

7 October 2020

Analysis: Commonwealth Budget 2020-21

The 2020-2021 Commonwealth Budget ‘Economic Recovery Plan for Australia’ outlines the Morrison Government roadmap to address the fiscal consequences of COVID-19 and the first Australian recession in 30 years.

The Budget reports that the Australian economy has been profoundly affected by the COVID-19 pandemic and the economic repercussions will continue to be felt for years to come. In this time of economic uncertainty, the government predicts that this is a once-in-a-century shock that requires unprecedented support across the economy. Until a vaccine is developed and widely deployed, the Budget commits to maintaining flexibility to respond to the circumstances as they evolve.

Government predicts that the underlying cash deficit in 2020-21 is expected to be \$213.7 billion (11.0 per cent of GDP). This is expected to improve over the forward estimates to \$66.9 billion deficit (3.0 per cent of GDP) in 2023-24 and to a \$49.5 billion deficit (1.6 per cent of GDP) by the end of the medium term.

To address the deficit, ‘supporting aggregate demand to create jobs’ through investment in infrastructure has been the government’s major focus in this budget. Government will expand its 10-year transport infrastructure investment pipeline to \$110 billion and contribute \$74 billion in measures under the JobMaker Plan to drive down the unemployment rate. While health will see a \$4.9 billion investment in a range of measures to support Australians throughout the pandemic, a lack of forward-looking focus on reforming a health system for the ‘heroes’ working within it, is disappointing.

Outlined below is a high-level analysis of core health, community health and aged care policy areas. The key components of the health spend are summarised in **Appendix A** and our pre-budget submission is available [here](#).

Health funding

In 2020-21, the Australian Government will provide funding of \$26.0 billion to support state health services, including \$25.4 billion in National Health Reform and \$1.8 billion for the COVID-19 public health response (see COVID-19 Response Package below).

Despite stating its commitment to continued support for the health sector and regions and communities that face significant challenges, the government has not prioritised health or aged care beyond the immediate emergency response. In fact, the allocation of funding to the State is markedly unchanged from the 2019-2020 Budget allocations. These include \$20.2 million in community health, hospitals and infrastructure projects, \$4.2 million for the National Immunisation Program, \$36 million for the Health innovation Fund and \$26.9 million for adult public dental services.

This does not reflect the pandemic-related suppression in demand likely to adversely affect the Victorian health sector as services re-open and address the backlog of deferred or cancelled treatment for both chronic and episodic care.

COVID-19 Response Package

In its ‘COVID-19 Response Package’ the government commits \$25 billion in temporary and targeted support in response to the COVID-19 pandemic across all portfolios. This brings the Government’s COVID-19 Response Package

since the onset of the pandemic to a total of \$198 billion, including \$184 billion in economic response measures and \$14 billion in health response measures.

Of the \$26 billion allocated to health in 2020-21, \$1.8 billion has been committed for the COVID-19 public health response. The forecasting assumes imminent development of a vaccine and fails to present an economic contingency plan for the system if a viable vaccine does not eventuate in the short term.

The 'band-aid' approach of this Budget to address the immediate needs of the sector does not go far enough to address the long-term sustainability of the system. It treats COVID-19 as the sum of the health system's current activity and fails to acknowledge that the sector is responding to the ongoing emergency while scaling up to meet suppressed demand and transition to a 'COVID-normal' environment.

Aged care

In aged care, the total commitments are \$2 billion over four years in addition to \$746.3 million over four years to support older Australians through COVID-19. This investment does not accurately reflect the state and needs of a sector in crisis.

While we welcome the announcement of an additional 23,000 Home Care Packages; it doesn't go far enough to alleviate the issues of wait times for the more than 100,000 people waiting for a home care package. Funding has also been allocated to support the establishment of a care coordinator network to assist younger people in residential aged care to access other accommodation and to support the Aged Care Workforce Industry Council to implement the Aged Care Workforce Strategy.

A notable omission from the budget was the lack of funding related to implementing the impending recommendations of the Royal Commission into Aged Care Quality and Safety. We look forward to future announcements following the release of the final report in February 2021.

Infrastructure

Infrastructure has emerged as a key concern for the health system throughout the pandemic. Despite the focus of the broader budget on infrastructure there wasn't much in it for Victorian hospitals or community health services. This is a missed opportunity by Government to implement learnings from the pandemic to modernise and redesign health infrastructure. This includes upgrading existing facilities to implement risk reduction and outbreak prevention for any future pandemics, infectious disease outbreaks or other emergencies.

Prevention

We welcome funding of \$24.4 million to be immediately available to Victoria for COVID-19 Domestic Violence Support to ensure the safety of women and their children experiencing, or at risk of experiencing, domestic, family and sexual violence during the COVID-19 pandemic. However, we cannot help but reflect the need for a preventative and early intervention approach to supporting women and their children.

In mental health, we look forward to future announcements from the Treasurer following the release of the Productivity Commission's Mental Health final report and the interim report into suicide prevention commissioned by the Prime Minister. We welcome investments such as an \$100.8 million over two years to provide up to 10 additional psychological therapy sessions under the Medicare Benefits Schedule (Better Access) initiative; and recognition of additional mental health supports including \$26.9 million in 2020-21 to establish 15 mental health clinics within six Primary Health Networks to provide immediate coordinated mental health care for Victorians who have been disproportionately affected by the pandemic. However, given the scale of the need and flow-on impacts to other

areas of the health system, the failure to allocate substantial funding to ongoing mental health and prevention activities is disappointing, particularly as the sector braces for a wave of pandemic-suppressed demand.

Further, there is a lack of acknowledgement in the Budget of the longer-term and unknown health impacts of those who recover from COVID-19 and the effects stemming from the wider determinants of health such as the impact of an economic downturn, rising unemployment and housing insecurity on individuals and communities.

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Appendix A: Key components of the health spend

National partnership payments

In 2020-21, the Australian Government will provide funding of \$26.0 billion to support state health services, including \$25.4 billion in National Health Reform including \$1.8 billion for the COVID-19 public health response (see **COVID-19 Response Package** below).

Of the \$26 billion, \$557.3 million will be provided to the states in 2020-21 in the categories of health services, health infrastructure, indigenous health and other payments. In summary, this includes \$3.9 million allocated to Victoria to expand the BreastScreen Australia program, \$2.2 million for the National Bowel Cancer Screening Program, \$0.7 million to deliver a program which will deliver intensive, specialised care for people with very severe behavioural and psychological symptoms of dementia and \$10.6 million for the Victorian Cytology Service. Other health payments to Victoria include \$20.2 million in community health, hospitals and infrastructure projects, \$4.2 million for the National Immunisation Program, \$36 million for the Health innovation Fund and \$26.9 million for adult public dental services.

Community services

In 2020-21, the Australian Government will provide funding of \$2.5 billion to support state community services. This includes, \$24.4 million allocated to Victoria for COVID-19 Domestic Violence Support and \$252.5 in payments from the DisabilityCare Australia Fund to partially reimburses the state for expenditure incurred in relation to the National Disability Insurance Scheme Act 2013.

Aged care

- \$1.6 billion over four years from 2020-21 for the release of an additional 23,000 home care packages across all package levels
- \$125.3 million over three years from 2020-21 to replace the Commonwealth Continuity of Support Programme with a new Disability Support for Older Australians program to ensure that older Australians with disability who were not eligible for the National Disability Insurance Scheme continue to receive the supports they need
- \$91.6 million over two years from 2020-21 to continue the reform to residential aged care funding including undertaking 'shadow assessments' using the Australian National Aged Care Classification
- \$35.6 million over two years from 2020-21 to provide additional funding for the Business Improvement Fund to continue assisting eligible aged care providers to improve their financial operations
- \$29.8 million over three years from 2021-22 to administer the new serious incident response scheme
- \$26.9 million in 2020-21 to support the operation of the My Aged Care system
- \$26.0 million in 2020-21 to maintain the capacity of the Aged Care Quality and Safety Commission in its ongoing regulation and compliance of the aged care sector \$21.0 million over four years from 2020-21 to delay the implementation of payment in arrears and on invoice for home care services as well as provide transition support to providers to adjust to these arrangements
- \$11.4 million in 2020-21 to defer the introduction of a cost recovery levy for unannounced site visits
- \$11.3 million in 2020-21 to provide additional dementia services and training programs
- \$10.6 million over three years from 2020-21 to establish a network of care coordinators to assist younger people in residential aged care or who are at risk of entering residential aged care to look for more age-appropriate accommodation and supports
- \$10.3 million over three years from 2020-21 to support the Aged Care Workforce Industry Council to implement the Aged Care Workforce Strategy

- \$4.6 million over two years from 2020-21 to review the support care needs of senior Australians who live in their own home and determine how best to deliver this care in the home
- \$4.1 million in 2020-21 to support the Department of Health and the Aged Care Quality and Safety Commission to respond to requests from the Royal Commission into Aged Care Quality and Safety.

National Disability Insurance Scheme

- \$798.8 million over four years from 2020-21 to the National Disability Insurance Agency (NDIA) and the National Disability Insurance Scheme (NDIS) Quality and Safeguards Commission.

COVID-19 Response Package

Access to COVID-19 vaccines and consumables

- \$1.7 billion over two years for agreements to access the University of Oxford/AstraZeneca vaccine and the University of Queensland/CSL Limited vaccine with local manufacturing provided by CSL Limited/Seqirus Australia.
- \$24.7 million will be provided for the supply and storage of vital consumables, such as needles and syringes, to ensure vaccines can be administered once available
- \$123.2 million to join the COVID-19 Vaccines Global Access (COVAX) Facility, co-led by Gavi, the Vaccine Alliance, the Coalition for Epidemic Preparedness Innovations and the World Health Organization, to provide Australia access to a diverse portfolio of COVID-19 vaccine candidates that are being developed globally

Additional mental health and crisis support for Victoria

- \$26.9 million in 2020-21 to establish 15 enhanced mental health clinics within six Primary Health Networks, to provide immediate coordinated mental health care
- \$7.0 million for Beyond Blue, Lifeline and Kids Helpline to expand capacity to manage increased demand for crisis support services in Victoria
- \$5.0 million in 2020-21 to support digital and telephone services for vulnerable populations including new and expecting parents, people with eating disorders and culturally and linguistically diverse communities
- \$5.0 million in 2020-21 for headspace to increase outreach services to young people in the community who are in severe distress
- \$3.4 million over two years from 2020-21 to undertake an evaluation of these initiatives, and to provide additional support to the Victorian Mental Health Taskforce.

Ageing and aged care

- \$245.0 million in 2020-21 for a COVID supplement to assist all Commonwealth funded residential aged care providers and home care providers with the cost of operating during the COVID-19 pandemic. This assistance includes a further lump sum payment paid to every residential aged care provider, as well as continuation of the 30 per cent increase to the viability and homeless supplements for eligible residential and home care providers
- \$205.1 million over two years from 2020-21 (\$159.0 million including income tax revenue impacts) to support the direct care workforce through a third instalment of the workforce retention bonus and additional funding for the second instalment
- \$103.4 million in 2020-21 to continue the COVID-19 aged care preparedness measure that supports aged care providers to manage and prevent outbreaks of COVID-19, including infection control. This includes a number of measures to directly support the aged care workforce

- \$92.4 million in 2020-21 to expand support under the Supporting Aged Care Workers in COVID-19 Grant Opportunity for aged care providers in designated COVID-19 ‘hotspots’
- \$71.4 million in 2020-21 to support residents of aged care facilities who temporarily leave care to live with their families
- \$10.8 million over five years from 2020-21 to enhance the skills and competencies of Enrolled Nurses and Registered Nurses working in aged care by expanding the Australian College of Nursing Scholarship Program and establishing an Aged Care Transition to Practice Program to help graduate nurses transition to the aged care workforce, and to establish a skills development program for nurses and personal care workers working in residential aged care
- \$9.1 million in 2020-21 to support the operation of the Victorian Aged Care Response Centre
- \$9.0 million in 2020-21 for the Department of Health and the Aged Care Quality and Safety Commission to support the ongoing regulation of the aged care sector.

Guaranteeing Medicare and access to medicines — extension

- \$711.7 million to extend temporary Medicare Benefits Schedule (MBS) pathology items for the detection of COVID-19, including testing for asymptomatic interstate freight workers and aged care workers
- \$170.8 million to extend dedicated respiratory clinics to manage and diagnose COVID-19 cases to take pressure off hospitals
- \$111.6 million for the extension of temporary COVID-19 telehealth services
- \$42.0 million for rapid specimen collection and testing of COVID-19 in aged care facilities
- \$18.6 million to progress ICT systems to support quality assurance for MBS telehealth services
- \$4.0 million to continue the Remote Point of Care Testing Program in regional and remote Indigenous communities throughout Australia
- \$0.2 million over four years from 2020-21 to remove the MBS registration processing fee for medical specialists and consultant physicians.

Supporting mental health

- \$100.8 million over two years from 2020-21 to provide up to 10 additional psychological therapy sessions each calendar year nationally under the Better Access to Psychiatrists, Psychologists and General Practitioners through the Medicare Benefits Schedule (Better Access) initiative.

Supporting our hospitals — continuation

- \$1.1 billion in 2020-21 for the National Partnership Agreement on COVID-19 Response, to continue support for the states and territories in managing the public health response to COVID-19. This measure will also continue the COVID-19 viability guarantee for eligible private hospitals to supplement public hospital capacity, including workforce, beds and equipment.

Guaranteeing Medicare

Medicare Benefits Schedule review

- \$17.3 million over two years from 2020-21 to continue implementation of recommendations from the Medicare Benefits Schedule (MBS) Review Taskforce to ensure patient safety and high-quality care.

Improving access to medicines

Additional funding for Pharmaceutical Benefits Scheme litigation

- nfp due to legal sensitivities: The Government will provide funding to continue legal action to seek compensation for losses incurred as a result of pharmaceutical companies delaying the listing of generic forms of medicines on the Pharmaceutical Benefits Scheme.

Antimicrobial resistance and Australia's National Antimicrobial Resistance Strategy

- \$22.5 million over four years from 2020-21 to deliver Australia's National Antimicrobial Resistance (AMR) Strategy — 2020.

New Medicines Funding Guarantee — Pharmaceutical Benefits Scheme and improved payment administration implementation

- Government will implement a revised and improved approach to the administration of PBS rebate receipts associated with medicines that have Special Pricing Arrangements resulting in the reporting of PBS payments and receipts both increasing by \$10.5 billion over four years from 2020-21 and efficiencies of \$18.3 million in reduced implementation costs for the administration and payment of PBS rebates.
- \$2.5 million for the Department of Health to develop a framework for unique identification of medicine packs and a review of the Efficient Funding of Chemotherapy arrangements

Pharmaceutical Benefits Scheme and Repatriation Pharmaceutical Benefits Scheme — new and amended listings

- \$375.5 million over four years from 2020-21 for new and amended listings on the Pharmaceutical Benefits Scheme (PBS) and the Repatriation Pharmaceutical Benefits Scheme (RPBS) since the July 2020 Economic and Fiscal Update

Unique device identification system for medical devices in Australia

- \$7.7 million over four years from 2020-21 to establish a unique device identification system for implanted medical devices

Preventative Health

- \$50.0 million over two years from 2020-21 to support the establishment of the Victorian Melanoma and Clinical Trials Centre at the Alfred Hospital, providing world-class diagnostic, treatment and laboratory facilities
- \$21.2 million over four years from 2020-21 (and \$0.1 million in 2024-25) to support delivery of a number of initiatives under the Roadmap for Hearing Health. This includes piloting initiatives in the aged care sector, initiatives to improve access to hearing services for Aboriginal and Torres Strait Islander children, the development of nationally consistent clinical tele-audiology standards, research, and a national hearing health awareness and prevention campaign
- consolidating Cancer Australia's tumour-specific funding streams, providing \$11.5 million over four years from 2020-21 to support initiatives for a broader range of cancer types in line with emerging priorities
- \$4.0 million over four years from 2020-21 to the Organ and Tissue Authority to partner with community, corporate and sporting organisations to raise awareness of the importance of organ and tissue donation
- \$0.6 million over two years from 2020-21 to support the Leukaemia Foundation to implement the National Strategic Action Plan for Blood Cancer and to extend the expert Blood Cancer Taskforce
- \$0.6 million over two years from 2020-21 to improve the awareness and management of migraines.

Increasing consumer access to kava in Australia

- \$1.9 million over four years from 2020-21 to continue the implementation of importing Piper methysticum (kava) for personal consumption and commercial distribution.

Prioritising Mental Health — continued support

- \$45.7 million over four years from 2020-21 to expand the Individual Placement and Support program under the Youth Employment Strategy to assist vulnerable young people with mental illness to participate in the workforce
- \$6.9 million over two years from 2020-21 to support digital mental health services including the Australian Government’s mental health gateway Head to Health
- \$5.0 million in 2020-21 to provide parents, guardians and carers with mental health and career information for students in the context of the COVID-19 pandemic
- \$2.3 million over four years from 2020-21 to enhance the National headspace network by upgrading the Mount Barker service in South Australia to a full centre
- \$2.1 million in 2020-21 for the Prevention Hub led by the Black Dog Institute and Everymind to continue to advance research that targets people at heightened risk of mental ill-health and suicide.

Supporting our hospitals

- \$19.5 million over four years from 2020-21 to improve the access and affordability of Private Health Insurance