



2025–26

Federal Budget Submission

Prepared by

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Introduction

The Australian healthcare system is posed to face several challenges. Like many healthcare systems across the world, population ageing, increasing burden of disease and workforce shortages are putting pressure on systems to find more efficient and sustainable ways of providing care.

The Victorian Healthcare Association's submission to the 2025–26 Federal Budget outlines key funding priorities and opportunities that will help get our system to where it needs to be. These ideas have been informed by consultations with our members and reflect the issues they see in our healthcare system.

This budget is an opportunity for the Australian Government to reaffirm its commitment towards a system that provides the care Australians need today and in the future.

About the Victorian Healthcare Association

The **Victorian Healthcare Association (VHA)** is the peak body supporting Victoria's publicly funded healthcare services to deliver high-quality care, build capacity and drive system reform. Established in 1938, the VHA represents Victoria's diverse publicly funded healthcare sector, including public hospitals, aged care services, community health services and non-bed-based services such as palliative care and bush nursing. The VHA advocates on behalf of its members on sector-critical issues by engaging and influencing key decision-makers involved in policy development and system reform.

A photograph of a smiling female healthcare professional, likely a nurse or doctor, wearing blue scrubs and a stethoscope. She is holding a small, fluffy brown dog against her chest. The image is partially obscured by a large, dark teal geometric shape on the left side of the page.

Budget recommendations

The VHA is pleased to present four budget priorities and opportunities to strengthen the Australian healthcare system. These are targeted and specific actions that will enable the system to meet the most pressing challenges of the future such as increasing demand for aged care and mental health services and climate change.

Acting and investing in the capacity of the system now will ensure the healthcare sector can deliver better care for all Australians in the future.



Invest in upgrading residential aged care infrastructure



PROBLEM: Aged care services need to upgrade and replace ageing or unsuitable capital infrastructure to continue to provide high-quality aged care. Proper infrastructure is central to the provision of safe and quality aged care, but services lack the funds to carry out building upgrades, purchase new equipment and modernise facilities independently. Poor infrastructure also affects the ability of residential aged care services to attract new residents who may prefer to receive treatment in hospitals instead, ultimately compounding bed block issues across the system. Finally, as noted by the [Aged Care Taskforce](#), growing demand for residential aged care requires building more rooms which current capital funding arrangements do not meet.¹



ASK: The Australian Government to invest \$200 million in a new grant opportunity of the [Aged Care Capital Assistance Program](#) to upgrade infrastructure across residential aged care services.



IMPACT: Much-needed capital initiatives will enhance the quality of aged care services, including modernising beds, upgrading equipment and renovating facilities. This will enable services to provide safer and higher-quality care to older Australians. In the long-term, it will help to build capacity in the aged care system to meet future demand for aged care services.

¹ https://www.health.gov.au/sites/default/files/2024-03/final-report-of-the-aged-care-taskforce_0.pdf, p. 7



Build the capacity of the mainstream health sector to provide culturally safe care

In Australia, it has been acknowledged that improving cultural safety for Aboriginal and Torres Strait Islander people will improve their access to, and the quality of, health care. Achieving cultural safety in the healthcare sector requires health services to create environments and embed practices that respect Aboriginal and Torres Strait Islander people's cultural identities to ensure their healthcare experiences are free from racism.



PROBLEM: The Australian Government funds various programs, initiatives, and strategies to improve high-quality healthcare for Aboriginal and Torres Strait Islander people, including support for Aboriginal Community Controlled Health Organisations (ACCHOs). However, greater investment in national cultural safety initiatives is needed to embed cultural safety across the system.

Although ACCHOs are recognised as the preferred provider of culturally safe care to Aboriginal and Torres Strait Islander people, mainstream organisations also provide care to Aboriginal and Torres Strait Islander people. Stakeholders widely acknowledge that there are gaps with the employment of Aboriginal and Torres Strait Islander health workers and development of culturally safe practices in mainstream health services.



ASK: The Australian Government to provide \$50 million over four years to health services and other healthcare providers through a new initiative to support the provision of culturally safe care.



IMPACT: This investment will assist health services to provide culturally safe care, such as by facilitating partnerships with Aboriginal and Torres Strait Islander-led organisations, education and training, and the recruitment of Aboriginal and Torres Strait Islander health workers. These actions will build the capacity of health services to provide safer care to Aboriginal and Torres Strait Islander people and reduce systemic inequities across the sector.



Funding to stabilise and train the mental health workforce



PROBLEM: The future of the mental health sector depends on a sustainable, skilled and supported workforce to meet the challenges of increasing demand and complexity. However, there is a significant shortage in mental health professionals which impacts the quality and amount of mental health care Australians can access. Other issues affecting the mental health workforce include high rates of casual/contract-based employment and turnover, leading to instability.



ASK: The Australian Government to invest \$30 million to progress the implementation of the National Mental Health Workforce Strategy, specifically targeting the following priority areas:

- Develop and deliver recruitment and career pathways to attract a suitably skilled and diverse workforce
- Enhance training pathways, access to supervision, and support skills transfer
- Address workforce supply in rural and remote areas



IMPACT: This investment will build and strengthen Australia's pipeline of mental health professionals by improving workforce attraction and retention. Supporting these priority areas ensures there is greater visibility and clarity of career pathways, improved access to, and quality of, training and education supports and addresses workforce shortages in rural and remote areas. This will enable more professionals to enter the mental health workforce, access development opportunities and build skills to meet local needs. This investment will develop a stable and skilled mental health workforce to deliver the mental health and wellbeing services Australians need now and into the future.



Fund the National Health and Climate Strategy and recognise the role of community health services

The Australian Government's [National Health and Climate Strategy](#) (the Strategy) builds on the work of all levels of government to set out a plan towards net zero emissions and strengthening the resilience of the health system. It outlines several commendable actions that address the health and wellbeing impacts of climate change, including the need to strengthen the role of primary care in emergency preparedness, response and recovery. The Australian Government has committed to strengthening the role of primary care in emergency response – including working with relevant stakeholders such as Primary Health Networks to strengthen their functions in emergency preparedness, response and recovery (action 3.9 of the Strategy).



PROBLEM: The Australian Government has committed to phased implementation of the Strategy through the National Health and Climate Change Strategy Implementation Plan but has not funded the Strategy actions. This means the health sector continues to rely on short-term and ad-hoc funding for emergency preparedness, response and recovery initiatives. The Australian Government must also recognise the role Victoria's registered community health services can play in supporting the Strategy's actions, given their vital role in delivering of primary care and recovery support for families and communities impacted by disaster.



ASK: The Australian Government to invest \$200 million over three years to implement the actions of the National Health and Climate Strategy, and recognise registered community health services as part of the Strategy's actions that strengthen the primary care system's preparedness, response and recovery for climate-related emergencies.



IMPACT: The healthcare sector will be enabled to implement the actions outlined in the Strategy without compromising service delivery. Recognising the role of Victoria's registered community health services will enable a new, readily available channel which the Australian Government can leverage to implement the Strategy. This will support the Strategy's goal of strengthening the role of primary care in addressing climate change and break a reliance on insecure funding for preparedness, response and recovery initiatives. Like Primary Health Networks, reliable funding will enable community health services to support their communities and conduct key activities such as community recovery and resilience programs.



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