15 September 2025
Australian Government Productivity Commission
Via: https://www.pc.gov.au/inquiries/current/quality-care/interim

Dear Commissioners,

RE: Submission in response to interim report: Delivering Quality Care More Efficiently

VicHealth welcomes the opportunity to contribute to the Productivity Commission's (the Commission) inquiry *Delivering quality care more efficiently*.

VicHealth commends the Commission's work on draft Recommendation 3.1, which proposes the establishment of a whole-of-government National Prevention Investment Framework (the Framework) supported by an independent Prevention Framework Advisory Board. This recommendation has strong potential to overcome long-standing barriers to prevention and strengthen the Australian Government's vision for more efficient, high-quality care.

A national framework for prevention investment is essential to curbing growth in care economy expenditure, reducing avoidable costs, and improving population health and wellbeing outcomes. Its design must prioritise primary and primordial prevention, equity, and robust evaluation and governance.

Embedded in Treasury with a whole-of-government focus, the Framework is an opportunity to progress a wellbeing economy approach building upon the federal government's Measuring What Matters Framework. This would ensure that public investment is guided by long-term wellbeing, not short-term crisis response, and that prevention is recognised not only for its fiscal benefits, but as an evidence-based driver of intergenerational wellbeing, social cohesion and national prosperity.

In responding to the Commission's interim report, this submission should be read alongside, and in support of, submissions from the following organisations:

- Public Health Association of Australia
- Deakin Health Economics
- Centre for Policy Development
- Australian Prevention Partnership Centre

This is a key opportunity to address rising and unsustainable care economy costs while ensuring finite government spending can more effectively serve current and future generations. With over 35 years of leadership in promoting health and preventing chronic disease, VicHealth is ready to work with partners across sectors to help shape a future-focused, evidence-based framework that delivers practical progress for all Australians.

Yours sincerely,
[REDACTED]

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Response to the Australian Productivity Commission Interim Report – Delivering quality care more efficiently

15 September 2025

Contact for VicHealth submission

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Acknowledgement of Country

VicHealth respectfully acknowledges the Traditional Custodians of the unceded lands where our office resides, the Wurundjeri Woi Wurrung people of the Kulin Nation.

We extend our deep respect to Wurundjeri Elders, both past and present.

Additionally, we recognise all Victorian First Peoples communities as the Traditional Custodians of the diverse lands where the communities we serve live, work, and play.

We pay our respects to Elders, both past and present, of the territories comprising Victoria.

Furthermore, we acknowledge the ongoing impacts of colonisation on the health and well-being of First Peoples.

We value the collective wisdom and knowledge held by First Peoples communities and commit to listening and learning to support their right to self-determine solutions that fortify and foster healthy communities.

Always was always will be.

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About VicHealth

VicHealth is the world's first health promotion foundation. As Victoria's peak statutory health promotion agency, we've been at the forefront of prevention for almost four decades. Our commitment is grounded in evidence that preventing illness and promoting health is ethically sound, fiscally responsible and economically smart.

Our pioneering work includes creating and funding world-class interventions; conducting vital research to advance Victoria's population health; producing and supporting public campaigns to promote a healthier Victoria; and providing transformational expertise and insights to government.

Investing in prevention improves population health and wellbeing, reduces long-term demand on the healthcare system, and delivers outsized social and economic returns. That's why VicHealth's 10-year strategy commits to delivering at least $1 billion in health and economic benefits for Victoria by 2033 through targeted prevention initiatives.

We work with all levels of government, across political parties and communities, and a range of sectors across health, sports, research, education, the arts and media.

Executive Summary

VicHealth strongly supports the Productivity Commission's (the Commission's) recommendation 3.1 to establish a National Prevention Investment Framework (the Framework), underpinned by an independent Prevention Framework Advisory Board (PFAB). The Framework and Advisory Board have strong potential to overcome long-standing barriers to investment in prevention and strengthen the Australian Government's goal of more efficient, high-quality care.

At the Treasurer's recent Economic Reform Roundtables, a consensus emerged that Australia's current tax and fiscal settings are deepening intergenerational inequity. On this basis, a national prevention framework can also provide a vital tool to reorientate how government invests in Australia's future by moving away from a focus on short-term outcomes to align productivity with intergenerational fairness, higher standards of living and health and wellbeing for all Australians.

To achieve these outcomes, a National Prevention Framework should prioritise primary and primordial prevention, equity, evaluation and good governance. It should also be embedded within a wellbeing economy approach that recognises prevention as a long-term investment delivering avoided costs, improved outcomes, and reduced demand on acute services over 10-25 year timescales.

VicHealth supports the proposed framework and advisory board as mechanisms to:

- Allocate funding using rigorous independent, evidence-based expert advice.
- Embed preventive approaches into budget processes, recognising that outcomes take time to materialise, and accounting for second-round and long-term fiscal effects across sectors.
- Strengthen the evidence base for prevention through systematic evaluation, supporting increased and sustained investment in prevention over time.

To ensure the Framework realises its full potential and complements the Government's broader reform agenda, *VicHealth recommends*:

1. Prioritising primary and primordial prevention, equity, evaluation and governance by:
    a. Focussing on long-term investment
    b. Designing evaluation that is long-term, adaptive, and equity-focused
    c. Complementing PFAB's independent advice with Treasury coordination
    d. Embedding the Framework in whole-of-government budget process to account for second-round and long-term fiscal effects across portfolios
    e. Ensuring ongoing investment in prevention by legislating a minimum of 5% share of the Australian Government's total health expenditure on cross-portfolio prevention initiatives
    f. Incentivising states and territories to co-fund and collaborate on funded initiatives by establishing a system of banked savings that are paid back to state governments as part of the conditions of a national agreement

2. Embedding the National Prevention Investment Framework within a wellbeing economy approach that:
    a. Sits within a complementary vision for economic management
    b. Values investment in prevention to support improved wellbeing, social cohesion and national prosperity
    c. Delivers outcomes aligned with Treasury's Measuring What Matters Framework

This reform presents a critical opportunity to embed prevention as a core function of government, delivering benefits across population health, the care economy, and the broader economic system. Development and implementation should therefore begin promptly, using an iterative approach that enables learning, adaptation, and scaling, while maintaining current momentum.

These recommendations are explained in further detail in the next section.

Recommendations

Recommendation 1: Prioritising primary and primordial prevention, equity, evaluation and governance

VicHealth supports draft Recommendation 3.1 to establish a Framework to drive government-wide investment in prevention. Given the complexity of this reform, an interim version should be implemented promptly, with clear processes for iterative refinement. To ensure the Framework achieves its full potential VicHealth also recommends:

1.a. Focussing on long term investment

VicHealth welcomes the Commission's recognition that prevention extends beyond the health sector to include other portfolios such as housing, education, justice, and family support. This aligns with primordial prevention approaches, which address the social, economic, and environmental determinants or conditions that shape health and wellbeing. These interventions improve (health) outcomes across sectors and reduce structural disadvantage for priority populations.

Primary and primordial prevention offer the greatest potential to sustainably improve health, wellbeing, and equity. They are often the most cost-effective and efficient[1], yet require long-term investment and evaluation to be properly valued (10+ years). Unlike secondary and tertiary prevention, which sit largely within the health sector, such approaches require cross-sectoral coordination. To capture these outcomes which often accrue at the population level and beyond typical budget cycles, the Framework must assess benefits and costs over extended timeframes.

The Framework must also integrate an upstream definition for (primary) prevention that captures primordial factors and interventions and the social, economic and environmental determinants of health which occur across sectors.[2]

Similarly, the Framework and Prevention Framework Advisory Board (PFAB) should be empowered to assess a broad range of interventions, including programs, policies, legislative reforms, and regulatory measures. Policy and regulatory actions, like those outlined in the National Preventive Health Strategy 2021-2030, such as tobacco control legislation, urban planning, and food labelling, often involve minimal direct expenditure but deliver substantial public value. These mechanisms must be recognised as core components of comprehensive prevention strategies that not only reduce avoidable costs of chronic disease but can also create positive fiscal outcomes in the case of policies relating to alcohol, tobacco, gambling and sugar-sweetened beverage levies.

1.b. Designing evaluation that is long-term, adaptive, and equity-focused

VicHealth supports the Productivity Commission's recommended long-term approach to measuring and evaluating prevention activities, including long-term evaluation mechanisms. In line with our Impact and Evaluation Framework, VicHealth recommends the following considerations:

1. Measuring outcomes over longer timeframes (e.g. 10-25 years)[3], noting population level disease reduction can take 10+ years[4] and even generations for impacts to be observed. Given

this, it is also essential to monitor shorter-term or intermediary indicators of change in population health and wellbeing outcomes (i.e. lead factors).

2. Establish population-level outcome indicators that capture the shorter-term and long-term impacts of primary and primordial prevention (e.g. food environment changes, built environment improvements, social cohesion metrics, policy and regulatory changes, levies).
3. Develop partnerships with academic institutions and existing longitudinal studies to leverage existing infrastructure nationally for long-term evaluation. The timely sharing of population data is also critical.
4. Build in equity-focused evaluation frameworks that specifically measure differential impacts across population groups.
5. Allow for adaptive evaluation approaches that can evolve as interventions mature and understanding of their mechanisms and impacts develops over time.
6. Create processes which allow for evaluation outcomes to inform future investments.
7. Providing adequate funding to evaluate prevention activities and to conduct capability building for the staff responsible for such evaluations.

1.c. Complementing PFAB's independent advice with Treasury coordination

There are trade-offs in designing PFAB as either an independent body (e.g. Pharmaceutical Benefits Advisory Committee and Medical Services Advisory Committee) or embedded within Treasury (e.g. Victoria's Early Intervention Investment Framework). Regardless of the model, the mechanism must uphold the principles of independence, evidence-based advice, and integration into core government decision-making. A commitment to iterative refinement over time will ensure the Framework evolves in response to emerging evidence and system needs, rather than being held back by the pursuit of perfection.

An independent PFAB offers structural separation from short-term political and budgetary pressures, enabling the provision of evidence-based, transparent advice. This independence supports public accountability and builds trust in the prevention agenda. However, independence alone may limit influence over core government processes.

To ensure the Framework is effective, the PFAB should be complemented by dedicated functions within Treasury. These functions would translate PFAB priorities into budget proposals, build analytical capability across departments, and embed prevention into fiscal processes. Integration with central agencies is essential to operationalise advice and drive system-level change across sectors.

Without specifying a design, VicHealth supports a hybrid governance model, combining PFAB's independent authority with embedded capability within Treasury. This dual structure balances external rigour with internal influence, ensuring prevention is integrated into policy development, budgeting, and long-term planning.

1.d. Embedding the Framework in whole-of-government budget process to account for second-round and long-term fiscal effects across portfolios

Victoria's Early Intervention Investment Framework (EIIF) offers a useful reference point for how a National Prevention Framework could be adapted to a whole of government approach. It demonstrates how central agencies can lead structured, cross-sectoral, evidence-informed investment in early intervention. Currently the EIIF tends to favour secondary and tertiary prevention, where outcomes are more immediate and measurable. Primary and primordial prevention interventions, by contrast, often produce long-term, diffuse, and population-level impacts that are harder to quantify within standard budget cycles.

To overcome these shortcomings, Victoria's EIIF model could be adapted with investment guidelines that count savings over longer periods of time, informed by independent, evidence based, expert-advice. Applying these principles to the National Prevention Investment Framework would enhance its technical rigour, accountability, and responsiveness to the complexity of prevention policy and programs.

1.e Ensuring ongoing investment in prevention by legislating a minimum of 5% share of the Australian Government's total health expenditure on cross-portfolio prevention initiatives.

VicHealth supports the Productivity Commission's proposal for a whole-of-government National Prevention Investment Fund, providing a ring-fenced source of funding for successful prevention proposals across federal, state, and territory governments. Crucially, this funding should not divert from existing sources but progressively grow the overall prevention pool, reaching at least 5% of the health budget for health prevention initiatives, given the chronic underinvestment to date. To ensure this target is achieved by successive governments, VicHealth recommends a 5% investment is legislated.

1.f. Incentivising states and territories to co-fund and collaborate on funded initiatives by establishing a system of banked savings that are paid back to state governments as part of the conditions of a national agreement.

VicHealth strongly supports the proposal for collaboration with state and territory governments noting the opportunity to co-fund programs based on their share of expected benefits. This could lead to opportunities for scaling-up interventions and reducing duplication across borders.

States could be incentivised to collaborate with federal agencies on raising proposals to access the fund through a system of banked savings demonstrated by successful projects, like the model of banked savings for successful departmental bids provided by Victoria's Early Intervention Investment Framework. These savings might accrue and be repaid back to state governments as part of the conditions of a national agreement.

Along with the Public Health Association of Australia, we note the requirement for a Commonwealth, state and territory agreement as a precondition to the Framework should not become the reason for unnecessary delay and jeopardise implementation.

In conclusion, to be effective, the Framework should be designed to accommodate the unique characteristics of primary and primordial prevention, with guaranteed funding. This includes developing methods to assess long-term and cross-sectoral benefits and ensuring funding mechanisms do not disadvantage interventions with delayed or indirect outcomes.

Recommendation 2: Embedding the National Prevention Investment Framework within a wellbeing economy approach

VicHealth highlights the Framework as an opportunity to progress a wellbeing economy building upon the federal government's Measuring What Matters Framework. To ensure the Framework functions as an evidence-based driver of intergenerational wellbeing, social cohesion and national prosperity, it needs to be embedded within a wellbeing economy approach that:

2.a. Sits within a complementary vision for economic management

As Treasurer Jim Chalmers wrote in 2023, "the type of economy we want matters and the type of growth matters—and its distribution."[5] Productivity growth should be pursued with a clear purpose articulated by the concept of a wellbeing economy. That is, to deliver genuine improvements in living standards, wellbeing, sustainability and fairness.

While the Productivity Commission's proposed prevention Framework focuses on improving how governments invest in prevention, there is an opportunity to link this Framework to a broader economic agenda objectives on the above value propositions. Prevention is one of four core elements of a wellbeing economy[6] which moves beyond the focus on Gross Domestic Product (GDP) and economic growth as our primary markers of progress, shifting towards indicators that prioritise health, social and environmental outcomes for people today and future generations.[7]

Major supranational agencies such as the United Nations (UN)[8], the World Health Organisation (WHO)[9], and the Organisation for Economic Cooperation and Development (OECD)[10] are calling for a new way of approaching the economy and are establishing their own strands of activity and advocacy accordingly. Much can be learned from the various countries around the world which are committed to and are on the road to becoming wellbeing economies including Iceland[11], Wales[12], Scotland and Finland[13], as summarised by WHO Europe[14]. Treasury's Measuring What Matters Framework, provides a foundational starting point to build a wellbeing approach in Australia.

Internationally, there is acknowledgement that budgeting frameworks are an important element within a wellbeing economy[15]. In Wales, in many respects a leader in the wellbeing economy approach, a prevention budget and investment framework are being called for as notable omissions and the logical next step[16].

2.b. Values investment in prevention to support improved wellbeing, social cohesion and national prosperity

In a wellbeing economy, prevention is recognised not as a cost, but as an investment in national prosperity, and the Framework provides the machinery to turn that recognition into budgetary decision-making. For example, in a wellbeing economy, Treasury rules would explicitly require budget bids to demonstrate impacts on wellbeing outcomes. The Framework could then rank or recommend investments based on these criteria, rather than competing purely on short-term fiscal savings. Treasury would also co-own wellbeing goals, creating the conditions for Framework advice to be received at the centre of government decision making, rather than siloed in specific portfolios like health. Without this broader aspiration and the legislative compulsion to drive it (recommendation 1.e.),

the Framework risks becoming an advisory tool treated as optional across the wider machinery of government.

2.c. Delivers outcomes aligned with Treasury's Measuring What Matters Framework

As noted, Measuring What Matters provides the foundation to embed a wellbeing economy approach in Australia. Delivered in the form we are recommending, a National Prevention Investment Framework provides a unique opportunity to work towards the outcomes described in Measuring What Matters. This ensures that prevention is valued not only for its efficiency gains, but for its capacity to promote improved wellbeing, social cohesion and fairer, healthier, and more resilient society. It would also give the PFAB's advice the authority it needs ensure government investment is accountable to publicly visible outcomes.

Responding to the questions outlined in the interim report

VicHealth welcomes the opportunity to respond to the Commission's information requests and notes that our responses should be read alongside, and in support of, submissions from the following organisations:

- Centre for Policy Development
- Deakin Health Economics
- Public Health Association of Australia
- Australian Prevention Partnership Centre

Information request 3.1

When prioritising different proposals, how should factors such as overall net benefits, net fiscal effects, cost-effectiveness, equity, ease of implementation, timescale and the value of future benefits and costs be weighted? Are there existing frameworks that do this well?

Please refer to the submissions of Centre for Policy Development, Public Health Association of Australia, Australian Prevention Partnership Centre, and Deakin Health Economics. In addition, VicHealth emphasises the following considerations:

- **Long-term timeframes are essential.**

  Assessment of proposals should account for benefits and costs over extended periods to ensure primary and primordial prevention initiatives are appropriately valued. These interventions often yield population-level outcomes and fiscal benefits that accrue beyond typical budget cycles.

- **Budget rule reform is required.**

  Current Department of Finance Budget Process Operational Rules restrict estimates beyond a four-year horizon, limiting the ability to account for long-term fiscal effects. This constraint undermines the viability of preventive interventions. Analyses must be expanded to capture broader, cross-sectoral impacts over longer timeframes.

- **Equity must be explicitly weighted.**

  Equity considerations, particularly in relation to Closing the Gap and Aboriginal and Torres Strait Islander health and wellbeing outcomes, should be systematically prioritised. Fairness in outcomes requires proportionate investment based on need, which justifies additional weighting in decision-making frameworks.

- **Scope should extend beyond programs.**

  The Framework and the PFAB must be empowered to assess the costs and benefits of a broad range of interventions, including programs, policies, legislative reforms, and regulatory measures. This is particularly important given the critical role of policy and regulatory interventions that often involve minimal direct expenditure but can deliver substantial

population-level benefits. Examples include tobacco control legislation, urban planning regulations, and food labelling standards. A comprehensive approach to preventive health must account for these mechanisms, which frequently offer high-impact, cost-effective solutions that are not adequately captured in traditional funding models.

Should there be minimum cost-effectiveness and/or cost-benefit ratios and how should they be set?

We encourage the Commission to consider the views of the submissions of the Public Health Association of Australia and Deakin Health Economics which outline their perspectives on minimum cost-effectiveness and/or cost-benefit ratios.

How should decision makers balance the need to assess early effectiveness of programs with the need to maintain consistent long-term funding for programs with long-term benefits?

As noted in Recommendation 1, VicHealth as an established health promotion organisation, has developed an Impact and Evaluation Framework to guide its approach to impact and evaluation of prevention initiatives. We suggest the following approaches to balance the need for early reassurance while protecting the consistent, long-term funding needed for prevention's greatest impact:

1. **Piloting before scaling** allows programs to be tested in a controlled way, generating early learning and evidence without committing large-scale funding before proof of concept is established. However, pilots must be designed with a long-term vision for integration into business-as-usual if successful, rather than being abandoned when initial funding ends. In parallel, the Framework should also build on existing evidence and proven local programs, many of which already demonstrate impact but lack support for broader implementation and evaluation. This dual approach ensures resources are used efficiently, balancing innovation with scale-up of what already works.
2. **Using program logic and theory of change frameworks** that clearly map short-term outputs to medium-term outcomes to long-term health impacts, to help decision makers understand the logical pathway and what early signals to expect.
3. **Tracking progress indicators** to provide decision makers with tangible evidence of momentum. Progress or lead indicators can serve as credible signals that a program is on track, even before long-term outcomes like reduced disease prevalence emerge (lag indicators). VicHealth is tracking change across systems and populations using a range of lead and lag indicators. Leading indicators can include modifiable lifestyle behaviours and risk factors. The lagging indicators involve monitoring public data sets to track progress on outcomes over time. The leading indicators focus on collecting data which monitor changes to the conditions of current systems (e.g. food environment changes, built environment improvements, social cohesion metrics, policy and regulatory changes, levies).
4. **Benchmarking against realistic timeframes** to provide decision makers with evidence-based expectations about what different types of outcomes should emerge, noting population level disease reduction can take 10+ years.
5. **Tracking cumulative advantage/disadvantage patterns** to evaluate how early prevention investments compound over time. It is important to understand that small improvements can cascade into major health and social benefits decades later.

How could a diversification strategy be designed to ensure that prevention programs from different sectors and with benefits across different timeframes are funded?

Please refer to Recommendation 1 and above responses outlining our recommended mechanisms to ensure the Framework accommodates primordial and primary prevention initiatives across portfolios outside of health, which show outcomes over longer time horizons.

We also support the Australian Prevention Partnership Centre's and Public Health Association of Australia's views that the Framework should be able to prioritise equity and greatest-need weighting.

Information request 3.2

How should a National Prevention Investment Framework be implemented? What is the best way to incentivise Australian, state and territory governments to invest in prevention to improve future outcomes and avoid future costs?

VicHealth strongly supports the proposal for collaboration with state and territory governments noting the opportunity to co-fund programs based on their share of expected benefits. This could lead to opportunities for scaling-up interventions and reducing duplication across borders. However, along with the Public Health Association of Australia, we note the requirement for a Commonwealth, state and territory agreement as a precondition to the Framework, could result in unnecessary delay and jeopardise its implementation.

Waiting for ideal co-contribution arrangements could be problematic; instead, existing agreements, particularly in health, could be amended to include prevention investment. The Commonwealth Outcomes Fund could also be expanded to support preventative initiatives. In either case, both levels of government must build capability to assess prevention proposals to avoid this becoming a potential limitation of the proposed PFAB.

As per VicHealth recommendations 1.d. & 1.e. we support the Productivity Commission's proposal for a whole-of-government National Prevention Investment Fund for federal and state and territory governments to provide the ring-fenced funding source for successful prevention proposals. As per recommendation 1.f., states could be incentivised to collaborate with federal agencies on raising proposals to access the fund through a system of banked savings demonstrated by successful projects. These savings might accrue and be repaid back to state governments as part of the conditions of a national agreement. Importantly, this funding should not take from existing sources of funding and should be used to increase the size of the overall prevention funding pool (i.e. to at least 5% of the health budget for health prevention initiatives), especially given chronic underfunding of prevention initiatives to date.

What changes if any to the existing budget operational rules would be needed to support consideration of recommendations from the Prevention Framework Advisory Board?

In line with the Centre for Policy Development's report Banking the benefits, we recommend the following changes to the budget operational rules, to allow more prevention initiatives to be prioritised and accommodate funding recommendations from the PFAB:

1. **Include Second Round Fiscal Effect (SRFEs)[1] in policy costings**
   Cost assessments of new policy proposals should include SRFEs in cases where a proposal is likely to have second round fiscal consequences, and those consequences can be determined (and secured) with a high degree of confidence. This is an approach undertaken by the Victorian Early Intervention Investment Framework (EIIF) and has improved budget rigour.
2. **Extended timeframe for costing proposals**
   Costing policy proposals should consider impacts up to 10-25 years in cases where evidence suggests a high likelihood of *long-term* benefits (or costs) and these would be materially significant.
3. **High standards of rigour in assessing SRFEs**
   Ensure rigorous calculation and application of SRFEs by building government capability to measure SRFE and ensure SRFEs are not conflated with second round economic effects (which are more challenging to estimate). Fiscal effects are direct changes to cost for government (such as demand for services) while economic effects are changes to economic activity across the economy (which are often difficult to measure with certainty). In addition, track outcomes to ensure savings are realised.

For recommended wording for the amended budget operational rules, see the Appendix (p.12) of the Banking the benefits report.

Should alternative approaches be considered for governance of the framework, including institutional setting, processes for arriving at co-funding arrangements, decisions and evidence requirements?

The proposed PFAB, modelled on the Pharmaceutical Benefits Advisory Committee and Medical Services Advisory Committee, offers clear benefits through its independence and expert-led structure. Operating at arm's length from government enables the provision of evidence-based advice that is insulated from short-term political and budgetary pressures, which is critical for sustaining a long-term prevention agenda.

However, as noted in our above responses and in Recommendation 1, independence alone is insufficient. To ensure PFAB advice translates into action, integration with central government processes is essential, particularly in Treasury. As per recommendation 1.c., VicHealth supports a hybrid governance model, as outlined by the Centre for Policy Development' submission, combining PFAB's independent authority with embedded capability within Treasury to operationalise advice, reform fiscal processes, and build internal capacity for preventative budgeting.

As the Commission notes, embedding prevention proposals in the budget process for consideration by Expenditure Review Committee risks the same barriers to funding which presently exist but that will require more than adjustment to budget rules. As per recommendation 1.e., to overcome the short-term thinking embedded in current political processes and in line with the recommendation of the National Preventive Health Strategy 2021-2030, there's an additional need for a legislated requirement for federal governments to invest at least 5% of their total annual health expenditure in prevention.

[1] As per the Banking the benefits report, SRFEs refer to the behaviour or outcomes, directly attributable to a policy, that represent an increase or decrease in government expenditure due to a change in demand for government services.

Finally, VicHealth strongly supports the Commission's recommendation that PFAB governance structures enable shared decision-making with Aboriginal and Torres Strait Islander peoples, recognising self-determination as essential to progress on Closing the Gap. VicHealth does not speak on behalf of Aboriginal and Torres Strait Islander peoples and encourages the Commission to engage directly with Aboriginal communities and organisations to ensure this principle is upheld.

What considerations would ensure that the framework works together with existing prevention programs funded by states and territories? How can the framework encourage governments to keep supporting existing effective prevention programs?

Only around 2% of total health expenditure is currently directed to prevention, well below the OECD average and the National Preventive Health Strategy 2021-2023 target of 5% by 2030. Strengthening existing prevention system infrastructure and capability is a prerequisite for successful implementation of the Framework. As outlined in the Strategy's *Framework for Action – Element 1: Mobilising a prevention system*, this includes investment in governance, sustained funding, workforce capability, and data sharing.

At the same time, governments and communities have built strong foundations through existing programs and infrastructure. Maintaining these efforts is critical, as emphasised in *Element 3: Continuing Strong Foundations*. Models such as VicHealth, Preventive Health SA, Healthway and Health and Wellbeing Queensland demonstrate the value of dedicated, long-term investment in prevention. VicHealth's approach to creating pilot prevention programs and interventions underpinned by evaluation which can be scaled up is a model that could be followed.

Importantly, the Framework should complement and reinforce these initiatives using additional funding sources and should not replace them. To encourage continued support, it must avoid rigid funding criteria that exclude promising programs with emerging evidence and enable secure investment in existing efforts while building capacity for evaluation and adaptation.

Conclusion

VicHealth welcomes the Commission's recommendation to establish a National Prevention Investment Framework, supported by an independent Prevention Framework Advisory Board. This reform presents a significant opportunity to reshape how governments invest in prevention, shifting the focus from short-term efficiency to long-term wellbeing, equity, and sustainability.

To achieve its full potential, the Framework must prioritise primary and primordial prevention, embed equity and evaluation, and be integrated within a wellbeing economy approach. These principles will ensure that prevention is recognised not only for its fiscal value, but also for its capacity to drive meaningful and lasting improvements in the lives of Australians.

Australia is at a pivotal moment in its economic and social development. The Treasurer's recent Economic Reform Roundtables highlighted growing concern that current settings are deepening intergenerational inequity. A National Prevention Investment Framework offers a practical way to help rebalance these dynamics. By aligning productivity with wellbeing and embedding prevention into economic decision-making, we can build a healthier, fairer, and more resilient future.

VicHealth stands ready to partner across governments, communities and sectors to support a national prevention framework that will deliver a healthier, more productive and equitable society alongside a sustainable and high-performing health care system.

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