

Overview: Commonwealth Budget 2019-2020

3 April 2019

The 2019-2020 Commonwealth Budget '[Our plan for a stronger economy](#)' sees the Morrison Government forecast the underlying cash balance to be a surplus of \$7.1 billion, equal to 0.4 per cent of GDP, with surpluses projected to build to more than 1 per cent of GDP in the medium term. The Morrison Government's focus on paying down debt will see net debt projected to be eliminated in the medium term and gross debt projected to fall to 12.8 per cent of GDP.

The Budget reports that the Australian economy is fundamentally sound, with the unemployment rate at 4.9 per cent. The government predicts solid growth in business investment, exports and the roll out of major public infrastructure projects. Household consumption, business investment, public final demand and exports are all forecast to contribute to growth while global trade tensions, conditions in the domestic housing market and geopolitical issues have been flagged as risks. The national unemployment rate is expected to be five per cent across the forecast period.

'Productivity enhancing' infrastructure has been the major focus of the budget with spending of more than \$100 billion expected over the coming 10-years. While health will see a \$81.8 billion investment in the coming financial year (with much of this funding previously announced), increasing to \$89.5 billion by 2024-25, the lack of a cohesive and forward-looking focus on reforming a health system that is 'bursting at the seams' is disappointing. Given the scale of the need and the flow-on impacts to other areas of the health system, the underinvestment in mental health is also disappointing as is the Commonwealth's failure to allocate any substantial funding to health prevention activities, despite the ever-increasing pressures on our health system of an increasing, ageing and generally unhealthier population.

In aged care, the total commitments for 2019-2020 are \$21.6 billion rising to \$25.4 billion in 2022-2023 with a range of welcomed initiatives including funding a number of quality initiatives under the Aged Care Quality and Safety Commission. The Commonwealth Home Care Package program has been extended, and funding has been allocated to support the implementation of the Aged Care Workforce Strategy. While the addition of 10,000 home care packages is welcomed, it doesn't go far enough to alleviate the issues of wait times for the more than 130,000 people waiting for a home care package.

The key components of the health spend are summarised below, and the VHA's pre-budget submission attached.

Aged care

- 10,000 additional home care packages and increases to home care supplements and dementia support with an investment of \$282.4 million
- A \$60 million aged care capital works program with a focus on rural and remote locations
- A \$2.6 million investment to accelerate the Aged Care Workforce Strategy with funding targeted toward industry-led initiatives including supporting the new Aged Care Workforce

Industry Council, tailored online training for aged care managers and developing options to identify more effective ways to transition older people between aged care settings, such as from acute to residential care.

- \$5.9 million in funding for the extension of the Commonwealth Home Support Programme (CHSP) from 1 July 2020 to 30 June 2022; current CHSP grant agreements will remain in place until 30 June 2020.
- \$84.3 allocated to the Integrated Carer Support Service to support young carers to assist with transport, cleaning and cooking costs
- \$4.2 million to 2023 to support mandated collection and online publication by residential aged care services of a defined set of aged care quality indicators
- \$1.5 million to develop clearer requirements for reporting serious incidents in residential aged care services
- \$7.7 million to reducing misuse of medicines in residential aged care including embedding clinical pharmacists, who will work directly with residential aged care providers, within the Aged Care Quality and Safety Commission
- \$38.4 million to establish a new integrated information system to identify residential aged care service providers that pose a risk to consumers within the Aged Care Quality and Safety Commission
- \$4.6 million to fund the trial of the proposed alternative residential aged care funding tool.

Disability

- \$527.9 million over five years for the Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability with \$379 million allocated to conduct the Royal Commission over a five-year period with the remaining \$149 million allocated to the Department of Social Services, the NDIA and the NDIS Quality and Safeguards Commission to support people with disability to participate.
- While the underspend on the NDIS is unclear, the slow pace of transition of participants will result in the Commonwealth's net contribution to the scheme being \$1.6 billion less in 2019-2020. This includes a decrease in receipts in relation to state and territory contributions to the NDIS and increases in expenditure on other disability programs.

Infrastructure

- \$346 million Community Health and Hospitals Program with \$80 million to develop a Centre of Excellence for Cellular Immunotherapy at Peter Mac and \$100 million allocated to build a new children's comprehensive cancer centre in Sydney
- \$45.5 million for new regional radiation therapy treatment centres (no indication re location); \$12.6 million for the Bays Healthcare Group on the Mornington Peninsula

Medical research

- Funding of \$6 billion over the forward estimates for medical research, with \$3.5 billion for the National Health and Medical Research Council, \$0.5 billion for the Biotechnology Translation Fund, and \$2.3 billion for the Medical Research Future Fund (from \$222 million in 2018-2019 to \$650 million in 2022-2023). There is commitment to a new \$5 billion ten-year Medical Research Future Fund investment plan across four themes of patients, researchers, missions and translation.

Mental health

- \$736.6 million over seven years has been allocated to mental health services (\$6.1 million already included in forward estimates) with more than half of that figure, \$461.1 million directed to youth mental health. \$152 million directed to Headspace to reduce wait time and \$111.3 million for 30 new Headspace services (\$109.9 million beyond 2022-2023 is new money). \$114.5 million to trial eight adult mental health centres. A Special Advisor for Suicide Prevention will be established within the Prime Minister's portfolio to deliver a youth suicide prevention strategy and progress recommendations from the Productivity Commission report.
- \$337.2 million toward the drug strategy including addressing opioid use, improving family drug support services, increasing the capacity of the drug and alcohol workforce in rural and remote areas
- \$9.6 million over three years from 2018-2019 to increase the capacity of the drug and alcohol workforce in regional and remote areas; Primary Health Networks will direct funding to areas experiencing shortages of specialist services

National Partnership payments

- Of the \$22.8 billion, \$269.5 million is allocated to the states in the categories of health services; health infrastructure; Indigenous health; and other health payments. This includes a \$3.8 million allocation to Victoria for palliative and end-of-life care for people living in residential aged care, \$2.2 million for the National Bowel Cancer Screening Program, and \$10.5 million for the Victorian Cytology Service. Other health payments to Victoria include \$20.2 million in community health, hospitals and infrastructure projects and \$26.9 million for public dental services for adults.

PBS

- Additional listings on the PBS at a cost of \$331 million for pharmaceuticals that target leukaemia, lung, bladder, kidney and skin cancers (funding previously partially provisioned for)

Primary care and MBS

- strengthening Medicare through \$187.2 million to bring forward the indexation of all remaining GP services items on the Medicare Benefits Schedule to 1 July 2019
- ultrasound and x-ray diagnostic imaging items will be indexed from 1 July 2020 at a cost of \$198.6 million
- A further \$32.6 million provided to improve access to MRIs for people with breast cancer where prior imaging has been inconclusive and for pre-surgical planning
- Introduction of a new MBS item for heart health checks for children
- \$17.3 million to align certain MBS items with contemporary clinical evidence including restructuring intensive care and emergency medicine service items performed in emergency departments; new items for neurosurgery and promotion of higher value neurology items; updating item descriptions and explanatory notes.
- noted that bulk-billing has increased by 3.9 per cent from 82.2 per cent in 2013 to 86.1 per cent in 2018 with a further 176 GP items to be listed for rebate from 1 July 2019 at a cost of \$187.2 million

- Phase 2 of Health Care Homes with \$448.5 million from 2020-2021 for three years for a new chronic disease care funding model for people aged over 70 years of age with one chronic condition; quarterly payments to practices based on the number of patients enrolled over the age of 70 who had at least one chronic condition; flat fees for all patients regardless of their complexity; first expansion of the Health Care Homes trial provide a mechanism for funding non-face-to-face GP care
- \$38.3 million over five years from 2018–19 towards other community health projects to support primary care.

Prevention and health promotion

- \$385.6 million to Sports 2030, to encourage participation in sport
- \$17.2 million for the development of activities and strategies to address a range of specific chronic conditions through the Public Health and Chronic Disease Grant Program. Activities will focus on addressing gaps in service, particularly those identified through plans on osteoporosis, kidney health, rare diseases, heart disease and stroke, and children's health, as identified in national action plans
- \$1.1 million allocated to the continuation of the Health Star Rating System
- Continuation of the Child Benefits Dental Scheme to December 2022 with \$1 billion allocated
- \$17.2 million over five years from 2018–19 to establish a chronic disease grants program.

Rural health

- As part of the \$550 million announced in last year's budget for the Stronger Rural Health Strategy, \$62.2 million will be allocated in 2019-2020 to implement the National Rural Generalist Pathway, with a specific focus on improved training coordination, expansion of primary care training and appropriate recognition for the skills and knowledge of doctors who provide advanced services in rural and remote Australia

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