From Fragmentation to Integration: Unlocking the Benefits of Harmonisation Across Australia's Care Economy

Ageing Australia Conference

1 October 2025

The better the question. The better the answer. The better the world works.

EY Parthenon Strategy

Unlocking the benefits of harmonisation across Australia’s care economy

Key messages

- **Demand for aged, disability and veteran’s care is growing and becoming more complex**, and it is getting harder to meet community expectations for access, quality, and affordability
- **Despite their commonalities** (serving overlapping populations, drawing on a shared workforce, and sharing a common purpose) **these systems operate under separate funding, regulatory and digital frameworks**
- **This fragmentation makes care more expensive to deliver and harder for users to access**
- **Harmonisation has the potential to unlock $0.5-3b p.a. productivity gains and improve outcomes** by lowering barriers to cross-service delivery, enabling more flexible workforce, and reducing duplication
- **There are practical challenges to harmonisation, but some practical first steps could build momentum**

We are focused on harmonisation across three care sectors: Disability, Aged Care, and Veteran’s Care

Sector focus

Australian care and support economy

- Palliative Care
- Early Childhood Education and Care
- Allied Health
- Mental Health
- Health Care
- Maternal and Child Health
- **Disability Support**
- **Aged Care**
- **Veterans’ Care**
- Social Housing and Homelessness
- Community Services
- Education
- Employment Services
- Family and Domestic Violence
- Justice

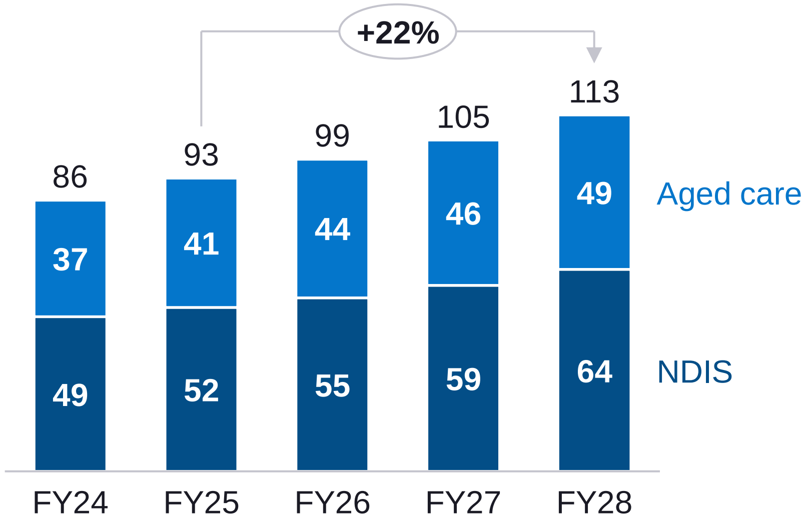
Source: Care and Support Economy – State of Play, Department of Prime Minister & Cabinet

Demand for care is growing and becoming more complex, and it is getting harder to meet community expectations

Sector context and challenges

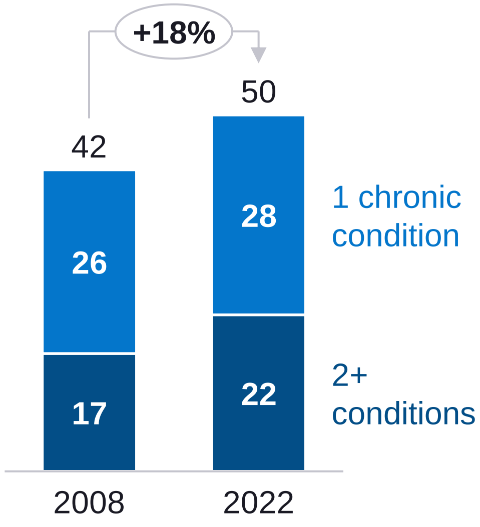
Demand for care is growing …

NDIS and aged care expenditure (A$b)



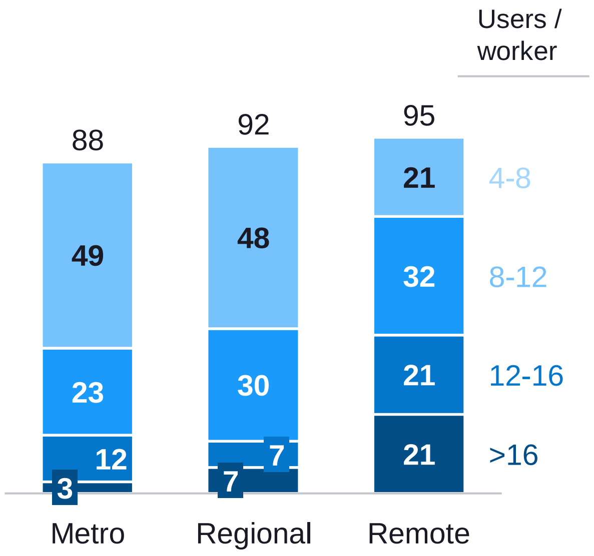
… and becoming more complex …

Share of population with chronic conditions (%)



… as workforce and other challenges make it harder to meet this demand

Communities w/ significant workforce shortages (%)



Source: Commonwealth Budget 2025-26. 'The ongoing challenge of chronic conditions in Australia', AIHW. ABS Tablebuilder (Occupation, Veteran status, Age, Support status); NDIS service users by SA2 2024 data.

Most care sector stakeholders want more harmonisation

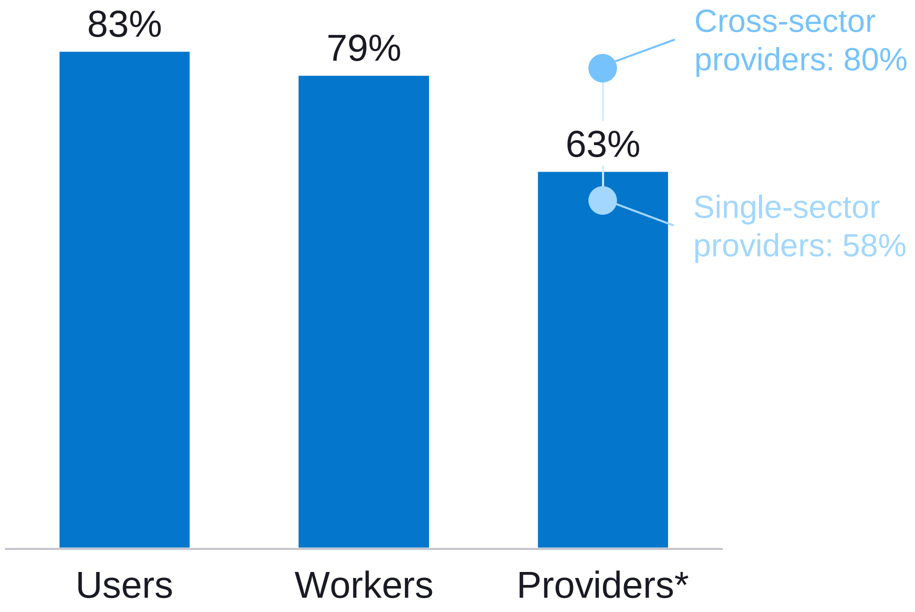
Sector views on harmonisation of care and support regulation

Sector stakeholders think unnecessarily complex regulation hurts users, workers, and providers

- **Increase complexity for users** exercising choice and control
- **Impede cross-sector mobility**, contributing to workforce challenges and long wait times for users
- **Reduce the time that staff have for care** and introduce unnecessary confusion, reducing quality of care across cohorts
- **Introduce inconsistencies and inequities** across sectors in the very outcomes regulation aims to support

And most want more harmonisation

Agreement regulations should be more aligned across sectors (% respondents)



Source: Australian Government Consultation on harmonisation of care and support regulation – Phase 1, March 2022

Cross-sector providers face significant challenges under the current fragmented model

Challenges facing cross-sector providers

Dimension	Example challenges
System complexity and regulation	▪ Must comply with three separate quality frameworks ▪ Multiple audits despite similar issues ▪ Prepares duplicative reporting for each funder
Inconsistent workforce requirements	▪ Navigate three worker screen regimes and complex HR onboarding ▪ Staff performing similar tasks receive different pay rates ▪ Cannot offer portable or consistent training pathways
Inconsistent pricing approaches	▪ Funding levels vary for similar services ▪ Different pricing methods for each service ▪ Revenue planning requires separate pricing models and cross-subsidisation
Siloed ICT systems	▪ Uses multiple government systems ▪ Reporting is in incompatible formats, with manual entry often needed

There are significant practical challenges to advancing a harmonisation agenda

Challenges facing harmonisation agenda

Complex service realities: Each program operates with different user needs, risks, costs, and service delivery methods. **Harmonisation does not mean 'one size fits all'**

Stakeholder priorities: DVA, Aged Care, and NDIS stakeholders have varying goals, each recognising and advocating for distinct service user needs, complicating consensus on unified policies

Significant parallel reform processes and 'reform fatigue': Government agencies and each set of stakeholders are focused on significant sector-specific reforms in response to external reviews

Funding and resource allocation: Harmonisation will require further investments in technology, training, and infrastructure

Greater harmonisation could have significant economic upside of ~$0.5-3b p.a.

Quantifiable economic benefits of care sector harmonisation

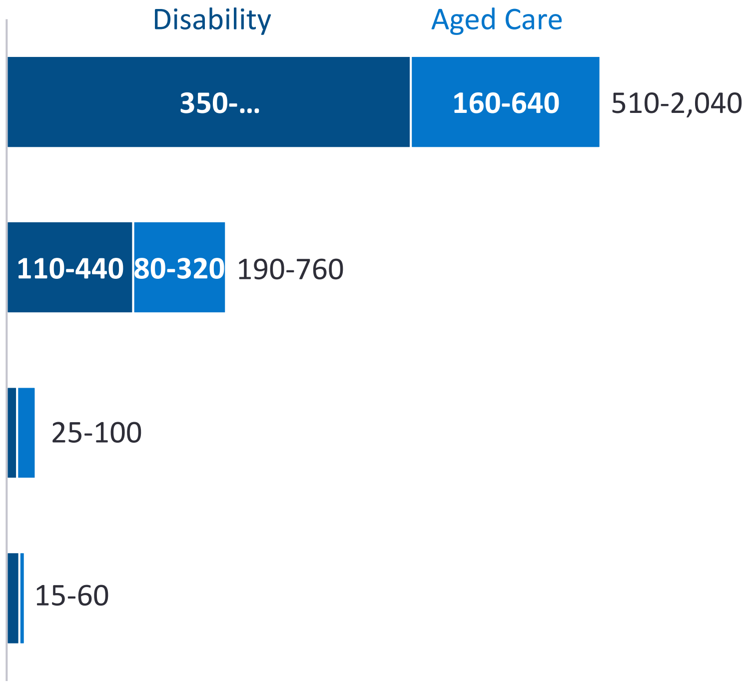
A$m p.a.

Economic benefits of harmonisation

Benefit	Policy lever	Input
Worker productivity	Unified accreditation and compliance	Reduction in admin and travel time
Provider efficiency	Unified accreditation and compliance	Reduction in admin expense
		Substitution of agency labour
Government efficiency	Standardised safety, quality and other outcomes	Reduction in admin expense

Potential impact of 5-20% improvement*

NB: benefits to be shared between stakeholders



* DVA excluded from this analysis due to small relative spend

Source: 2023-24 NDIS Annual Pricing Review Report; Aged care data snapshot—2023; Stewart Brown - Aged Care Financial Performance Survey Report; Stewart Brown - Disability Services Financial Benchmark Report 2023; Desktop research; EY-PS analysis;

But an initial focus on a feasible set of early priorities could build momentum

Potential harmonisation priorities

Early priorities

Practical and impactful actions requiring minimal policy change

- **Single Care Sector Worker Screening Check**
- **One place to submit and track government reporting**
- **Standardised audit framework and processes**
- **More consistent / connected user journeys**

Test and scale

Policy change requires a planned approach to test and scale

- **Selective price harmonisation** *(Explored overleaf)*
- **Local service model redesign**
- **Selective alignment of needs assessment models**

A spectrum of options could be considered to improve alignment in pricing approaches

Potential options for harmonising pricing approaches

Input costs	Pricing	Data collection, benchmarking and reporting	Commissioning and procurement
Fair and consistent treatment of core costs	Transparent, predictable, and equitable pricing	Less duplication, better evidence, stronger accountability	More consistency and lower barriers to participation
▪ **Aligned treatment of core cost categories** – **Workforce costs:** e.g. award wages, super, on-costs – **Regulatory costs:** e.g. compliance, accreditation overheads – **Capital and infrastructure:** how facilities, equipment, etc. are costed + depreciated	▪ **Aligned pricing approaches** – **Pricing methods:** e.g. cost-plus vs. value-based – **Adjustments:** e.g. indexation rules, loadings ▪ **Selective price convergence** for comparable services: e.g. personal care, transport	▪ **One cost collection framework:** shared templates / classifications ▪ **National benchmarking dataset:** providers submit data once ▪ **Unified reporting standards:** transparent rules on how funds are spent	▪ **Shared commissioning frameworks:** contract templates, service specs, KPIs ▪ **Cross-sector probity and evaluation rules:** one set of requirements across sectors ▪ **Integrated commissioning:** joint tenders or cross-program panels


Questions?
The better the question. The better the answer. The better the world works.
EY Parthenon Strategy