INFRASTRUCTURE VICTORIA

3 September 2025

Productivity Commission
4 National Circuit
Barton ACT 2600
(submitted via website)

Submission on the *Delivering quality care more efficiently – Interim report*

I welcome this opportunity to provide Infrastructure Victoria's submission on the *Delivering quality care more efficiently – Interim Report*.

Infrastructure Victoria is an independent advisory body established by the *Infrastructure Victoria Act 2015*, and has the functions of:

- preparing a 30-year infrastructure strategy for Victoria, which we review and update every 3 to 5 years
- advising the Victorian Government on specific infrastructure matters
- publishing research on infrastructure-related issues.

In this submission we introduce some of our recent work related to the Productivity Commission's draft recommendation to establish a national framework to support government investment in prevention. Our work focused on community health organisations and Aboriginal Community Controlled Health Organisation (ACCHOs), which deliver preventive health services that can prevent unnecessary hospitalisations. Our research *Investing in community health infrastructure* and *Investing in Aboriginal health infrastructure* provides evidence and analysis showing that insufficient funding for infrastructure is challenging the effective delivery of preventive care.

It presents collated evidence that ACCHOs and community health organisations are effective in preventing health conditions from deteriorating or escalating.

For example, many studies have shown that the Victorian ACCHO Model is efficient and effective at improving the health of Aboriginal and Torres Strait Islander people

- The lifetime health impact of interventions delivered by ACCHOs for Aboriginal and Torres Strait Islander people is 50% greater than if those same interventions were delivered by mainstream health services.[1]
- Aboriginal and Torres Strait Islander people are more likely to engage with healthcare services provided by ACCHOs (73%) compared to mainstream GP services (60%).[2]
- ACCHOs attract and retain 23% more Aboriginal and Torres Strait Islander clients than mainstream providers.[3]
- Aboriginal and Torres Strait Islander people are more likely to adhere to treatment plans when they are facilitated by ACCHOs (96%), compared to mainstream health services (78%).[4]
- ACCHOs contribute significantly to reducing communicable disease, detecting and managing chronic disease, and reducing premature births.[5]
- ACCHOs can achieve similar outcomes to mainstream primary healthcare services, despite having a more complex caseload.[6]

Similarly, community-based primary and preventive health services, which community health organisations typically offer, have significant benefits. For example:

- Preventing and treating heart disease and diabetes can return at least $9 in economic and social benefits for every $1 invested…[7]
- Some preventive public health interventions return over $14 in benefits for every $1 invested…[8] This includes programs like home blood pressure monitoring, family planning services, HIV counselling and testing, vaccinations and smoking reduction programs…[9]
- Reducing lifestyle factors like smoking, obesity, poor diet, high blood pressure and high alcohol use might prevent up to 38% of disease…[10]

A national framework to support government investment in prevention can help direct Australian Government funds to services and organisations that effective deliver preventative health services, including ACCHOs and community health organisations. In particular, it might can help clarify the respective funding responsibilities of the Australian, state and territory governments, including for the infrastructure from which services are delivered.

Investing in community health infrastructure

In August 2025, Infrastructure Victoria published *Investing in community health infrastructure*, research on how infrastructure is limiting community health organisations' ability to help more people early and manage chronic conditions in the community before they get worse. We published this and supporting technical reports on our website at www.infrastructurevictoria.com.au. We have also attached a copy of these reports for the Productivity Commission's consideration.

We explored how community health services could help Victoria's health system work better. Community health organisations typically provide primary care services. This can include general practice, dental care and allied health services. Community health organisations also receive about 28% of their funding from the Australian Government from specific health programs, primary health networks and Medicare. The services offered by community health organisations can reduce demand on public hospitals by treating people early and managing chronic conditions before they get worse.

But if people cannot access these services, they will end up going to hospital more often than they need to. For example, around 546,000 Victorians in 2023-24 could have avoided visiting a hospital emergency department if a primary care or community health service had been managing their health condition. This would have saved Victoria's public hospitals about $554 million per annum in expenditure in emergency departments.

Our research found that there may be unmet demand for community health services. About 45% of eligible Victorians had not used a community health service in the last 5 years. This shows there are eligible people who are not receiving the benefits of community health.

We also investigated how infrastructure is constraining community health organisations. High-quality and safe infrastructure can improve access and help community health organisations provide better services. We found that many registered community health organisations use buildings that are old or not fit for purpose.

The quality of infrastructure is affecting the ability of registered community health organisations to deliver health and social support services. 89% of surveyed community health organisations rated at least one of their buildings as being in poor condition or close to the end of life.

Poor infrastructure is also restricting the number of services that community health organisations can offer and the number of people they can serve. We found that 40% of their buildings have an infrastructure issue that affects the delivery of services or the number of people that they can serve.

We also looked into the benefits of co-locating services for the health system. Co-location refers to providing many different health and social support services together in well located and fit-for-purpose facilities. Providing diverse services together in a 'one stop shop' means people can receive more integrated and coordinated care. We found that many people who use community health facilities are using multiple services. About two-thirds of surveyed community health users believed that it was important to be able to access multiple services in a single location.

We made recommendations that set out changes the Victorian Government can conduct to make better use of its community health system. These recommendations included:

- The Victorian Government should conduct an asset assessment of all community health facilities in Victoria, including integrated and registered community health organisations. They should look at the condition of the buildings, how many services they can provide, and whether the buildings could offer more services if they were better maintained or expanded. It should also look at who owns the buildings and how urgent or severe the need for repairs is. This would provide the government with the information it needs to adequately plan for community health infrastructure.
- The Victorian Government should undertake long-term infrastructure planning in consultation with community health organisations and use this to develop community health infrastructure investment priorities. This involves listing the expected future government-funded services that community health services will deliver. It includes finding out how many services and the types of services in different locations across Victoria. They should also use the detailed infrastructure assessment to find out how suitable current infrastructure is to deliver the expected amount and type of services needed.
- The Victorian Government should invest in community health facilities to support the delivery of local, high-quality community health services over the next 5 years. Once it has identified infrastructure priorities for community health organisations, it should commit funding for the first 5 years of these priorities. It can seek co-funding from the Australian Government at a level that better reflects the 28% of services it funds community health organisations to deliver.

Investing in Aboriginal health infrastructure

In April 2025, Infrastructure Victoria and the Victorian Aboriginal Community Controlled Health Organisation (VACCHO) published *Investing in Aboriginal health infrastructure*. The research explored how better infrastructure could help Victorian Aboriginal Community-Controlled Health Organisations (ACCHOs) to deliver safe and effective care and help close the widening gap in health outcomes for Aboriginal Victorians. We published this and supporting technical reports on our website at www.infrastructurevictoria.com.au. We have also attached a copy of these reports for the Productivity Commission's consideration.

We looked into how ACCHOs improve the health and wellbeing of Aboriginal and Torres Strait Islander people. Evidence shows that services delivered by ACCHOs have a 50% greater impact than if those same interventions were delivered through mainstream health services. Victorian ACCHOs have designed their own model of health and wellbeing service delivery. They refer to this as the Victorian ACCHO Model. It is a holistic health and wellbeing service model.

The Victorian ACCHO model delivers quality outcomes and early interventions that improve health and wellbeing and reduce pressure on other healthcare services. Aboriginal and Torres Strait Islander people are more likely to adhere to treatment plans when they are facilitated by ACCHOs (96%) compared to mainstream health services (78%).

Our research showed that ACCHO infrastructure is low quality, restricts access to services, reduces the quality of services, and adds to the costs of service delivery. ACCHOs deliver efficient and effective services but their low-quality infrastructure is compromising their ability to maximise their effectiveness. For example, more than 80% of their buildings need replacing or substantial repairs within the next 15 years. This means that ACCHOs cannot deliver the best value for Aboriginal and Torres Strait Islander people and other Victorians.

Our research also found that 98% of the 160 buildings assessed for cultural safety were culturally unsafe. The low scores largely reflect that the buildings are cramped or not fit for purpose or are located in inherited colonial buildings or places where Community has a negative shared history. The low scores do not reflect the cultural safety of the organisations or their services.

This report recommends the Victorian Government:

- Provides additional annual funding to further develop the skills and capacity of ACCHOs to plan, develop and deliver new and upgraded infrastructure in a self-determined way. Aboriginal Community-controlled infrastructure should remain in, or be transferred to, ACCHO ownership. This respects Aboriginal self-determination. Ownership increases ACCHO equity, improves financial sustainability and enables service delivery to close the gap.
- Establish an interim fund for minor works and repairs until a self-determined perpetual infrastructure fund is introduced.
- Fund and start health and wellbeing infrastructure projects for ACCHOs

The findings and recommendations are also relevant for the Australian Government, which funds a significant proportion of the services delivered by ACCHOs.

Thank you again for the opportunity to respond to the *Delivering quality care more efficiently – Interim Report*. If you would like to discuss any of the information in Infrastructure Victoria's submission, please contact me or Llewellyn Reynders, Director of Research and Policy at [redacted].

Yours sincerely

[redacted]

Dr Jonathan Spear
Chief Executive Officer

[1] T. Vos, R. Carter, J. Barendregt, C. Mihalopoulos, L. Veerman, A. Magnus, L. Cobiac, M. Bertram and A. Wallace, 'Assessing cost-effectiveness in prevention' [PDF 2.9mb], University of Queensland and Deakin University, September 2010, p 54.

[2] T. Vos, R. Carter, J. Barendregt, C. Mihalopoulos, L. Veerman, A. Magnus, L. Cobiac, M. Bertram and A. Wallace, 'Assessing cost-effectiveness in prevention' [PDF 2.9mb], University of Queensland and Deakin University, September 2010, p 53.

[3] K.S. Ong, R. Carter, M. Kelaher and I. Anderson, 'Differences in primary health care delivery to Australia's Indigenous population: A template for use in economic evaluations', *BMC Health Services Research*, 2012, 12:307; M.A. Campbell, J. Hunt, D.J. Scrimgeour, M. Davey and V. Jones, 'Contribution of Aboriginal Community Controlled Health Services to improving Aboriginal health: An evidence review', *Australian Health Review*, 2017, 42(2):218–226; Department of Health, 'Aboriginal and Torres Strait Islander Health Performance Framework', 2017, p 172. See also National Aboriginal Community Controlled Health Organisation, 'NACCHO 2020/21 pre-budget submission', December 2019, p 4.

[4] T. Vos, R. Carter, J. Barendregt, C. Mihalopoulos, L. Veerman, A. Magnus, L. Cobiac, M. Bertram and A. Wallace, 'Assessing cost-effectiveness in prevention' [PDF 2.9mb], University of Queensland and Deakin University, September 2010, p 52.

[5] J. Dwyer, K. Silburn and G. Wilson, 'National strategies for improving Indigenous health and health care: Overall program assessment', Department of Health and Ageing, January 2004, pp 28–31.

[6] P. Mackey, A. Boxall and K. Partel, 'The relative effectiveness of Aboriginal Community Controlled Health Services compared with mainstream health service', Deeble Institute, Evidence brief no. 12, 16 September 2014, pp 6–7.

[7] B Rasmussen, K Sweeny, A Welsh, M Kumnick, M Reeve and P Dayal, *Increasing social and economic benefits globally: rates of return on health investments*, US Chamber of Commerce and Victoria University, September 2020, p 30, accessed 19 August 2024.

[8] R Masters, E Anwar, B Collins, R Cookson and S Capewell, 'Return on investment of public health interventions: a systematic review', *Journal of Epidemiology and Community Health*, 2017, 71(8), pp 827–834, accessed 31 July 2024; M Gmeinder, D Morgan and M Mueller, *How much do OECD countries spend on prevention?*, OECD Publishing, 2017, p 11, accessed 18 September 2024.

[9] R Masters, E Anwar, B Collins, R Cookson and S Capewell, 'Return on investment of public health interventions: a systematic review', *Journal of Epidemiology and Community Health*, 2017, 71(8), pp 827–834, accessed 31 July 2024.

[10] Australian Institute of Health and Welfare, *Australian burden of disease study 2018: interactive data on risk factor burden*, AIHW website, 24 November 2021, accessed 31 July 2024.