outcome measures for care services beyond throughput to include quality-of-life and wellbeing indicators
- improve data linkage and sharing under strong safeguards to enable consistent productivity reporting, and
- recognise the value and economic contribution of unpaid care and volunteering.

These themes align with the [Productivity Commission's call](#) for better data and outcome-focused performance in care and support systems.

Language and assumptions

While the Committee's discussion paper classifies the care economy as part of the "non-market" sector, we caution that this framing overlooks the reality, that parts of the healthcare and social assistance sector are delivered by providers operating in competitive, price-setting markets. Early childhood education, aged care, disability services and other parts of the healthcare and social assistance sector all include sizeable for-profit segments that generate revenue, compete for clients, undertake marketing, and in some cases, deliver

profits. Treating the care economy as uniformly “non-market” therefore risks obscuring the mixed nature of service provision—and the unique hybrid market dynamic that this creates in and of itself—along with the economic behaviours that accompany marketisation, including investment decisions, pricing strategies and workforce management.

Because large parts of the care economy are delivered through market mechanisms, classifying the entire sector as “non-market” also distorts productivity measurement. Output in these industries continues to be valued primarily through input-cost methods rather than market-based indicators, meaning that output is systematically undervalued while labour inputs have expanded rapidly. This measurement challenge helps explain why the ABS has observed that recent average productivity growth in non-market sector industries is negative: the statistics may be reflecting the limitations of current measurement approaches rather than capturing genuine inefficiency in the delivery of care.

This point matters because the classification of “non-market” feeds directly into the assumptions that underpin economic modelling, productivity analysis and policy decision-making. When the underlying classifications are inaccurate or overly simplistic, the assumptions built upon them become flawed—and those flawed assumptions then shape funding decisions, workforce policy, investment priorities and regulatory settings. As a result, policymakers risk basing decisions on measures that understate the true value created in care industries, while overstating their apparent inefficiency. This entrenches under-investment, undervaluation of care work, and misaligns reform priorities in one of the fastest-growing and most socially essential parts of the Australian economy.

↘ 2. Australia’s global competitiveness

International experience shows that productivity and inclusion are complementary in care economies that invest in prevention, embed collaborative commissioning, streamline regulation, and develop their care workforces.

In advanced care economies, such as those in Nordic nations, increased service delivery efficiencies—resulting from successful reforms and policy changes—free up time and resources for providers to put into developing meaningful relationships with consumers and innovative program solutions. Productivity gains can therefore enable higher quality, human-centred care, ensuring Australia is globally recognised as a leader in the provision of care and support and delivers on the support needs and expectations of the Australian community.

↘ 3. Productivity growth considerations across the economy

The care sector is not peripheral, but rather, central to Australia’s economic performance. Its scale in terms of employment market share, its role in enabling workforce participation (particularly for women and cohorts facing additional employment barriers), as well as its sheer growth trajectory mean that the health care and social assistance sector is now one of

the key engines driving national economic activity.

Because of this, flawed assumptions or misclassifications in how the sector is measured materially distort our understanding of Australia's productivity performance at the aggregate level. If the care sector is incorrectly treated as uniformly non-market, traditional measures will continue to understate its value, misinterpret its performance, and misdirect policy.

Subsequently, UnitingCare Australia advocates the need to:

- shift toward outcome-based measurement, aligned with frameworks such as Treasury's *Measuring What Matters*.
- move away from simplistic output counts and toward indicators that capture prevention, safety, stability, wellbeing and long-term outcomes, and
- address flawed assumptions, including the idea that all care work is “non-market,” given the extensive role of for-profit providers.

Given the Government's role as a significant funder of the care sector, we also see productivity gains flowing directly from improved government efficiencies. In this context, we have been supportive of the productivity reform directions already flagged—including streamlined quality and safety regulation, introduction of co-commissioning approaches and movement towards relational contracting models. These kinds of system-level reforms, if designed and implemented in a collaborative and outcomes-focussed way, have significant potential to uplift productivity by enabling providers to redirect time, resources and workforce focus toward the delivery of high-quality, person-centred care rather than duplicative, administrative functions.

In parallel, UnitingCare Australia highlights that greater investment in prevention and early intervention, including in such areas as healthy ageing and psychosocial supports outside the NDIS, is essential. Strengthening prevention reduces downstream demand for crisis-driven, high-cost care and increases workforce participation by supporting people to remain healthier, more independent and more connected to community. When viewed through a productivity lens, prevention is one of the clearest examples of value being generated in ways traditional output measures fail to recognise, whilst also being fundamental to the long-term sustainability and efficiency of the care system.

We further highlight that technology—particularly in terms of intelligent automation, data integration and AI-supported decision-making—can lift productivity in the care sector by reducing administrative burden, improving care coordination, streamlining compliance and supporting better prevention and early intervention pathways. For this reason, [UnitingCare Australia's 2026-27 Pre-Budget Submission to Treasury](#) advocated the establishment of an AI Industry Fund for the Care and Support Sector, enabling providers greater capacity and resourcing to adopt safe, ethical and fit-for-purpose AI tools that can improve service navigation, care planning, back office efficiency, quality monitoring, quality monitoring and workforce support.

4. Australia’s regulatory burdens that limit productivity

Regulatory requirements across the care and support sector play a significant role in shaping productivity growth, with some of the most onerous burdens stemming from overlapping and complex compliance obligations imposed by Government. While these regulations are generally designed to safeguard quality and public interest, often, their cumulative impact can restrict innovation and efficiency, highlighting the need for smarter, more streamlined approaches that maintain safety without unnecessarily increasing administrative workload.

The following case studies highlight productivity ‘blockers’ currently identified by the UnitingCare Network and solutions proposed to remove unnecessary regulatory burden and generate greater efficiency.

1. Balancing risk and resource burden through contracting arrangements	
Issue	Solution
<p>The <i>Right Fit for Risk (RFFR)</i> Cyber Security Accreditation Framework aims to strengthen the security of government-funded projects delivered through the Department of Employment and Workplace Relations, but in practical terms, imposes a heavy compliance burden on contracted providers. Requiring over 800 controls to be reviewed quarterly, RFFR is significantly more demanding than international standards like ISO27001. Although not yet mandatory across all agencies, uncertainty around future RFFR (or commensurate compliance framework) implementation plans creates uncertainty regarding the viability of delivering contracts in accordance with required standards—without additional funding and clearer guidance, expanded rollout of such compliance models risks diverting resources from frontline services and supports, undermining the very outcomes that program funding is intended to support.</p>	<p>Adopt a consistent approach to compliance requirements across Government agencies, commensurate to international standards. Also, consider adoption of tiered compliance models that align cybersecurity requirements with the size, capacity and risk profile of funded organisations. Additional funding and implementation support should also be provided to ensure contracted providers are equipped with adequate resources to meet standards without compromising or drawing down on resources intended for service delivery.</p>

2. Balancing compliance and delivery of quality outcomes

Issue	Solution
<p>The care and support sector faces growing compliance burden, particularly following reforms introduced after Royal Commissions. While positive in intent, requirements such as mandated care minutes in aged care have significantly increased administrative workload, and the introduction of certain requirements under the new Aged Care Act are expected to add further reporting complexity. When regulatory obligations become overly burdensome to administer, they can overshadow the core purpose of care and the capability of providers to focus on direct care delivery. This risks more transactional models of service delivery emerging, which focus on meeting numeric targets rather than fostering meaningful, person-centred care.</p>	<p>Regulatory settings should be managed to ensure that compliance efforts support, rather than detract from, quality care. This could include integrating reporting systems with existing documentation processes, embedding relational care indicators into quality frameworks, and designing policy settings that enable innovation in service models. Funding models must also account for the time, infrastructure and workforce capacity required to meet compliance obligations.</p>

3. Progressing a nationally consistent worker screening system

Issue	Solution
<p>The absence of a nationally consistent worker screening system creates duplication, delays and regulatory burden across aged care, disability and related programs. Workers and volunteers must navigate multiple screening processes with varying state and program specific requirements, resulting in onboarding delays, administrative inefficiencies, and gaps in safeguarding when checks are not mutually recognised across jurisdictions-specific requirements, resulting in onboarding delays, administrative inefficiencies, and gaps in safeguarding when checks are not mutually recognised across jurisdictions or care settings. We acknowledge ongoing work toward harmonisation, but highlight the continued risks and inefficiencies posed by the current fragmented system.</p>	<p>Progress a single, nationally consistent worker screening system with mutual recognition across all jurisdictions and care settings. A universal care worker check would streamline onboarding, reduce duplication for providers and workers, and strengthen safeguards by closing existing regulatory loopholes. We urge the Government to continue advancing this reform so that screening processes are efficient, coordinated and aligned with the mobility needs of the care workforce.</p>

4. Streamlining re-registration requirements for legal entity changes

Issue	Solution
<p>Aged care and community service providers undergoing legal restructuring—such as transitioning to incorporated structures, changing legal name or ABN—are currently required to reapply for registration with Government in the same manner as newly established entities. This occurs even when governance, staffing and service delivery approaches remain unchanged within the organisation. The process is resource-intensive and causes unnecessary disruption and significant resource burden for providers—who must also contact each client individually to notify them of the change, despite no impact to the services provided.</p>	<p>Introduce a streamlined provider registration pathway that recognises continuity of care and corporate lineage/history. This would reduce duplication, minimise client confusion and allow regulators to focus on substantive oversight rather than administrative reprocessing.</p>

➤ 5. Investment and productivity

UnitingCare Australia strongly supports the [Productivity Commission’s recommendation](#) that governments invest more in prevention. Preventative approaches to health and wellbeing are most effectively delivered through well-resourced community-based care and support services. When these services are adequately funded, they reduce downstream demand on hospitals, justice systems and crisis responses, improve outcomes for individuals and communities, and strengthen the long-term sustainability and productivity of Australia’s care and support economy.

Delivering on a prevention-focused approach therefore depends on adequate investment in core care and support services. Across the care sector, government funding must be sufficient to ensure services can operate viably, deliver high-quality care, and respond to growing community demand. Without this investment, preventative intent cannot be realised and pressures are displaced elsewhere in the system, most visibly through issues such as avoidable hospital admissions for people forced into the acute care system due to lack of other available support options. Proper investment now reduces the need for more critical and costly interventions later, and supports the delivery of the right care, at the right time, in the right setting.

Meeting current and future demand will also require growth in the sector’s physical capacity, including expansion of care infrastructure. This cannot be achieved through public investment alone. Private and philanthropic capital, alongside government funding, will be essential to finance the construction, upgrade and modernisation of care facilities needed to keep pace

with demographic change.

In this context, UnitingCare Australia emphasises the importance of how productivity in the care and support sector is understood and measured. Care services are inherently both labour-intensive and capital-intensive, relying on substantial upfront investment in facilities such as residential aged-care homes, disability housing, clinical environments and early childhood centres. Investors assess productivity signals as indicators of long-term viability and sustainability. When productivity in care is undervalued or misunderstood, it can deter investment, constrain providers' ability to expand capacity, and ultimately limit the sector's readiness to meet growing demand.

Strengthening the evidence base on productivity in the care and support economy is therefore not only about improving efficiency or service quality. It is fundamental to improving the sector's investibility and ensuring that both public and private capital can flow at the scale required to build, maintain and future-proof Australia's care infrastructure.

↘ 6. Australia's tax system and impacts on productivity

From a care and support sector perspective, UnitingCare Australia advocates that tax reform must be designed in a way that does not diminish the capacity of charities and not-for-profits to reinvest their surpluses into improved services, infrastructure and workforce development. These reinvestments are essential for keeping pace with growing demand and maintaining high-quality care. If tax reform adds complexity or reduces the funds available for reinvestment, it will shift resources away from frontline services, constrain providers' ability to expand, and ultimately undermine system-wide efforts to improve productivity and outcomes.

We have also [recommended](#) the Government consider reform of the *Social Security Act 1991*—which links more broadly to Australia's tax and transfers system. Modernising this outdated legislation, which provides the foundation for income support payment settings, will help ensure greater efficiency in welfare support delivery through a system that matches the current context with respect to working conditions, household and relationship circumstances. For example, UnitingCare Australia asserts that productivity gains can be achieved by removing the liquid assets test, which will provide people seeking employment with support more quickly, getting them back into work faster, and thereby contributing sooner to the economy through paid employment. Such an adjustment to individual circumstances would not only improve individual wellbeing, but yield productivity gains for the economy in broad terms.

↘ 7. Freight supply chains

As with other industries, supply chain resilience directly affects the sustainability and productivity of the care economy. The availability and cost of critical care inputs—including clinical supplies, food services and transport—have a significant impact on service providers' ability to deliver safe and timely care. In this context, we support efforts to harmonise freight

and logistics regulation where this can eliminate unnecessary red tape and administrative burden.

We consider that greater policy coherence across infrastructure planning, freight networks and regional logistics not only has potential to improve service quality, particularly in remote communities where need is high and resources are limited, but could also free up organisational capacity and resources that could be reinvested more efficiently into other critical areas of the economy, such as the provision of vital health care and social assistance services.

↘ 8. Productivity in regional Australia

Productivity challenges in regional Australia are closely linked to workforce availability, service access, housing and infrastructure constraints. In many regional, rural and remote communities, limited access to essential services—particularly health and care support—constrains workforce participation, population retention and economic activity. Productivity in these contexts should be understood not only in terms of output per hour worked, but also in terms of whether communities have the enabling conditions required to sustain participation in the labour market and support long-term economic development.

We therefore advocate that targeted workforce and housing strategies are essential to sustain regional care services. We recommend the Government increase support for regional settlement of skilled migrants in care roles, expand placement pathways, and invest in community infrastructure that enables ageing in place.

[UnitingCare Australia's 2026–27 Pre-Budget Submission](#) also recommends a five-year extension of funding for the Aged Care Remote Accord, with scope to expand its reach and impact in remote and very remote communities. The Remote Accord brings together aged care providers, workforce experts and community representatives to design and implement practical, evidence-based workforce solutions tailored to local conditions. Continued delivery of the Accord would strengthen regional productivity by stabilising the aged care workforce, supporting compliance with the new Aged Care Act in high-risk regions, and building local capability through communities of practice and leadership development initiatives.

↘ 9. Effectiveness of Australia's productivity policy

From a care economy perspective, competition does have capacity to support productivity growth by encouraging innovation, improving service quality and expanding consumer choice. However, the relationship between competition and productivity varies across sectors of the care economy.

Generally, in human services settings, competition operates in a constrained environment characterised by government-led investment and price setting, demand that exceeds supply,

and services that directly affect the wellbeing of vulnerable people. In these contexts, productivity gains depend less on price competition and more on quality, continuity and effective service design.

We consider that competition can support innovation and consumer choice where it is carefully calibrated to sector realities. A mixed economy of for-profit, not-for-profit and government providers can foster innovation and efficiency, but poorly designed competition settings risk incentivising “cherry-picking” of lower-cost clients and services. This undermines cross-subsidisation models relied upon by many not-for-profit providers to deliver services in high-cost locations and to people with complex needs, reducing system-wide productivity and equity. Increasing the number of providers alone does not guarantee better outcomes; in some locations, productivity and quality are better supported by a smaller number of providers delivering integrated and diverse services.

Australia’s National Competition Policy would benefit from renewal to better reflect these dynamics. Revitalised National Competition Policy should prioritise labour mobility, including recognition of qualifications and licensing portability. An additional focus should be adoption of common standards where appropriate, coupled with safeguards to maintain quality and protect people at higher risk.

Competition settings should also avoid incentivising a “race to the bottom” on quality in human services. Increased pressure on providers to compete for limited funding can unintentionally result in a shift away from human-centred care towards cost-efficiency in service delivery, creating risks for vulnerable and disadvantaged consumers. Ensuring adequate resourcing for the provision of high-quality care to all who need access to it in the community is therefore imperative.

↘ 10. Dynamism of Australia’s labour market

Labour market dynamism is a critical driver of productivity, enabling people to enter work, move between roles and fully utilise their skills. Where labour market systems are fragmented or poorly targeted, productivity is undermined through under-utilised capability and disengagement from employment.

A key structural barrier to labour market productivity growth that UnitingCare Australia identifies is the lack of nationally consistent skills recognition, occupational licensing and credential portability. In care and community services, workers often hold relevant qualifications that are not recognised across adjacent sectors such as aged care, disability and community support. This limits labour mobility, worsens workforce shortages and increases administrative burden. Portable credentials and stronger recognition of prior learning would enable more efficient use of existing skills, improving workforce flexibility and productivity in sectors facing chronic labour shortages.

Labour shortages, including shortages of skilled labour, have a direct and compounding impact

on productivity performance. Persistent workforce gaps reduce service capacity, increase reliance on overtime and short-term staffing solutions, and constrain investment in innovation and workforce development. These shortages also have broader economic effects by increasing informal caring responsibilities and limiting participation among carers, mature-age workers and others who are otherwise willing to work.

Australia's employment services system also plays a critical role in labour market dynamism, yet its current contribution to productivity is limited. Many job seekers remain in employment services for extended periods without achieving sustained employment outcomes, reflecting a system that is often insufficiently tailored to people facing complex or structural barriers to work. This represents a missed productivity opportunity, both for individuals and for the economy as a whole.

In response to this issue, [UnitingCare Australia has recommended](#) expanding proven, outcomes-focused employment models such as the [Launch into Work](#) employment program, which connects job seekers to genuine employment through co-designed pre-employment projects with guaranteed job outcomes. Broadening eligibility for Launch into Work to include participants in the Remote Australia Employment Service and Inclusive Employment Australia would enable a larger and more diverse cohort of job seekers—including people with disability and First Nations communities—to transition more efficiently into ongoing employment. Scaling such models would improve labour market dynamism by reducing time spent on income support, better matching skills to labour demand, and increasing overall workforce participation.

Further to this, we highlight that addressing barriers to labour market productivity also requires investment in workforce capability and job quality. UnitingCare Australia has urged greater support for supervision and on-the-job training models to upskill existing workers, including in digital and AI-enabled systems that can reduce administrative burden and improve efficiency in service delivery. These investments support productivity by allowing workers to focus on higher-value, human-centred tasks.

Finally, labour market dynamism depends on removing barriers to participation. Fair wages, secure employment and flexible rostering are essential to attracting and retaining workers, particularly carers and mature-age employees. Policies that support participation across the life course strengthen labour supply, improve retention and contribute to sustained productivity growth.

Conclusion

Australia can lift productivity and living standards by pairing smarter regulation, collaborative commissioning and prevention with an investment in workforce capability and data-enabled, outcome-focused practice. In care and support services, productivity must be pursued with purpose—measured ultimately by improved lives and stronger communities.

UnitingCare Australia thanks the Committee for the invitation to contribute to this important inquiry and would welcome the opportunity to provide further information or insights on the matters raised in this submission.