

Victorian State Budget 2018-19

1 May 2018

Introduction

In late-2017 the Victorian Healthcare Association consulted with its members across the state to understand core areas of pressure, opportunity and concern with this detail informing its 2018-19 Victorian pre-budget submission. Through this submission and subsequent advocacy, the VHA has sought urgent responses in the seven core areas of workforce, innovation, community health services policy and funding, digital health, hospital funding, demand management, and infrastructure. The VHA noted that inaction in any of these areas would impact the Victorian health system's ability to sustain its world-class standard and impede its ability to deliver to the community the right care, in the right place, at the right time.

The VHA is delighted that many of its 2018-19 budget submission recommendations have been adopted. We will continue our work to advocate, on behalf of our members, in areas that we believe are essential to enabling Victorian health services to deliver timely and high-quality services to the communities in which they operate.

Overview

The Andrews Labor Government's fourth Budget '[Getting things done](#)' has delivered a \$19.4 billion investment in the Victorian public and community health sector, a 6.9 per cent increase or more than \$1.26 billion of additional funding on the previous year. This includes a 7.5 per cent boost to acute health, a 7.1 per cent increase to mental health and an overall 12 per cent increase to primary, community and dental health with \$292.3 million committed to the community health program, an increase of 6.7 per cent on the previous year. Small rural services received an overall increase of 5.9 per cent, following a 0.5 per cent reduction in the previous year's budget.

The State Government has committed to an increase in capital funding including \$123.8 million to fund an electronic medical health record for the Parkville precinct and major projects in regional Victoria including \$461.6 million to redevelop the Ballarat Base Hospital and \$115 million to expand Wonthaggi Hospital. The Victorian Heart Hospital received an additional \$396 million, and is now fully funded.

With a strong focus on skills and training, the budget takes steps to address workforce pipeline issues in disability and aged care with seven health and community sector training courses included on the priority TAFE course list. Thirty courses have been included on the list with no tuition fee payable by eligible students from 1 January 2019.

Acute mental health received significant investment including \$105 million for the establishment of six emergency department crisis hubs to be located at Monash Health, St Vincent's, Melbourne Health, Barwon Health, Sunshine Hospital and Peninsula Health. In addition, \$18.7 million is included to support the development of six new hospital outreach post suicidal engagement sites while an additional \$58.9 million has been committed towards expanding mental health and complex needs

initiatives to assist people experiencing a mental health crisis. A significant gap remains in community-based mental health with no investment allocated to psychosocial supports and rehabilitation programs. The VHA has conveyed its disappointment and will continue to work with government to identify solutions to this key issue in the lead up to the November election.

The budget includes \$217.6 million to reduce elective surgery waiting times, and \$6.5 million to support the implementation of Voluntary Assisted Dying, while an additional \$42.5 million will be allocated to family safety initiatives and \$50 million allocated to the Winter Blitz to combat the impact of influenza. The Better Care Victoria Innovation Fund will receive \$25 million over two years to continue support for public-hospital led improvement and innovation projects.

A summary of the health funding by service area is provided below. Note that all 2018-19 total target output costs are compared to 2017-18 total target output costs; capital investments are not included.

Service area	2017-18			2018-19		
	\$m	Change \$	Change %	\$m	Change \$m	Change %
Acute health services	\$13,128.2	\$1,253.2	10.6%	\$14,106.7	\$978.5	7.5%
Ambulance services	\$1,028.7	\$224.6	27.9%	\$1,084.3	\$55.6	5.4%
Mental Health	\$1,498.9	\$100.9	7.2%	\$1,605.7	\$106.8	7.1%
Ageing, Aged and Home Care	\$789.2	\$9.6	1.2%	\$804.8	\$15.6	2.0%
Primary, community and dental health	\$500.1	\$32.6	7.0%	\$559.6	\$59.5	11.9%
Small Rural Services	\$558.8	-\$2.9	-0.5%	\$592.0	\$33.2	5.9%
Public Health	\$399.2	\$9.4	2.4%	\$369.1	-\$30.1	-7.5%
Drug Services	\$220.1	\$27.6	14.3%	\$259.9	\$39.8	18.1%
Total Health output	\$18,123.2	\$1,655.0	10.0%	\$19,382.1	\$1,258.9	6.9%

General budget performance

An operating surplus of \$1.4 billion is expected in 2018-19, and surpluses will average per year \$2.5 billion over the forward estimates period.

Real gross state product (GSP) rose by 3.3 per cent with the Victorian economy expected to record another year of above-trend growth in 2017-18, with growth projected to stabilise at 2.75 per cent a year in 2018-19 and over the forward estimates.

Victoria's population is expected to grow by 2.2 per cent in 2018-19, easing to 2 per cent a year from 2020-21, while wages growth will increase from 2.25 per cent in the current year to 3.25 per cent by 2021-22.

The 2018-19 budget funds \$9.4 billion of new output initiatives with major funding increases across health, schools, skills and community safety.

Overall, government infrastructure investment is forecast to average \$10.1 billion a year over the budget and forward estimates period, peaking at \$13.7 billion in 2018-19.

Following is a summary of funding commitments by health service area:

Acute health services

Overall, acute care received an overall funding increase of nearly 7.5 per cent. Emergency services saw the biggest increase with \$87.3 million dollars invested to improve emergency department waiting times for patients, with a higher patient treatment target (an increase from 1,764 million emergency presentations to 1,841).

The Better Care Victoria Innovation Fund will receive a funding increase of \$25 million over two years. The VHA is pleased to see the importance of innovation recognised, but additional funding and activity needs to occur to ensure services can more readily share learnings and replicate successful programs across the state.

The Victorian Patient Transport Assistance Scheme will receive additional funding of \$2.1 million to provide travel and accommodation subsidies to rural and regional Victorians required to travel long distances to receive specialist medical care.

Admitted services received an 8 per cent funding increase to \$11,255.1 million which includes \$217.6 million to reduce waiting times and lists for elective surgery.

Ageing, aged and home care

Ageing, aged and home care received an overall funding increase of 2 per cent; up from \$789.3 million in 2017-18 to \$804.9 million for 2018-19. Funding for residential aged care increased by 11.8 per cent while aged care assessment funding for the delivery of comprehensive assessment of older Victorians has decreased by 50 per cent to \$31.5 million. The 2017-18 expected outcome for aged care assessment is lower than target as a result of changing requirements from the Commonwealth that require additional work, such as support plan reviews, impacting on workloads. The VHA understands it is expected that this outcome will further improve from the estimate at year end as a result of improvements in work processes and some targeted one-off funding.

Funding of \$6 million has been committed to extend the trial of an integrated model of care to combat elder abuse with specialist clinical advice, family counselling and mediation services. These services are being rolled out to five locations including Melbourne Health, Monash Health, La Trobe Community Health Service, Western Health and Peninsula Health.

Ambulance services

Emergency ambulance services received an increase of \$55.4 million to \$946.3 million while funding for non-emergency ambulance services remains unchanged.

Disability services

Disability services saw a funding increase of just over 6 per cent to \$2,228.4 million. Disability, including programs and resources that enable clients living with a disability to exercise choice and control, specialised support for people with a disability and resources and program that build capacity, and bed and facility-based services saw a funding decrease of 40 per cent to \$808 million which reflects the transfer of funding from the disability services output into the Victorian contribution to NDIS

as a result of clients progressively transitioning to the scheme.

The 2018-19 budget includes an increase in the Victorian contribution to the NDIS of just over 90 per cent to \$1,420.4 million up from \$745.8 million in 2017-18.

Funding includes \$4.5 million (over two years) to continue Victoria's transition support program and other support activities during the roll out of the NDIS.

Drug services

Drug services received a total funding increase of 18 per cent to \$259.9 million. Drug treatment and rehabilitation funding will increase by nearly 19 per cent to \$220.8 million. Investments include:

- the Grampians residential rehabilitation facility funded in the 2017-18 Budget which will begin operation in 2018-19 (total funding of \$6.7 million over four years commencing 2018-19)
- \$40.6 million (over three years) to fund the construction of new 30-bed rural residential drug rehabilitation treatment facilities to be built in Barwon, Gippsland and Hume regions
- drug prevention and control activities received a funding increase of 14 per cent to \$39.1 million.

Family safety

A total of \$192.2 million has been allocated to end family violence with \$24 million allocated to changing attitudes that contribute to family violence and an additional \$5 million to support implementation of the 10 Year Family Violence Plan. An allocation of \$13.5 million has been committed to the prevention of family violence in Aboriginal communities.

The family violence training target was not met in 2017-18 with only 4,500 trained against a 10,000 target. Funding to meet the 10,000 target has been included in the 2018-19 budget.

The budget included a target for the establishment of an additional three support and safety hubs to commence operations in the 2018-19 financial year, while the overall target for all hubs has been set at 8,750 assessments.

Infrastructure funding

The 2018-19 budget includes \$1.2 billion in hospital upgrades and equipment including:

- \$29.6 million for a new emergency department at Sunshine Hospital with capacity to treat an extra 59,000 emergency patients each year
- \$461.6 million to completely rebuild and redevelop Ballarat Base Hospital
- \$115 million for Bass Coast Health to expand and redevelop the Wonthaggi Hospital
- \$124 million to roll out an electronic medical record across the Peter MacCallum Cancer Centre, Melbourne Health and Royal Women's Hospital, with a link to the Royal Children's Hospital
- \$396 million for the Victorian Heart Hospital bringing its total investment to \$543 million over the forward estimates, including a \$65 million contribution from Monash University; a revised completion date of 2022-23 has been noted.

A note against funding for a new Footscray Hospital indicates that no further detail is available at this time as commercial arrangements in relation to the purchase of land are still to be finalised.

The Regional Health Infrastructure Fund received an allocation of \$50 million, securing the continuation of this important program while a funding commitment of \$35 million was provided for the Medical Equipment Replacement Program. While the VHA supports allocations to these funds, it will continue to campaign for additional funding for these already overstretched programs.

Mental health services

Victorian mental health services received a total funding increase of 7 per cent to \$1,605.7 million. Inpatient residential and community-based clinical services received a 9 per cent funding increase to \$1,506.80 million. Investments include:

- \$232.4 to support 89 new and existing acute inpatient beds and increase the number of treatment hours of community-based clinical services giving an additional 12,800 Victorians the care they require
- \$100.5 million for six emergency department crisis hubs to help people with urgent mental health and alcohol and drug issues; hubs to be located at Monash Medical Centre, St Vincent's, Royal Melbourne Hospital, Barwon Health, Sunshine Hospital and Peninsula Health with the aim to keep people with serious mental health and addiction issues out of emergency department waiting rooms
- \$18.7 million to support the development of six new hospital outreach post suicidal engagement sites
- an additional \$58.9 million towards expanding the mental health and complex needs initiatives to assist people experiencing a mental health crisis
- \$153.8 million to provide intensive community mental health services and support for high-needs mental health clients; it is understood that rather than providing community-based mental health services, this funding will support discharge planning and outpatient coordination of community-based services
- \$32.5 million to prevent occupational violence in the mental health workforce
- \$4 million to support mental health and wellbeing for Aboriginal people.

Overall funding for Mental Health Community Support Services decreased by 16 per cent, to \$98.9 million, which is attributable to the phased introduction of the National Disability Insurance Scheme.

Primary, community and dental

Primary, community and dental saw a significant funding increase of 12 per cent to \$559.7 million with community health service program funding up nearly 7 per cent to \$292.3 million.

Dental funding increased by just over 18 per cent to \$267.4 million. This additional funding comes with a target increase of 32,000 patients.

While the VHA applauds the increased investment in community health services, it will continue to campaign for development of a community health service policy framework aligned with appropriate funding.

Public health

Public health saw an overall decrease in funding by nearly 8 per cent to \$369 million down from \$399.2 million in 2017-18. An 11 per cent decrease in health protection funding to \$224.2 million can be attributed to the reduction of Commonwealth funding for vaccine purchases under the Essential Vaccines NPA in place of direct supply of vaccines by the Commonwealth to the states.

The budget includes a decrease in health advancement of nearly 3 per cent to \$79.7 million and only a slight increase of 0.3 per cent in public health development, research and support.

The VHA will continue to advocate for increased investment into public health promotion with a longer term view to reducing the overall impact to hospitals and community health services brought about by the burden of avoidable disease.

Small rural services

The 2018-19 budget includes a 6 per cent funding increase for small rural services, up from \$558.9 million in 2017-18 to \$592 million in 2018-19. Admitted and non-admitted acute services will see an 8.5 per cent funding increase to \$369.5 million with no change in targets. Small rural aged care services including home, community-based and residential care services will see a funding increase of nearly 2 per cent to \$189.8 million, while small rural primary health will see a funding increase of 2.5 per cent to \$20.6 million. A funding increase of 2.5 per cent to \$12.1 million will be applied to small rural home and community care (HACC) services with a reduction in the hours of service delivery by nearly 19,000 hours attributable to the estimated hours of service transitioning to the NDIS.

Workforce

A significant focus of the 2018-19 budget is the skills and training package. Of relevance to the health sector is the 'Free TAFE for priority courses' initiative which will fund 30 priority courses at TAFE with no tuition fee payable by eligible students for the duration of selected courses. This initiative is aimed at reducing a financial barrier to training and incentivising students to consider careers in priority occupations including those industries with high demand, including disability, aged care and health. Courses include: Ageing Support, Certificate IV; Allied Health Assistance, Certificate III/IV; Community Services, Certificate III/IV/Diploma; Dental Assisting, Certificate II/IV; Disability, Certificate IV; Mental Health, Certificate IV; and Diploma of Nursing.

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