15 September 2025

**ATTN:** Australian Government Productivity Commission

Email: 5pillars@pc.gov.au

**Subject: Response to Interim Report on Inquiry into *Delivering quality care more efficiently***

Thank you for the opportunity to submit a response on the Interim Report on *Delivering quality care more efficiently*, part of the Five Pillars of Productivity Inquiries.

Healthway is the only State Government agency solely dedicated to health promotion and preventive health efforts in Western Australia (WA). We work in partnerships and across systems to create healthy environments, empower individuals to make healthy choices and influence policy to reduce barriers to health and wellbeing.

Our enclosed response focuses on the third key policy reform area in the report: *A national framework to support government investment in prevention*. Should you wish to discuss any aspect of our submission further, please do not hesitate to contact me on [redacted] or email [redacted]

Yours sincerely

[redacted]

Carina Tan-Van Baren
Executive Director, Healthway

## About Healthway

Healthway is the only State Government agency solely dedicated to health promotion and preventative efforts in Western Australia (WA). We work across systems to create healthy environments, motivate behaviour change and influence policy to reduce and eliminate barriers to good health.

Healthway's work focuses on creating healthy environments to support our community to make more informed choices about health and wellbeing, reducing the need for hospital and clinical care. We do this through investments in health promotion campaigns, education, advocacy and research, as well as through sport, arts, racing and community programs. We also lead, coordinate and advocate for policy and systems change across government and non-government organisations.

## Our response

Healthway welcomes the inclusion of investment in prevention in this report, as delivering quality care means delaying and preventing the need for care in the first place.

We are pleased to see the acknowledgement in the interim report that:

- Investment in prevention is a good idea for productivity.
- Benefits and costs of preventive health action are beyond health, they are inter-sectoral, across government departments and tiers of government.
- Realising the benefits from prevention investment can take time.
- An independent body is recommended for establishment, to provide expert advice and administer a dedicated framework and pool of funding.

We also recognise the report outlines the important challenges faced by all levels of government, including short-term budget and election cycles, limited evaluations of prevention, and the existence of siloes. Healthway welcomes the report's suggestions that a National Prevention Investment Framework is needed to address these challenges, and that a cross-sectoral Prevention Framework Advisory Board and dedicated funding mechanism be established, with possible co-funding by state and territory governments.

We are pleased to provide the following recommendations in response to the Productivity Commission's information requests 3.1 and 3.2.

**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?
- Should there be minimum cost-effectiveness and/or cost-benefit ratios and how should they be set?
- 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?
- How could a diversification strategy be designed to ensure that prevention programs from different sectors and with benefits across different timeframes are funded?

**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?
- What changes if any to the existing budget operational rules would be needed to support consideration of recommendations from the Prevention Framework Advisory Board?
- Should alternative approaches be considered for governance of the framework, including institutional setting, processes for arriving at co-funding arrangements, decisions and evidence requirements?
- 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?

**Recommendation 1: Focus scope on public health prevention (primordial/health promotion and primary prevention)**

The interim report provides a broad definition of prevention encompassing risk factor reduction (primary prevention), early detection and management (secondary prevention), and minimising the impact of disease (tertiary prevention). While these approaches are important in easing the burden on acute care, Healthway believes that a national framework to support government investment in prevention should focus on public health prevention (including health promotion and primary prevention) as it offers the highest potential to improve population health and wellbeing.

It is pleasing to see the report acknowledges a broader view of population health, which takes into account areas such as housing, education, justice and family support services, and the

role these play in improving health and wellbeing. Narrowing the focus to health promotion and primary prevention will facilitate these critical cross-sectoral collaborations and allow for the social, environmental, economic, commercial and other factors that lead to health inequity to be considered.

**Recommendation 2: Acknowledge that prevention interventions go beyond programs to encompass policies and regulations**

The interim report argues that cost-saving and cost-effective prevention programs can help to improve efficiency. While this is the case, much of the burden from chronic disease can be prevented by system changes to break down the barriers to making healthy choices and support behaviour change to reduce risk factors in the community. For example, urban planning can play a vital role in creating healthier environments by restricting the establishment of new unhealthy food and drink outlets, particularly near schools, and by creating more liveable neighbourhoods with lower speed limits, access to green spaces and proximity to healthy food and drink outlets.

To this end, we encourage stronger emphasis on system changes such as policies and regulations. These interventions set the foundations to the creation of healthier environments, which can then be enhanced and complemented by implementing prevention programs and campaigns to reinforce positive health behaviours. This has been successfully achieved in the area of tobacco control and, more recently, with the strengthening of vaping legislation.

**Recommendation 3: Logic models can be used to develop intermediate indicators with future funding contingent on achievement of impactful outcomes**

The interim report notes that the benefits of prevention can be substantial, however, they generally accrue over longer timeframes and often years beyond the short-term election and budget cycles.

A simple logic model may be a useful framework to improve allocation and monitoring of funding over time. Logic models are commonly used in the prevention sector and visually represent how a health promotion program or intervention is intended to work by linking specific activities with outputs and outcomes.

Ongoing investment could be contingent on logic model progression from short- to longer-term outcomes, as a way of overcoming the issue of outcomes taking time to appear. Short-term outcomes could focus on changes in behaviour for risk factors (e.g., changes in risk factor prevalence) while long-term outcomes, often realised decades into the future, could focus on changes in outcomes (e.g., quality of life, life expectancy). We advise caution with the reliance on even earlier outcomes in a logic model, such as intention to change behaviour, given it can be a poor predictor of actual health behaviour change.

In order to deliver the evidence for logic models, investments should include sufficient budget for evaluation. In addition, a suitably qualified existing Government mechanism, such as The Australian Centre for Evaluation, would be well placed to take a leading role in setting evaluation frameworks for prevention and facilitate collaborations.

**Recommendation 4: Investments should be guided by a priority setting framework**

To help determine the most effective, cost-effective, affordable and implementable program and policy options to prevent health issues and boost productivity, a robust priority setting framework will be required. The framework will be required to assess the broad range of prevention interventions (regulatory and program-based interventions) across multiple sectors and multiple areas of governance for federal, state and local governments.

A useful framework for consideration is the Assessing Cost Effectiveness (ACE)-Obesity Policy Framework developed by the Institute for Health Transformation at Deakin University. This framework considers equity, strength of evidence, acceptability to government, industry and the general public, feasibility, sustainability, and other considerations such as spillover consequences to determine the most cost-effective, affordable and implementable policy options to prevent obesity across a range of settings, and may be adaptable to other health issues.

Other frameworks that may be useful include the Australian Prevention Partnership Centre's Intervention Scalability Assessment Tool which assists users determine the scalability of a discrete population health program or intervention and the World Health Organization best buys methodology to address non-communicable diseases.

**Recommendation 5: No benchmark for minimum cost-effectiveness and/or cost-benefit**

Healthway suggests that benchmarks for minimum cost-effectiveness and/or cost-benefit are not feasible or required, for the following reasons:

- Prevention programs, interventions, policies and regulations are not homogenous, making it challenging to make comparisons of economic impact.
- Adopting a benchmark may lead to a narrow focus on programs, rather than policies and regulations. It is likely that programs will be quicker to demonstrate a benchmark (e.g., healthy eating program), by extrapolating cost-effectiveness estimates from limited scale trials. By comparison, more effective but perhaps more politically challenging policies and regulations (e.g., subsidised fruit and vegetables paid for through a hypothecated tax on sugary drinks), are challenged by limited ability to gather locally relevant cost-effectiveness data, in the absence of an opportunity to conduct a trial and extrapolate benefits.
- There are no cost-effectiveness or cost-benefit thresholds set for similar existing advisory committees such as the Medical Services Advisory Committee (MSC) and Pharmaceutical Benefits Advisory Committee (PBAC).

Should cost-effectiveness and cost-benefit thresholds be established, consideration should be given to factors such as the severity of the health issue being addressed, the extent to which the initiative responds to a gap in need and the extent to which the initiative contributes to equitable outcomes.

**Recommendation 6: Establish dedicated co-funding and co-contribution arrangements across jurisdictions and sectors**

The Productivity Commission's proposal for a whole-of-government National Prevention Investment Fund is supported in principle. This Fund could provide a dedicated source of funding for successful prevention proposals across federal, state, and territory governments.

However, it is vital that this funding should not divert from existing sources but provide additional contribution to health funding, with the aim of reaching at least 5% of the health budget dedicated to health prevention initiatives, in line with the aims of the *National Preventive Health Strategy 2021-2030*.

Given the benefits of prevention investments fall across sectors and levels of government, and over extended timeframes, Healthway supports the suggestion that investments also fall across sectors and levels of government. Upstream sectors, such as planning and transport, should not be ignored, and may be considered as part of co-contribution arrangements.

While co-contributions are ideal, they can take time to identify and formalise. In the interim, existing agreements and funds, such as the Commonwealth Outcomes Fund, may be utilised to prioritise prevention investments.

The prior Council of Australian Governments National Partnership Agreement on Preventive Health, between 2008 and 2014, outlined a per capita distribution of Commonwealth funding to states of around $645M over the six years. The Productivity Commission Interim Report has instead suggested that States and Territories contribute funds relative to their expected benefit.

We note that this is a considerable shift in funding approach for prevention which may promote a corresponding reduction in state and territory investment in existing prevention programs. It is recommended that any national funding agreement include a mechanism whereby savings from successful prevention programs are distributed back to participating states and territories to motivate and partially offset additional funding.

**Recommendation 7: A mechanism to protect against harmful industries and conflicts of interest should be established**

Commercial determinants of health refer to the private sector activities that affect people's health and include a wide range of risk factors such as smoking, alcohol use, obesity and physical inactivity. The commercial determinants of health should be made explicit in the establishment of a Prevention Framework Advisory Board, with a clear action to develop a conflict-of-interest management plan and protection policy, to counter and avoid harmful industry influence from within.

**Recommendation 8: Implementation of the National Prevention Investment Framework should be aligned to other parts of the Australian Government's agenda**

As suggested, productivity investments for prevention should be measured by contributions to other government agendas, including equity, sustainability, and quality of life, across different sectors and determinants of health – rather than efficiency on reducing health care burden alone.

There is an opportunity to link the National Prevention Investment Framework to other parts of the Australian Government's agenda e.g., National Preventive Health Strategy and the Treasurer's Measuring What Matters Framework. Furthermore, given the proposed role of states and territories in co-funding, a map of policy alignment across the states should be introduced to assist in positioning the need for alignment nationally.

## Conclusion

Healthway commends the Productivity Commission on directing much-needed focus on preventative health as a means of reducing demand on care services and reducing the rapid growth of government expenditure.

Healthway supports the establishment of a National Prevention Investment Framework to drive more efficient and effective prevention activity and the broad recommendations for:

- The establishment of an Independent Prevention Framework Advisory Board;
- A funding mechanism to support eligible prevention initiatives; and
- An Intergovernmental Agreement between the Australian, state and territory governments.

However, care must be taken to ensure this framework is underpinned by robust governance and evaluation processes and funding arrangements are structured to motivate additional investment in preventative health rather than diversion of existing funds.