



2026-27

Federal Budget Submission

Prepared by

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About the Victorian Healthcare Association

The Victorian Healthcare Association (VHA) is the industry body supporting Victoria's diverse publicly funded healthcare sector. Established in 1938, the VHA elevates a unified member voice to government, influences policy on sector critical issues, and presents forward-thinking solutions to achieve a strong healthcare system that meets the needs of all Victorians.

The VHA connects members at executive and director levels to shape advocacy and support collaboration. Through a deep understanding of Victoria's public healthcare sector, the VHA supports sector capability through the delivery of tailored development programs to meet the growing demands of Victoria's current and future healthcare leaders.

VHA members represent 85% of Victoria's publicly funded healthcare sector and span a range of healthcare organisations. VHA members include Hospitals and Health Services, Community Health Services, Bush Nursing Centres, Specialist Care Services, Public Sector Residential Aged Care Services and non-bed-based services, such as Early Parenting Centres and patient transport services. Working from metropolitan through to rural areas, VHA members deliver accessible healthcare services in line with the needs of the Victorian community.

The VHA acknowledges the Traditional Custodians of unceded lands throughout Australia. We recognise their continuing connection to land, waters and culture, and we pay our respects to their Elders past and present. Our offices are located on the lands of the Wurundjeri Woi Wurrung people.

Introduction

Right across Australia, demand for care and services is growing, and expectations of the public healthcare system are changing. As the VHA's inaugural [State of the Health Sector Report](#) found, growing health complexity and longer life spans have had significant implications for healthcare services, with the proportion of people with no chronic condition decreasing significantly over the past decade. This is placing greater pressure on healthcare organisations as people are requiring a more diverse and comprehensive mix of services.

Alongside these major changes, the sector continues to grapple with complex, global challenges such as the widening cost of service delivery, the critical need to sustain workforce attraction and retention and ageing and growing populations. The global challenges all place pressure on the delivery of care and services across public healthcare.

The challenges ahead are complex and will require considered investment, allocated strategically across the system. All levels of government must commit to investing in the measures that support the long-term future of our public healthcare system.

Victoria's public healthcare sector is at a pivotal moment of transformation for service delivery across the state, including ongoing reform efforts across key areas such as aged care, mental health, and primary care. The reforms underway to the healthcare system are significant and funding over the coming years must support their ongoing progress. This includes the implementation of the new right-based Federal Aged Care Act, Strengthening Medicare Taskforce.

The Federal Government is due to finalise a new National Health Reform Agreement in partnership with states and territories. To alleviate the pressures facing hospitals and support long-term planning across the workforce, infrastructure and care delivery, the Federal, state and territory Governments must push forward on negotiations of the National Health Reform Agreement for 2025-2030.

The VHA's submission to the 2026–27 Federal Budget outlines key funding priorities and opportunities to maximise outcomes from investment, deliver gains in productivity and invest in the places that need the most attention. The funding priorities are targeted and linked to the [VHA's Victorian Health Investment Strategy](#) – an overarching strategy for long-term investment into Victoria's publicly funded healthcare sector, including priorities for Victorian Government investment.

This budget is a chance for the Federal Government to reaffirm its commitment to reducing the pressures on hospitals, deliver on reform commitments in primary care, improve population health and support health services to deliver all types of care to individuals and families who need it.

Summary of priorities

1. Fund the true cost of care

Victoria, is experiencing significant economic pressures, as is Australia and the world. The gap between investment and the true cost of care has been widening.

- Deliver on NHRA commitments for hospital and health service funding
- Fund the cost of GP services to vulnerable people

2. Connect the system

Victoria's public health system is fragmented; with many component parts to the complex and diverse structure that do not work seamlessly hand in hand.

- Support aged care providers to meet obligations under the new Support at Home Program

3. Improve access to care for all Victorians

Increasing prevalence and complexity of chronic disease requires expanded service models, with demand growing right across the system, particularly in primary and aged care, and services that deliver care in the community.

- Invest in programs that maximise health professional skills
- Fund the National Health and Climate Change Strategy and recognise the role of Community Health Services

4. Attract and retain our workforce

There is a critical need for investment in workforce attraction and retention to ensure the sector can keep pace with community needs, with multiple policy levers required to address this.

- Lift representation of First Nations people in the health workforce
- Improve workforce supply and distribution in rural areas

5. Future-proof health infrastructure

Victoria's population is growing and changing. Many facilities and assets are ageing and no longer fit-for-purpose or able to meet the complex and growing needs of Victorians.

- Invest in upgrading public sector residential aged care



Theme 1: Fund the true cost of care

Victoria is experiencing significant economic pressures, as is Australia and the world. The costs of delivering healthcare are rising and care needs are becoming more complex.

Over the past few years, the gap between investment and the true cost of delivering healthcare has been widening – leading to a structural deficit across all health services. Medical supplies and equipment, insurance premiums and workforce-related costs are some of the many areas that have increased due to inflationary pressures.

The true cost of care will not be met by Victorian funding alone. National Cabinet, in December 2023, agreed that the Federal Government would fund 42.5% of public hospital costs by 2030, and 45% by 2035. Negotiations have stalled and been challenged by a multitude of reforms occurring in tandem. To alleviate the pressures facing hospitals and support long-term planning across the workforce, infrastructure and care delivery, the federal, state and territory Governments must push forward on negotiations of the National Health Reform Agreement for 2025-2030.

The Federal Government must fund the true cost of care by:

- funding a supplement to the Medicare Benefits Scheme, through a blended funding model, to ensure the most vulnerable patients can access primary care.
- funding an extra \$24.29 billion over four years in the NHRA, equating to 42.5% of the funding of public Hospitals and Health Services.

Deliver on NHRA commitments for hospital and health service funding



Problem: Negotiations are underway for a new National Health Reform Agreement (NHRA), 2026-2030. A renewed agreement must deliver sustainable funding into public hospitals and health services to deliver on the growing demand and complexity of healthcare. Looking both at acute and care which is of high value to the community, including aged, primary and community care.



Ask: The Federal Government to invest an extra \$24.29 billion over four years in the NHRA, equating to 42.5% of the funding of public hospitals and health services.



Impact: Investment will support hospitals to provide high-quality care and keep people healthier for longer. A commitment to increasing hospital funding will support the Federal Government's intent to reduce hospital waiting lists and wait times in emergency services, keeping pace with the growing demand for healthcare.



Fund the cost of GP services to vulnerable people



Problem: The Medicare Benefits Scheme (MBS) provides funding for GP services, modelled on a 6-minute appointment time, to be delivered either bulk billed or with a fee for service cost to the patient. Yet, with an increase in comorbidities and complexity in health needs, the standard appointment funding does not deliver for patients who are vulnerable and for those with complex needs.

In Victoria, Community Health Services work with vulnerable communities, spanning across a range of health services, including GP services, to deliver a multidisciplinary and joined up approach to delivering healthcare. They prioritise having no or low costs to their services so that they are accessible across the community, supporting the most vulnerable.

Even with the Federal Government's increase to bulk billing arrangements, the costs to provide GP services to vulnerable communities is not met. A blended MBS model that adjusts for disadvantage and complexity must be established to ensure coverage of the full cost to deliver care and maintaining access to primary care for those who are most vulnerable and people with complex needs.



Ask: The Federal Government to invest \$300 million a year to establish supplement funding to the existing and enhanced bulk billing arrangements for people who are vulnerable or with complex care needs.



Impact: Investment will ensure that Community Health Services and not-for-profit health services are able to deliver GP services for the communities they work with. This will ensure that vulnerable communities build lasting connections with health services, are supported to manage conditions, seek treatment early and have access to follow up on their healthcare on a more regular basis. In turn, this will reduce burden across the health sector, particularly minimising the impact of delayed care or high-cost presentations to hospital and emergency departments.



Theme 2: Connect the system

Victoria's public health system is fragmented; with many component parts to the complex and diverse structure that do not work seamlessly hand in hand. The Federal Government's new right-based Aged Care Act intends to strengthen system connections through consistent national standards and improved coordination between providers, ensuring older Australians receive person-centred care across all regions.

To meet the challenges ahead and maximise all reform opportunities, the system needs to adapt. IT systems need to be digitised and interoperable, enabling patient information to be shared seamlessly across hospitals and health services. Systems must prioritise pathways for patients to move smoothly across the healthcare system between complex care and care closer to home. Likewise, aged care providers must have reliable ICT to better deliver on patient need, as they transition to the new Support at Home program under the Aged Care Act.

The Federal Government must connect the system by investing in aged care ICT upgrades to deliver the new Support at Home program.

Support aged care providers to meet obligations under the new Support at Home Program



Problem: Implementation of the new Support at Home program has required established providers of Home Care Packages to undertake extensive ICT system upgrades, including integration with the Services Australia provider platform. The \$10,000 transition grant provided by the Federal Government has fallen well short of the actual cost to transition systems, which in some cases has exceeded \$40,000.

Ongoing implementation of aged care reforms, including the transition of the Commonwealth Home Support Program (CHSP) after 1 July 2027 and the introduction of pricing caps for Support at Home in July 2026, will require additional ICT development and maintenance. Without targeted investment, the cost of compliance and digital transition risks diverting resources away from direct care delivery. This may also lead to provider attrition over time, with providers either declining to transition from CHSP to SAH or exiting the SAH program due to unsustainable compliance and operational costs, ultimately reducing service access.



Ask: The Federal Government to invest \$240 million to assist Support at Home providers to meet the requirements of the program, including ICT upgrades, integration with the Services Australia platform.



Impact: Enabling aged care providers to upgrade ICT to meet requirements under the new Support at Home program will ensure providers can meet legislative requirements in a timely manner and promote the entry of providers to the Support at Home Program. Reliable ICT systems will improve reporting, compliance, and patient experience, supporting a more sustainable and transparent aged care system.





Theme 3: Improve access to care for all Victorians

The needs of Australians are changing. Increasing prevalence and complexity of chronic disease requires expanded service models. Demand is growing right across the health system, particularly in primary and aged care, and services that deliver care in the community.

The Federal Government's Strengthening Medicare reforms have demonstrated serious efforts to address gaps in healthcare and improve system access, including reviews into workforce supply and distribution and workforce scope of practice. Enabling healthcare practitioners to work at the top of their scope of practice through innovative, team-based models of care, will improve access to care and result in improved health outcomes in communities. This is particularly true for people with limited access to GPs and other healthcare professionals.

The Federal Government must improve access to care for all Victorians by:

- expanding access to proven models of care, reducing reliance on hospital care and improving outcomes for communities with limited access to general practice.
- fund the National Health and Climate Change Strategy and recognise the role of Community Health Services in delivering primary care and recovery support for families impacted by disaster.

Invest in programs that maximise health professional's skills



Problem: In 2024, the Federal Government commissioned independent reviews into scope of practice for health professionals and workforce provision in rural areas, including those in Victoria.

A key recommendation was to incentivise innovative, team-based models of care that enable professionals to work to their top of scope. Community Health Services have already delivered successful initiatives such as the Community Paramedicine Program (often referred to as CP@clinic), which was funded Federally under the Innovative Models of Care (IMOC) Program. This Program employed Paramedics to work outside traditional roles, maximising the skill set of this workforce to meet the needs in preventative care. There remains a gap in preventative healthcare services across Victorian communities, particularly in rural and regional areas – highlighting the opportunity to up preventative programs like the Community Paramedicine Program.



Ask: The Federal Government to invest \$18 million over 3 years for Community Health Services to scale up preventative healthcare services using a more diverse range of healthcare professionals such as nursing, community paramedics and other allied health professionals, maximising the skill sets of these workforces.



Impact: Investment in preventative healthcare services that draws upon a mix of skilled health professionals will reduce reliance on hospital care and improve health outcomes in communities with limited access to GPs and other professionals.



Fund the National Health and Climate Change Strategy and recognise the role of Community Health Services



Problem: The Federal Government has committed to a phased implementation of the National Health and Climate Change Strategy Implementation Plan but has not funded the Strategy's actions. This means the health sector continues to rely on short-term and ad-hoc funding for emergency preparedness, response and recovery initiatives. Victoria's registered Community Health Services can play a critical role 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 Federal Government to invest \$200 million over three years to implement the actions of the National Health and Climate Strategy, including developing a National Health Adaption Plan and establishing new sustainability and climate resilience standards.



Impact: The healthcare sector will be enabled to implement the actions outlined in the National Health and Climate Change Strategy without compromising service delivery. Recognising the role of Victoria's registered Community Health Services will enable the Federal Government to access a network of existing providers 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. Reliable funding will enable Community Health Services to support their communities and conduct key activities such as community recovery and resilience programs.



Theme 4: Attract and retain our workforce

In Victoria, the health and social services workforce is expected to lead industry growth to 2034 – with high demand for healthcare workers already experienced in regional and rural Victoria. There is a critical need for investment in workforce attraction and retention to ensure the sector can keep pace with community needs, with multiple policy levers required to address this.

Despite the strong projected growth, workforce shortages remain a sustained challenge for the public healthcare sector. Growth is unlikely to meet the rising demand for care that is driven by increasing rates of chronic disease, an ageing population and changing community demographics. Both Victorian and Federal Governments have taken steps to address the workforce issues through targeted initiatives aimed at increasing workforce capacity and scope, capability, and distribution. Development of, and funding for, scalable and flexible workforce models that support both clinical and non-clinical staff to work to their full scope of practice are required. Models such as nurse practitioners, multidisciplinary team-based care and rural generalist programs, enhance the flow of, and access to the public health system. Strengthening training pathways, improving career pathways and expanding multidisciplinary team-based care will be critical to sustain the workforce over the long-term.

Investing in initiatives that will support the attraction and retention of Victoria’s health workforce is not only an investment in equitable care, but also in the future growth and productivity of the state. A strong, skilled and sustainable workforce will support the ongoing delivery of high-quality health services and improve population health outcomes.

The Federal Government must attract and retain our workforce by:

- investing in culturally safe working environments.
- improving workforce supply and distribution in rural areas.

Lift representation of First Nations peoples in the health workforce



Problem: In June 2025, the Department of Health, Disability and Ageing released the National Aboriginal and Torres Strait Islander Health Workforce Strategic Framework and Implementation Plan (the ‘Plan’). The Plan sets a pathway to achieve full demographic representation of First Nations people in the health workforce in line with the national percentage of Aboriginal and Torres Strait Islander Peoples by 2031. The Plan includes actions to attract, recruit and retain workers, create culturally safe environments, and embed culturally appropriate workforce planning in line with the National Agreement on Closing the Gap. However, while the Plan sets out the priorities and processes required, no dedicated funding has been allocated to support its implementation.



Ask: The Federal Government to invest \$15 million over three years, to the National Aboriginal and Torres Strait Islander Health Workforce Strategic Framework and Implementation Plan for delivery of the priorities set out in the framework.



Impact: First Nations Peoples will be able to access the care that they need in ways that work best for them. Assisting in both closing the Gap initiatives for Health Outcomes, and to meet the objectives of the National Aboriginal and Torres Strait Islander Health Workforce Strategic Framework and Implementation Plan.

Improve workforce supply and distribution in rural areas



Problem: The Commonwealth Prac Payment (CPP) is a major incentive for funding student placements. The CPP is critical for rural and regional health services to attract nursing, midwifery and social work students for placements, which in turn seeks to alleviate workforce shortages. The CPP does this by providing direct funding for students’ living expenses. However, CPP placement uptake does not often reach Community Health Services and smaller health services who still face long, unpaid placement periods. This means that placement opportunities are not well enough incentivised in rural and regional. These services also experience workforce supply challenges and require investment that will incentivise student placements will also assist in the spread of the workforce.



Ask: The Federal Government to invest \$8 million over 4 years, to provide extra funding and incentivise 500 students to undertake placements in rural and regional areas, including in Community Health Services.



Impact: Investment in CPP will increase the supply and uptake of the health workforce in rural and regional area, including for Community Health, alongside all other services. This will provide nursing, midwifery and social work students who currently perform up to 1000 hours of unpaid placement work in 12 months to be able to perform essential learning across Australia.



Theme 5: Future-proof health infrastructure

Australia's population is growing and changing, placing a strain on existing infrastructure, and pushing up demand for healthcare across the state. Many facilities and assets are ageing, with buildings, operating theatres, diagnostic imaging equipment and digital communication systems no longer fit-for-purpose or able to meet the complex and growing needs of Australians.

In sectors such as aged care, where demand is rising and residents present with higher complexity and acuity, modern and purpose-built facilities are essential. Funding over the past decade has been insufficient for health services to future-proof health infrastructure, with funding often prioritising new builds, rather than maintaining or redeveloping existing infrastructure. Capital investment in timely maintenance upgrades and strategic expansion of critical infrastructure is needed in health services right across the country.

With forward-looking investment in both existing and new health infrastructure, governments can maximise the value of their investment, improve access to care and ensure health services are equipped to meet the needs of a growing and changing population.

Complementary funding from both the Victorian and Federal Governments is required to invest in upgrading residential aged care infrastructure.

Invest in upgrading aged care infrastructure



Problem: Many public sector residential aged care services (PSRACs) need to upgrade or replace ageing or unsuitable capital infrastructure. Safe, modern facilities and equipment are fundamental to ensuring quality and dignity in aged care, yet most services cannot afford to undertake major building works, replace essential equipment or carry out needed refurbishments on their own. In some instances, these high acuity residents are being admitted to services in neighbouring communities that require travel and miss an opportunity to provide them with aged care in their community.



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: Investing in capital improvements will strengthen the quality of aged care by supporting the modernisation of beds, the upgrade of essential equipment, and the renovation of ageing facilities. These initiatives will allow services to deliver safer, higher-quality care for older Australians. Over time, they will also expand the capacity of the aged care system, ensuring it can respond to rising demand and the changing needs of an ageing population.





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