17 September 2025

Dr Alison Roberts
Commissioner
Productivity Commission

Dear Dr Roberts

Diabetes Australia welcomes the opportunity to respond to the Productivity Commission's interim report on Delivering quality care more efficiently.

Support for development of a national prevention investment framework.

In our submission to the Productivity Commission's consultation in June 2025, we supported a national diabetes prevention approach and promoted the development of a common framework for monitoring and evaluation.

We therefore particularly welcomed Recommendation 3.1 in your Interim Report, to establish a National Prevention Investment Framework that supports investment in prevention, improving outcomes and slowing the escalating growth in government care expenditure.

We acknowledge that the development of such a framework faces well-recognised challenges, not only in relation to the access and linkage of data for analysis, but in the design and interpretation of modelling to effectively and equitably inform decision-making.

We recommend an iterative approach to the development of a standardised actuarial framework that would assess and compare the value of prevention programs. This would enable a focus on priority segments and allow governments to systemically test and expand the framework.

Proposal for intergovernmental collaboration on diabetes

With current trends in diabetes, investment in prevention is a recognised priority for governments. Since 2000, the number of Australians diagnosed with all types of diabetes has increased by 220%, to over 1.5 million people. If these trends continue, that number could reach 3.6 million by 2050.

The consequences are profound. Diabetes is a leading cause of preventable blindness, kidney and heart disease, stroke, dementia, limb amputations, congenital malformations and mental health challenges. At least 11% of hospital inpatients have diabetes as a principal or additional diagnosis. Further, diabetes is linked to over 11% of all deaths in Australia. Beyond the human toll, the financial burden is immense. Diabetes now costs the Australian health system an estimated $9.1 billion annually.

Preventing or delaying type 2 diabetes, responsible for around 85% of all cases, is not only possible, but also essential. In fact, when targeted to those at greatest risk, around 58% of cases can be prevented or delayed through lifestyle interventions, and early detection and intervention of diabetes can significantly reduce the risk of complications.

Within this context, Diabetes Australia welcomes the opportunity to raise awareness of a nationally significant initiative to **'count the cost' of diabetes**. This project is designed to support evidence-based policy and investment decisions by quantifying the economic and health burden of diabetes across Australia.

The project comprises two key components:

- A **comprehensive economic impact analysis** to quantify the current direct and indirect costs of diabetes in Australia, and
- A **policy evaluation microsimulation model**, which will estimate the lifetime incidence, costs, and health outcomes associated with diabetes under alternative policy settings and models of care.

This project directly addresses Recommendation 1 of the 2024 Federal Parliamentary Inquiry into Diabetes.

Diabetes Australia is committed to governments and stakeholders having confidence in the project, and are achieving this with:

- leading epidemiologists, economists and researchers ensuring methodological rigour
- lived experience, clinical and First Nations reference groups embedded in the project governance
- technical and policy government reference groups to contribute to the design and development of the analytical framework and ensure the outputs are robust, relevant, and responsive to the needs of policy makers across the federation.

Please see attached briefing materials for further information.

Diabetes Australia proposes that this project serve as a demonstration model for the development of a standardised actuarial framework to assess and compare the value of prevention programs. Such a framework would support governments in making informed investment decisions in chronic disease prevention, as well as to understand and overcome challenges to effectively expand the framework to prevention investment more broadly.

To progress this, Diabetes Australia invites:

- The Australian Government to commit to continued participation in the project as it evolves
- Reference to the project in the National Health Reform Agreement, or other appropriate intergovernmental agreements, to support the development and implementation of a national model for investment in prevention.

We look forward to continuing to keep you informed of the project as it progresses.

Yours sincerely,

Paul Moger
Group Executive, Strategy and Government Affairs