Strategic investment in preventive health

Submission on the public consultation on Tasmania's 20-Year Preventive Health Strategy

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Acknowledgment of Country

We acknowledge the Palawa people of Lutruwita and the Gadigal people of Sydney, the traditional owners of the land upon which we live and work.

We pay respects to Elders past and present as the knowledge holders and sharers. We honour their strong culture and knowledges as vital to the self-determination, wellbeing and resilience of their communities.

We stand for a future that profoundly respects and acknowledges Aboriginal perspectives, culture, language and history.

Disclaimer

The views expressed herein are solely the views of the Tasmanian Policy Exchange and are not necessarily the views of the University of Tasmania nor the Premier's Health and Wellbeing Advisory Council, of which Professor Richard Eccleston is a member. The University of Tasmania does not accept responsibility for any information or advice contained within this document.

Introduction

The Tasmanian Policy Exchange (TPE) commends the Tasmanian Government on taking a long-term, preventive approach to improving health outcomes in the state. As policy specialists, we strongly support the aims of Tasmania's 20-year Preventive Health Strategy (the Strategy) and note the importance of the preventive approach for:

- improving health and wellbeing outcomes for all Tasmanians;
- managing the future cost of providing health services in the state; and
- reducing pressures on acute health services.

The Strategy is timely, aligning with the Australian Government's productivity agenda and commitment to developing new models of delivering high quality efficient care. The Productivity Commission's *Delivering Quality Care More Efficiently* inquiry report (December 2025) identifies the need to develop a national framework to support government (State and Commonwealth) investment in prevention and early intervention. The Tasmanian Strategy aligns with, and can leverage, national reforms.

The need to develop and implement an ambitious preventive health strategy supported by a robust governance and funding model is especially acute given the significant pressures facing both the Tasmanian health system and budget. This crisis demands an innovative and ambitious response.

Scope of this submission

This submission is focused on the funding and governance arrangements required to deliver and sustain the Strategy for 20 years and beyond. For advice on specific priorities, prevention measures and programs, we defer to the various submissions from our University colleagues and other stakeholders with health expertise and experience.

The insights presented below are based on Australian and international evidence, the TPE's involvement with the development of SEED Futures National Primary Prevention Framework (launched in February 2026), and our engagement with Productivity Commission and policy specialists working on investment approaches to early interventions across Australia.

The case for a strategic investment approach to prevention funding

Context

Tasmania's health system is under increasing stress due to growing disease burden, ageing population, and rising delivery costs. Both in Tasmania and nationally, health spending is outstripping inflation and consuming a growing percentage of public spending. These growing expenditure pressures are driving the structural deterioration in State and Commonwealth budgets. Nationally, real spending on care and care-related expenses has increased by 136% over the past 25 years.[1] In Tasmania, a similar trend is evident: between 2015 and 2024, nominal health spending increased by 124% (59% in real terms), and its share of total state expenditure jumped from 29.9% to 38.5% (see Figure 1).

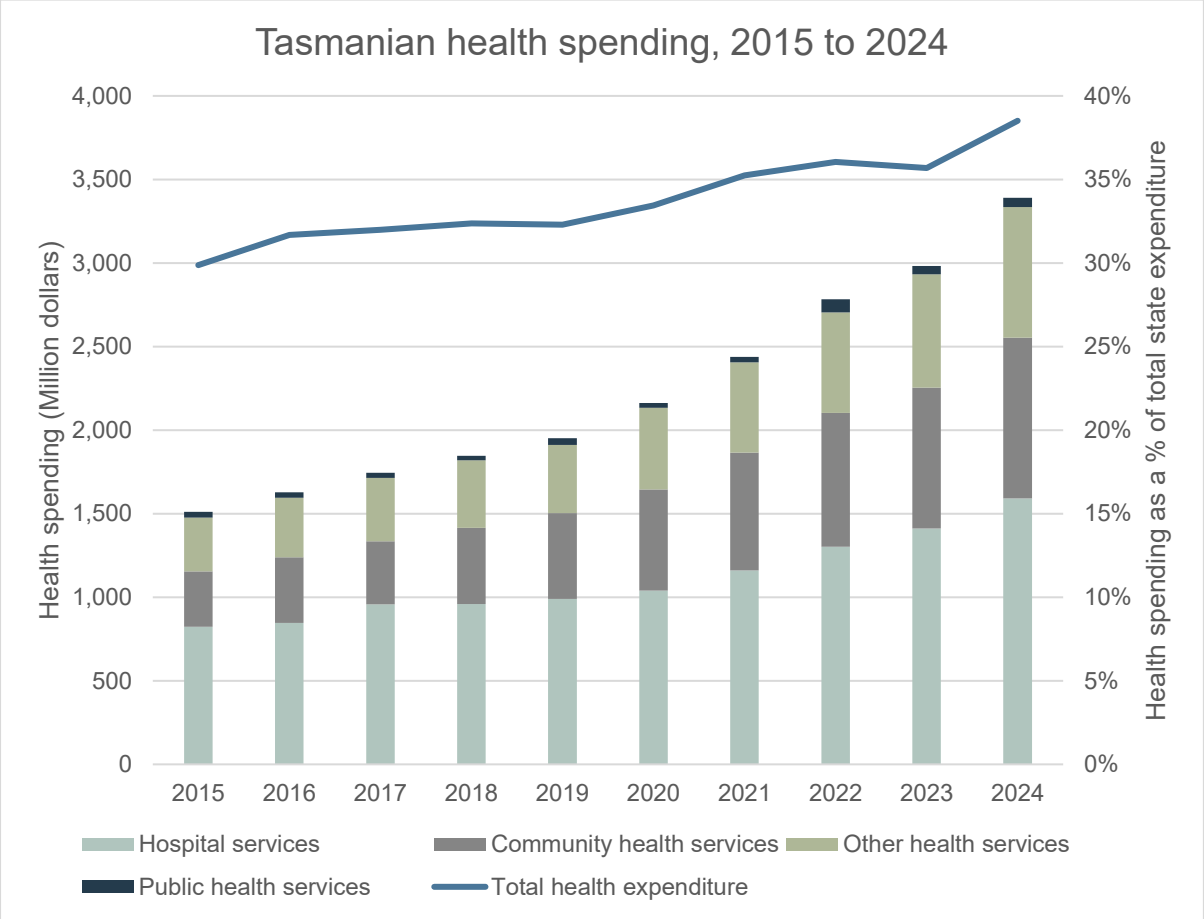

Figure 1: Tasmanian health spending, 2015 to 2024[2]

Additionally, there is significant unmet demand for care in Tasmania. As of December 2025, there were nearly 71,000 outpatients on the waiting list and only 55% of elective

[1] Productivity Commission (2025), *Delivering quality care more efficiently: Inquiry Report*, p. 58.

[2] ABS, Tasmania State General Expenses by Purpose, 2023-2024

surgery patients were seen within the clinically recommended time;[3] and in 2024-25, 46% of Emergency Department patients were seen on time (compared to a national average of 67%).[4]

These data highlight the urgent need for an ambitious and effective preventive health strategy to reduce pressure on the healthcare system. Hearteningly, there is a growing consensus around the need for greater investment in prevention, and the long-term benefits this approach could create. The Productivity Commission found that at the national level, a $1.5 billion investment in prevention over five years could deliver governments $2.7 billion in direct savings, with an additional $2.7 billion (net present value) in broader health, social, and economic benefits.[5] Currently, Australia lags behind its OECD counterparts, investing a little over 3% of health spending on prevention (see Figure 2). The Australian Government's *National Health Prevention Strategy* has committed to addressing this shortfall by investing 5% of health spending in prevention by 2030.

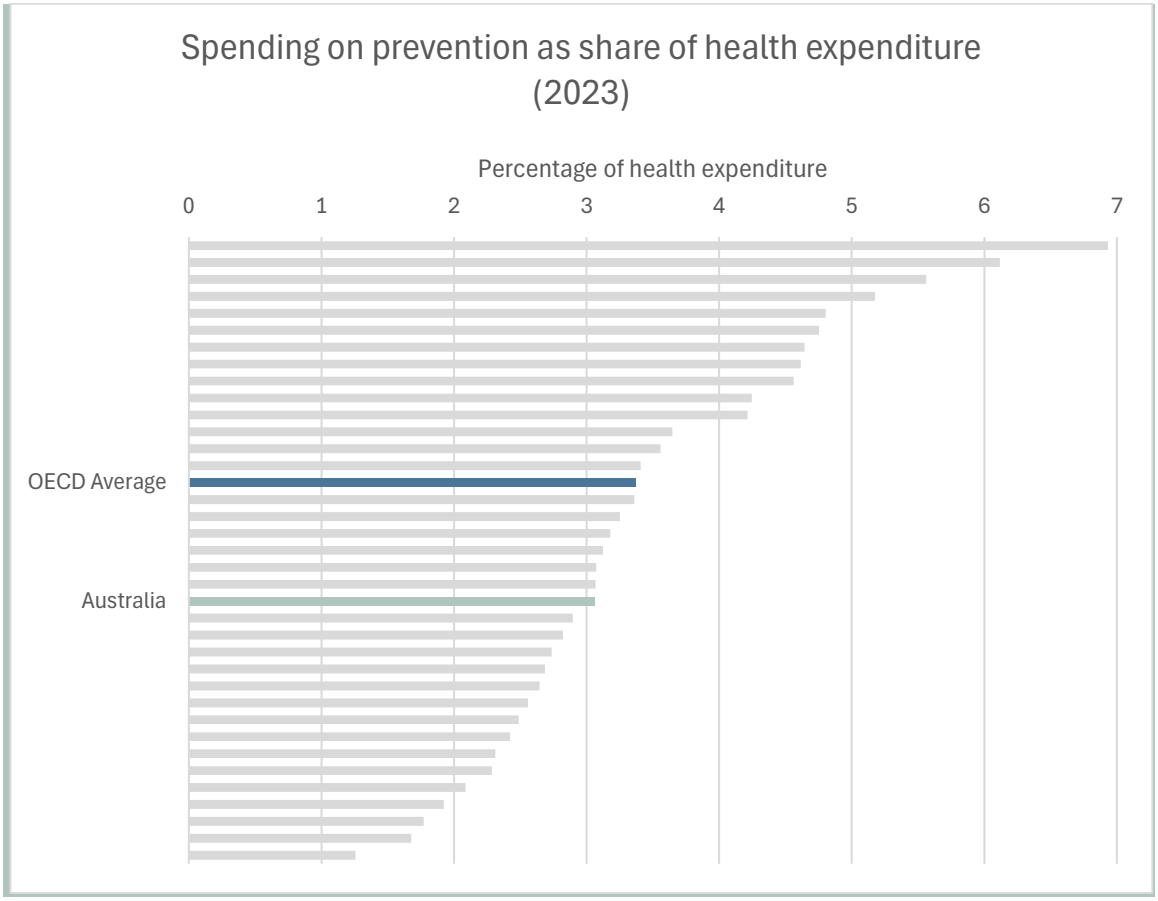

Figure 2: Spending on prevention as share of health expenditure (2023)[6]

[3] Tasmanian Government, Health System Dashboard – Monthly, www.health.tas.gov.au/patients/health-system-dashboard/monthly

[4] AIHW, Waiting times overview, www.aihw.gov.au/hospitals/topics/emergency-departments/waiting-times

[5] Productivity Commission (2025), *Delivering quality care more efficiently: Inquiry Report*, p. 1.

[6] OECD (2025), Health at a glance, www.oecd.org/en/publications/health-at-a-glance-2025_8f9e3f98-en/full-report/health-expenditure-on-prevention-and-primary-healthcare_e65bf24a.html#figure-d1e33018-4220e97733

Sustainable options for funding preventive health

As the draft Strategy makes clear, the case for investment in carefully designed and evidence-based preventive health programs is compelling. Setting priorities that align with community needs and deliver the greatest return will require a robust governance and funding model that sustains investment and delivers long-term outcomes. In this section, we focus on the latter.

There are several challenges associated with investing in prevention at scale. According to the Productivity Commission's inquiry report, these include:[7]

- **Misalignment between who benefits and who funds:** Because prevention delivers broad benefits that cut across the responsibilities of multiple government agencies, the agency that funds a preventive program may not be the one that reaps the bulk of the rewards in the long-term. Combined with the competitive nature of state budget processes, this can lead agencies to undervalue preventive interventions.
- **Short-term thinking:** The benefits of prevention investments often take multiple electoral and budget cycles to emerge. This can make them less attractive compared to funding much-needed acute care, which responds to immediate needs.
- **Budgeting rules:** Current budgeting rules limit consideration of long-term and cross-portfolio savings, meaning preventive initiatives are often undervalued.
- **Evidence on effectiveness and long-term benefits:** Limited data, long timeframes, and scarce evaluation resources make it difficult to demonstrate the full value and budget savings of prevention, leading to scepticism and under-funding.

Considering these challenges, developing a robust and sustainable governance and funding model must be a priority for Tasmania's first *Health Revolution Action Plan*.

Tasmania is not alone in developing new prevention strategies. Other jurisdictions have implemented strategies to improve long-term health outcomes through innovative early intervention models. These have been supported by robust evidence and sophisticated analysis of future avoided costs.

Drawing on these examples, the above-mentioned Productivity Commission Inquiry has recommended establishing a National Prevention and Early Intervention Framework. The Framework would be supported by better evaluation and data to establish the direct and future avoided costs from prevention programs. To do this, national capability would need to be built to model and verify this data. The aim of the Framework is to identify the most effective programs by forecasting savings, and to share the risks and rewards across agencies and between levels of government.

[7] Productivity Commission (2025), *Delivering quality care more efficiently: Inquiry Report*, p. 64.

These funding reforms have been informed by Victoria's 'Early Intervention Investment Framework'.

Victoria's Early Intervention Investment Framework (EIIF)

The EIIF was established in the FY2021-22 as a method of allocating funds to "initiatives designed to improve the lives of Victorians and reduce pressure on acute services such as hospitals, prisons, and homelessness and family violence services".[8] It is fully embedded into the Victorian State Budget process, linking budget investments to measurable impacts – such as improved outcomes for people experiencing homelessness, young people at risk, and individuals with mental illness – and quantifies both client benefits and system-wide avoided costs.

Since its introduction, the Victorian Government has invested $2.7 billion through the EIIF, with more than $3 billion in economic and financial benefits anticipated. The 2024-25 Budget committed $1.1 billion for early intervention initiatives.

Government departments seeking EIIF funding are required to submit business cases that include defined outcome measures and estimates of avoided future costs, which are then reviewed and verified by the Department of Treasury and Finance to ensure accuracy and robustness. Departments accrue 50% of the avoided cost benefit immediately, with the remaining 50% returned in subsequent budgets.

Tasmania can learn from the Victorian EIIF and should partner with Commonwealth and other states and territories to develop a preventive-health specific 'Strategic Health Investment Fund Tasmania' (SHIFT), based on the Victorian EIFF and leveraging the Commonwealth's proposed 'Future Avoided Costs' (FAC) model.

Investment funding informed by a FAC framework involves modelling costs under a business-as-usual scenario, comparing these to projected outcomes when preventive measures are implemented, and using a portion of the estimated savings to finance preventive measures up front. This supports a shift from reactive, treatment-based spending to proactive investment in population health. Strengthening the case for sustained and scalable preventive health programs. Given the Commonwealth's early intervention investment agenda and commitment to collaboration with state and territory governments, a Tasmanian SHIFT fund could leverage federal modelling capability and frameworks.

[8] Victorian Government, Early Intervention Investment Framework, www.dtf.vic.gov.au/early-intervention-investment-framework

Early intervention investment models are innovative yet complex and, based on our research, we have identified a range of factors for the successful implementation of SHIFT:

1. **Comprehensive legislative framework –** An initial model can be developed in a central agency such as Treasury, but a long-term investment model requires a legislative basis. This is necessary to ensure the longevity of SHIFT and support the highest possible levels of transparency and accountability.
2. **Effective collaboration between all State agencies and Treasury –** This will be required to ensure that SHIFT is fully integrated into the State's budget process and ensure cross-agency collaboration and participation.
3. **High-level modelling capability –** This will ensure that long-term benefits and costs are estimated accurately, reducing budgetary risk and enabling precise funding allocations. This modelling capability could likely be provided by the Australian Treasury to save resources and ensure consistency across the federation.
4. **Transparent decision-making processes –** The steps involved in proposing a program, modelling its costs and benefits, and determining the funding it will receive must be clearly set out and understood by all actors involved. This will establish trust in the process.
5. **Place-based and community-led design –** Reflecting the complex and contingent range of factors that influence long-term health outcomes, programs put forward for SHIFT funding should be carefully co-designed with service providers and communities, including those with lived experience.
6. **Alignment with the Commonwealth –** SHIFT should use the Australian Government's current emphasis on preventive investment to leverage existing initiatives, frameworks, and capabilities.
7. **Robust and iterative monitoring, evaluation, and learning (MEL) –** Rapid MEL cycles will facilitate continuous improvement of programs, ensuring that they are kept on track to achieve modelled cost-savings and benefits.

The success and sustainability of the *Health Revolution* agenda will depend on establishing an innovative funding model and robust governance. The TPE would be pleased to offer further advice on the design and implementation of a Tasmanian preventive health fund or support engagement with our colleagues and partners with expertise in early intervention invest funds. This is an exciting opportunity to establish a funding and governance model that can deliver a step change in our state's health system and improve the future health and wellbeing of all Tasmanians.