

24 November 2020

State budget 2020-21 briefing

Introduction

The Victorian Budget 2020-21 'Putting People First' outlines the Andrews Government's short-term fiscal response to the needs of Victorians during the COVID-19 pandemic. The budget addresses the effects of a tumultuous six months during a unique and challenging lockdown period directly following devastating bushfires across the state.

The Government's overall increased investment in health across all facets of services and locations is demonstrative of the urgent demand for care as we enter the COVID-normal and recovery phases.

For some services, investment in their day-to-day operations and care provision will be increased without rises in performance measure targets. Small rural services, for example, have been provided with a 14.5 per cent increase in funding despite targets not increasing across acute health, aged care, community and primary health. As a result, small rural hospitals, community health services, bush nursing centres, multipurpose and public sector residential aged care services are receiving much needed funding boosts to enable the provision of higher quality care to rural populations.

The response to urgent and increased pandemic-related demand is reflected in substantial investments such as a 202.9 per cent increase in public health, 118.4 per cent increase in housing assistance and 63.7 per cent increase in family violence services. These considerable injections of funding are responsive to the inequalities highlighted by the pandemic, and the articulated need for additional supports for Victorians.

The budget has been almost universally welcomed by peaks and commentators both in health and other sectors such as construction and education. However, while the budget's increased investment is extremely welcome, it comes as the state sees its revenues take a very significant downturn due to COVID-19 and is funded by a massive increase in government debt. This clearly brings a risk that the enhanced funding levels cannot be sustained into future years.

Outlined below is a summary and analysis of funding commitments by service area as they relate to the hospitals and registered community health services. The full list of the Department of Health and Human Services output initiatives can be found in Appendix A. A summary of the health funding by service area is provided in the table below, note capital investments are not included.

DHHS funding per service area	2019-20			2020-21		
	\$m	Change \$m	Change %	\$m	Change \$m	Change %
Acute health services	\$14,667.2	\$560.5	4.0%	\$17,065.2	\$2,398.0	16.3%
Ageing, Aged and Home Care	\$809.9	\$5.1	0.6%	\$886.90	\$77.0	9.5%
Ambulance services	\$1,120.0	\$35.7	3.3%	\$1,276.30	\$156.3	14.0%
Drug Services	\$273.1	\$13.2	5.1%	\$314.80	\$41.7	15.3%
Mental Health	\$1,742.6	\$136.9	8.5%	\$2,120.10	\$377.5	21.7%
Primary, community and dental health	\$645.0	-\$10.1	-1.5%	\$797.40	\$152.4	23.6%
Public Health	\$389.5	\$20.5	5.6%	\$1,179.70	\$790.2	202.9%
Small Rural Services	\$630.6	\$38.6	6.5%	\$721.90	\$91.3	14.5%
Child Protection & Family Services	\$1,450.0	-\$34.0	-2.3%	\$1,689.50	\$239.5	16.5%
Housing Assistance	\$648.3	\$73.5	12.8%	\$1,416.20	\$767.9	118.4%
Family Violence Service Delivery	\$268.3	\$76.1	39.6%	\$439.20	\$170.9	63.7%
Concessions to Pensioners & Beneficiaries	\$768.2	\$25.8	3.5%	\$804.60	\$36.4	4.7%
Disability Services	\$2,081.1	-\$147.8	-6.6%	\$2,179.00	\$97.9	4.7%
Empowering Individuals & Communities	\$60.2	\$0.0	0.0%	\$116.60	\$56.4	93.7%
Total - all DHHS outputs	\$25,554.0	\$794.0	3.2%	\$31,007.4	\$5,453.4	21.3%

Acute health services

Acute health services received an overall funding increase of just over 16 per cent. Activity is funded under *Maintaining hospital capacity* to support health services to manage service delivery requirements as Victoria transitions to COVID-normal. This includes supporting the continuation of baseline services including elective surgery, continuing the operation of new facilities opened in order to increase capacity in response to the coronavirus pandemic and funding to support the cost of new high-cost therapies. Funding of \$300 million will support the delivery of an elective surgery waitlist 'blitz' deferred during the coronavirus pandemic.

Funding of \$116.5 million, over three years, is provided to deliver more healthcare within patients' homes where appropriate, facilitating more flexible medical treatment for Victorians. This includes investment in software to facilitate telehealth appointments, a trial of telehealth with Ambulance Victoria in aged care settings and purchase of devices to make home-based care safer for patients and clinicians.

The budget also includes \$23 million, over the forward estimates, to manage the ongoing implementation of Victoria's Voluntary Assisted Dying laws including an expansion of the State-wide Voluntary Assisted Dying pharmacy service and the Voluntary Assisted Dying care navigator system. Information technology systems will also be upgraded to improve functionality and regulatory support will be further expanded.

Ageing, aged and home care

The budget commits \$886.9 million to ageing, aged and home care, reinforcing the Government's commitment to public sector aged care in Victoria. The budget includes additional funding of \$27.6 million to public sector residential aged care services to continue to provide high-quality care to vulnerable aged persons, including those with mental health issues, and assist in meeting the mandated nurse to patient ratios in public sector residential aged care. An additional \$40 million over the forward estimates has been allocated to support an increase in aged care student

placements for nurses and personal care workers subject to the Commonwealth accepting and funding recommendations from the Royal Commission into Aged Care Quality and Safety to introduce minimum mandated staffing ratios in private and not for profit residential aged care facilities.

The budget also includes \$900,000 to design and plan a new three storey 90-bed public sector residential aged care services facility at Grasslands Avenue in Coburg: part of the Modernisation of metropolitan Melbourne Public Sector Residential Aged Care Services Strategy.

Ambulance services

Ambulance services will receive a 14 per cent increase in total funding. Ambulance services will receive \$135.7 million over the forward estimates to support increased demand and continue the Mobile Stroke Unit and Victorian Stroke Telemedicine initiatives. Funding is also provided to deliver year-round services in Nagambie and 24-hour operations at the Diamond Creek ambulance branch and implement the Government's commitment to review the Non-Emergency Patient Transport Act 2003.

Drug treatment and rehabilitation

Drug treatment and rehabilitation will see a 15.3 per cent funding increase. We welcome the \$5.4 million over two years to support the implementation of responses to the review of the supervised injecting room trial, including the establishment of a second supervised injecting room in the City of Melbourne. The budget also includes \$25.6 million over two years to fund new specialist alcohol and other drug (AOD) response positions to support clients facing extended time on wait lists for residential AOD services and provide targeted services for at-risk cohorts who disengaged from treatment during the coronavirus pandemic.

Mental health

A significant proportion of the approximately \$2.12 billion included in the budget for mental health has been allocated in 2020-21. Many of the initiatives outlined in the budget contribute to the Government's response to the Royal Commission into Victoria's Mental Health System interim report. These initiatives include funding to:

- establish Victoria's first residential mental health service designed by people with lived experience of mental illness and their families and carers
- deliver 35 acute treatment beds for public mental health patients in a private health service
- expand suicide prevention and follow-up care for adults and to support a new child and youth program. This includes funding to continue the Hospital Outreach Post-Suicidal Engagement program at locations where the program's funding was lapsing.
- define, promote and support lived experience workforces in Victoria's mental health system, along with establishing the pathways for growth in their size and reach. Funding is also provided for part-time positions and cadetships, as well as coaching and other assistance, to support workforce participation of people with lived experience of mental illness as peer support workers.
- establish the Victorian Collaborative Centre for Mental Health and Wellbeing, which will bring together people with lived experience, researchers, and experts to provide clinical and non-clinical services, conduct research and disseminate knowledge across the state.
- address workforce shortages in the mental health sector, to support future expansion of the workforce. This includes funding to increase the annual number of graduate nurses and postgraduate mental health nurse scholarships.

As the Royal Commission into Victoria's Mental Health System progresses, funding of \$25.9 million for 2020-21 is provided to operationalise facilities to meet critical demand pressures, including inpatient beds and increased access to community mental health services in Victoria. The budget also includes \$152.5 million dollars to support the

ongoing coronavirus mental health response to increased demand for mental health and AOD services, including additional infection prevention training, increased cleaning and the extension of service operating hours. The mental health workforce will be supported through a new graduate program. This package also includes a suite of initiatives to promote wellbeing and maintain social connectedness of Victorians during the coronavirus pandemic.

The pathways to employment in mental health workforce package has received \$12.7 million over two years for additional job training opportunities to support students and job seekers looking to pursue a career in the mental health sector.

Small rural services

Small rural services received an overall funding increase of 14.5 per cent to \$721.9 million. This increase represents a range of health and aged care services delivered in small rural towns including: \$443.7 million towards admitted and non-admitted service delivery including elective and non-elective surgical and medical care, accident and emergency services, and maternity services; \$247.8 million to support the delivery of in home, community-based and residential care services for older people; and \$25.2 million for the delivery of in home, community-based care services for older people, and younger people with disabilities.

The maintaining hospital capacity initiative contributes to the acute health output of \$443.7 million aimed at supporting health service to manage service delivery requirements as Victoria transitions to COVID-normal.

Primary, community and dental

Primary, community and dental will see a headline increase of 23.6 per cent, up to \$797.4 million. Community health care and dental services will see modest increases (further details below). Funding of \$20.6 million has also been allocated over four years to continue the expansion of the Healthy Mothers, Healthy Babies program to rural and regional areas.

Community health care

Total output cost has increased from \$294 million in 2019-20 to \$353.8 million for 2020-21. The 2019-20 outcome, \$334.4 million, is higher than the 2019-20 target primarily reflecting increases in government policy initiatives related to the coronavirus response. The higher 2020-21 target primarily reflects funding for government policy commitments.

Dental services

Total output costs for dental services have increased from \$235.9 million in 2019-20 to \$319 million in 2020-21. The 2019-20 actual outcome of \$249.8 million primarily reflects the timing of expenditure for the Adult Public Dental Services National Partnership Agreement which was not included in the 2019-20 Published Budget and lower than estimated Hospital Own Source revenue which was impacted by lower demand as a result of the coronavirus pandemic.

The modest increase in dental funding is welcomed as is the Government's commitment to not recall funding for dental services not delivered for the period.

Child protection and family services

A significant \$240 million investment in social services to respond to COVID-19 will help address increased demand for services such as family violence, homelessness, and food relief to support those experiencing hardship. An additional \$21.2 million for family violence therapeutic interventions will provide flexible support packages for children, young people and adults impacted by family violence.

We welcome the pre-budget commitment to invest \$5.3bn in improving social housing. The investment will create over 12,000 homes over four years. Of these, 9,300 will be social housing. The rest will be affordable or market-rate housing. The program will replace 1,100 old public housing units.

This package will also include enhanced case management and other operational costs associated with two new Aboriginal-managed and 13 redeveloped core and cluster refuges due for completion in 2020-21. This funding will enable 24-hour access and implement other recommendations of the Royal Commission into Family Violence.

Capital infrastructure

The budget provides \$2 billion to build, expand and modernise hospitals and community health services across the state. This includes a range of vital capital improvement projects, including over \$1 billion in 2018 election spending commitments, with funding to support the redevelopment and expansion of Frankston Hospital, Latrobe Regional Hospital, Angliss Hospital and others.

The rural and regional health infrastructure fund has received \$120 million, while a new \$200 million Metropolitan Health Infrastructure Fund has been created to invest in our hospital and community health infrastructure and enable services to continue to respond to the needs of their local communities.

The budget also includes \$134.6 million over the forward estimates for a new two storey 150-bed public sector residential aged care facility at the Monash Health Kingston Campus, Cheltenham. The development will provide contemporary models of aged care and includes 75 mental health beds to meet increasing need. This commitment contributes to the Modernisation of Metropolitan Melbourne Public Sector Residential Aged Care Services Strategy.

Public Health

A 202.9 per cent increase in investment in public health will result in a total spend of over \$2.9 billion to bolster the COVID-19 response and allow health workers and services to meet pandemic-induced demand for care. This funding will strengthen ongoing management of any future spread through increased testing capacity and optimisation of pathology and supply chain processes.

As part of this package, funding is also being provided to create a single digital reporting platform containing whole of government COVID-19 data to increase the Government's responsiveness during the pandemic.

Disability services

A modest 4.7 per cent funding increase for disability services will see \$198.5 million spent over the four years to support a range of services outside the scope of the National Disability Insurance Scheme (NDIS) to assist people with disability in Victoria. Funding will be provided to services and programs to support Victorians with disability not eligible for the NDIS, including support for people with psycho-social disability who do not meet the National Disability Insurance Agency's (NDIA) threshold for NDIS access.

An additional \$6.7 million has been allocated to the Disability Worker Regulation Scheme towards the regulation of disability workers to support improved quality of care and service standards across the disability workforce.

Empowering individuals and communities

This output group is delivered through funded programs that support community participation, including neighbourhood houses, Men's Sheds, community support projects and programs for people with a disability. The higher 2020-21 target reflects continued government investment in the State Disability Plan of \$11.7 million over the forward estimates and support for the impact of the coronavirus pandemic on people with disability.



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Appendix A: Output initiatives – Department of Health and Human Services (\$ million)

Initiative	2020-21	2021-22	2022-23	2023-24
Acute Health				
A Health Catalyst: Activating the Arden and Parkville Precincts(a)	10			
Addressing Critical Demand in Melbourne's West: Stage 2 Werribee Mercy Hospital	1.2	3.6		
Better at home: Hospital care in the home	43.5	70.6	2.4	
First stage of the new Melton Hospital		5		
Guaranteeing future energy supply	0.3	6.6	6.6	4.7
Maintaining hospital capacity	862.8	676.6	615.4	629.5
Very Special Kids	7.5			
Voluntary Assisted Dying	5.5	6.1	5.6	5.8
Ageing, Aged and Home Care				
Addressing social connections across generations and ensuring the response to elder abuse	6.7			
Clinical placements for aged care safe patient care	6.1	9.8	11.7	12.4
Future provision of public sector residential aged care	27.6			
Modernisation of metropolitan Melbourne Public Sector - Residential Aged Care Services Strategy: Stage 4 Coburg Project	0.9			
Ambulance Services				
Supporting ambulance services	64	23.3	23.9	24.5
Child Protection and Family Services				
Better Futures: Home Stretch	3.5	13.5	22.7	35.4
Coronavirus (COVID-19) social services response	224.6	16.7		
Intensive Family Preservation and Reunification Response	51	89.5	95.6	99.2
Maintaining the capacity of the children and families system	91.2	89	91.4	93.8

Maintenance, minor capital improvements and building of new care services properties	0.1	0.1		
Pathways to employment in growth sectors	4.2	8.9	3.5	
Reforming care services	81.7	107.7	103.6	29.7
Disability Services				
Disability Worker Regulation Scheme	6.7			
National Disability Insurance Scheme Stage 2: Out of scope services	78.9	100.9	9.8	8.9
Drug Treatment and Rehabilitation				
Care and recovery coordination	8.4	17.2		
Decriminalising public drunkenness	16			
Increasing alcohol and other drug capacity	4.4			
Medically supervised injecting rooms	3.3	2.1		
Empowering Individuals and Communities				
State Disability Plan	5.3	2.1	2.1	2.2
Family Violence Service Delivery				
Central Information Point	1.5			
Information sharing and family violence risk assessment and management reforms	2.7			
Perpetrator accountability	2.6	2.6	2.7	2.8
Therapeutic interventions	21.2	21.7	22.3	22.1
Housing Assistance				
Big Housing Build (asset)	1589.3	910.7	617	66
Big Housing Build: Expanded Social Housing Growth Fund	845	535		
Big Housing Build	280.7	245.3	124	87
Family violence refuge responses	6	12.2		
From Homelessness to a Home	84.5	42.3	12	12
Mental Health				
A pathway to more mental health beds: Responding to the Royal Commission into	277.7	214.5		

Victoria's Mental Health System interim report				
A service designed and delivered by people with lived experience of mental illness (service)	1.7			
A service designed and delivered by people with lived experience of mental illness (asset)	7			
Youth mental health support	14.3	14.2		
Acute mental health expansion	18.9			
Coronavirus (COVID-19) mental health response	152.5			
Expanding suicide prevention and follow-up care	21.4			
Lived experience workforce	10.3	3.7	2	
Meeting critical mental health service demand and saving lives	25.9			
Pathways to employment in the mental health workforce	5.2	7.5		
Supporting asylum seekers	3.9			
Victorian Collaborative Centre for Mental Health and Wellbeing	2.2			
Victorian Fixated Threat Assessment Centre	16.6			
Workforce readiness	5.5	2.1		
\$20 million Mental health and Alcohol and Drug Facilities Renewal	10	10		
Aboriginal social and emotional wellbeing	4.4			
Coronavirus (COVID-19) mental health response	10			
Primary, Community and Dental Health				
Supporting new Victorian parents	2.7	4.5	6	7.4
Public Health			6.1	6.3
Coronavirus (COVID-19) health response	2906	37.6		
Creating a single digital solution for coronavirus (COVID-19) reporting	5.2		4.1	4
Medicinal cannabis commitments	4.4	4.2		