

12 May 2021

Member briefing – Commonwealth budget 2021-22

Briefing summary			
Topic	Announcement	Key points	Scorecard
Health	The Commonwealth Government announced a range of health spending initiatives.	<ul style="list-style-type: none"> Overall health funding is largely unchanged, not reflecting the current demand for healthcare services in Victoria. Major funding announcements for primary care and MBS bulk-billing in rural areas, which should help reduce pressure on the acute health system. Prevention is a key focus, but further funding is required, especially to implement the National Preventive Health Strategy. 	
COVID-19	Limited new measures – continuation of pandemic response and vaccination rollout.	<ul style="list-style-type: none"> The budget announcements were largely continued funding announcements from last year with limited new spending. It is disappointing that the Commonwealth Government has not permanently extended the telehealth MBS items beyond December 2021. The lack of additional funding to support the vaccination program is a missed opportunity. 	
Aged care	Commonwealth Government's response to the Royal Commission into Aged Care Quality and Safety.	<ul style="list-style-type: none"> Additional \$17.7 billion package over four years The response delivers on several of the Royal Commission's recommendations, including a new aged care act, establishing a single aged care assessment workforce, and making the independent hospital pricing authority responsible for aged care pricing. While this is a positive first step, further changes and funding are required. 	
Mental health	Commonwealth Government's response to the Productivity Commission inquiry into mental health.	<ul style="list-style-type: none"> \$2 billion package to support the National Mental Health and Suicide Prevention Plan. Heavy focus on prevention and early intervention, including \$111.2 million to increase digital mental health service provision, and an emphasis on early years care. The VHA welcomes this initial funding to implement the recommendations of the Productivity Commission, which delivers on some of the VHA's own recommendations. 	

The 2021-22 Commonwealth Budget is largely positive with a renewed focus on long-term health priorities, an emphasis on aged care and mental health, and priority investment for inclusion and diversity measures including women's health.

Increases in funding in aged care, mental health and disability areas contained in the 2021-22 Commonwealth Budget reflect the Government's recognition of key priorities for investment in areas of public health identified by the VHA over the past decade.

This was widely seen as a 'spending' budget in response to the pandemic and a potential election later this year. However, this approach is unlikely to continue long-term; the Commonwealth Government has predicted that the underlying deficit in 2021-22 is forecast to be \$106.6 billion, while there will be a \$57.0 billion deficit in 2024-25, signaling that funding is front-loaded to this pandemic period.

Below is a summary of core health, mental health and aged care investment areas, with an appendix featuring the key health announcements at the bottom, while our pre-budget submission is available [here](#)

Health funding

The budget contains \$135.4 billion for public hospitals committed over five years, including funding under the 2020–25 National Health Reform Agreement (NHRA) and the National Partnership on COVID-19. This is roughly an increase of \$1 billion a year compared to last year's funding nationally, with Victoria seeing an increase of over \$1.2 billion in its annual NHRA funding over that period. In 2021-22, Victoria's NHRA funding is actually nearly \$90m less this year compared to last year, although National Partnership payments have increased.

Importantly, there is investment in community health, hospitals and infrastructure projects for Victoria, which is more than doubling to \$42.5 million in 2021-22, with a further \$86.2 million and \$52.2 million in the following years. However, beyond this, there was a disappointing lack of health funding for Victoria, with no Health Innovation Fund payment and no change in funding adult public dental services. This does not reflect the current demand for healthcare services in Victoria following lockdowns, and is a missed opportunity to address the backlog of deferred treatment for both chronic and episodic care.

COVID-19 response and vaccination

The Commonwealth Government has maintained its 2020-21 Budget COVID-19 Response Package initiatives, including MBS changes to support the healthcare response. This funding includes \$204.6 million for the extension of temporary telehealth MBS services from 1 April 2021 to 31 December 2021, although with revised billing arrangements from 1 July 2021. The Commonwealth Government is still also providing \$1.9 billion to distribute and administer COVID-19 vaccines, but there does not appear to be any new funding announced in this budget.

It is disappointing that, following Australia's successful response to the pandemic, the Commonwealth Government has not permanently extended the telehealth MBS items beyond December 2021. Digital healthcare is an important component of care which should be expanded and not limited through revised billing arrangements. Similarly, the lack of additional funding to support the vaccination program, despite well-documented struggles, is disappointing and a missed opportunity.

Aged care

The Commonwealth Government announced a four-year \$17.7 billion package, lifting total commonwealth spending in the sector to more than \$25 billion a year, as part of its [response](#) to the Royal Commission into Aged Care Quality and Safety. The response, and funding, delivers on several of the Royal Commission's recommendations, including a new Aged Care Act, establishing a single aged care assessment workforce, and making the independent hospital pricing authority responsible for ensuring that aged care funding is directly related to the cost of care.

Funding and funding changes include \$3.2 billion to support aged care providers via a new Government-funded Basic Daily Fee supplement of \$10 per resident per day, while continuing the 30 per cent increase in the homelessness and

viability supplements. The temporary financial supports and the Viability Fund are being continued for a further two years, while the 80,000 additional home care packages, launched last year, will also continue to be implemented. In regional, rural and remote areas, \$630.2 million has been allocated for improving safety, quality and the availability of aged services, while \$13.4 million has been allocated to set up the first of a national network of regional offices.

These announcements are a welcome first step in delivering the recommendations of the Royal Commission, including changes which the VHA has advocated for, such as utilising the independent hospital pricing authority. However, this initial investment does not immediately deliver on some key recommendations, including for Multi-Purpose Services, which is disappointing. The Commonwealth Government has set aside \$6.8 million over three years for information and engagement with the aged care sector, aged care users and their families about aged care reforms, signaling this is a first step in a longer process. This initial response makes it apparent that the Commonwealth Government has opted for the more conservative approach set out in the split final report.

Mental health

As part of its initial response to the Productivity Commission inquiry into mental health, the Commonwealth Government has announced it will provide \$2 billion over four years to support the National Mental Health and Suicide Prevention Plan. There is a heavy focus on prevention and early intervention, including \$111.2 million to increase digital mental health service provision, and an emphasis on early years care.

The most relevant announcements for members include \$158.6 million for a universal aftercare services for all Australians discharged from hospital following a suicide attempt, and \$487.2 million to support the establishment of a network of Head to Health adult mental health centres, which were first announced and launched last year and are delivered by public health and community health members. A number of these centres, as well as child mental health centres, will be established with a focus on providing care for diverse communities, such as LGBTIQ+ or Aboriginal and Torres Strait Islander mental health, based on identified areas of need. This expansion was a recommendation in the VHA's budget submission, while the establishment of specialised centres aligns with the recently launched Embracing Equality Charter, that we are a signatory of.

The VHA welcomes this initial funding announcement to implement the recommendations of the Productivity Commission, which delivers on some of the VHA's own recommendations into the inquiry and into the Commonwealth Government's consultation on the final report. The focus on prevention and early intervention is an important step. The funding announcements align with the findings of the final report from the Royal Commission into Victoria's Mental Health System, with a greater focus on care in the community, which should support the delivery of the Victorian Government's response to the Royal Commission report next week in its own budget. However, while these funding announcements are welcome, the Commonwealth Government must ensure that it is aligned with the Victorian Government to avoid duplication, while it should be the start of greater investment to reform and improve the mental health system.

Healthcare

While the major health funding announcements focused on mental health and aged care, there were also announcements to support the delivery of healthcare. The Commonwealth Government had a focus on primary care, with \$480.9 million over five years to further improve access to primary health care services, while there was funding to improve access to care in rural and regional locations, including \$65.8 million to increase the Rural Bulk Billing Incentive for rural and remote medical practice. The Government has also committed a cumulative \$220 million to implement MBS changes.

While there are not major investments, these initiatives should serve to increase care provision outside of hospitals, helping to reduce the current care demand and burden on the acute health system in Victoria. It is also positive that the Commonwealth Government recognises the difficulties of accessing primary care in rural and regional areas.

Preventive health

The focus on prevention in this year's budget, as seen with the investment in cancer screening programs and mental health prevention funding announcements, is welcomed as an important step in ensuring that largely preventable health outcomes are addressed, reducing the burden on the acute health sector. The Commonwealth Government has provided \$23.1 million over five years from 2020-21 to further support preventive health activities, including \$1.9 million for preventive health research and scoping activities, to inform the National Preventive Health Strategy. As mentioned in our recent submission to the National Preventive Health Strategy, any subsequent funding to implement the strategy and aspiration of a longer-term five per cent increase in prevention spend will also need to align with states and territories investment.

Disability

The Commonwealth Government announced there would be an additional \$13.2 billion over four years to support the National Disability Insurance Scheme (NDIS), after there had been pre-budget speculation over changes to funding. In total, funding for the NDIS is expected to reach \$122 billion in the next four years, with over \$33 billion expected to be spent in 2024-25. It was also pleasing to see the Commonwealth Government recognise the limitations of the NDIS, with \$112.4 million provided over four years to fund continuity of psychosocial support services for people with a severe psychosocial disability who are not eligible for the NDIS; this has long been an advocacy point for the VHA. However, it was disappointing that there were few initiatives beyond this to support disability care or improve the NDIS interface with health.



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Appendix A: Key components of the health spend

Health funding

In 2021-22, the Commonwealth Government will provide funding of \$26.3 billion to support state health services, including \$25.6 billion in National Health Reform funding and \$690.6 million in National Partnership payments. In 2021-22, the Commonwealth Government is estimated to provide \$76.4 million to support the delivery of health services in the states.

In the \$26.3 billion, a further \$421.9 million will be provided to the states in other health-related National Partnership payments. This includes \$2.2 million for the National Bowel Cancer Screening Program, \$2.8 million for palliative care in residential aged care facilities, and \$0.8 million to deliver a program which will deliver intensive, specialised care for people with dementia. Other health payments to Victoria include \$42.5 million in community health, hospitals and infrastructure projects and \$26.9 million for adult public dental services.

Aged care

Governance and regional access

- \$630.2 million to improve access to quality aged care services for consumers in regional, rural and remote areas including those with Indigenous backgrounds and special needs groups
- \$26.7 million over four years to develop a new aged care Act
- \$21.1 million over four years from 1 July 2021 to establish the National Aged Care Advisory Council
- \$13.4 million in 2021-22 to establish regional offices
- \$6.8 million over three years from 2021-22 for information and engagement with the aged care sector, aged care users and their families about aged care reforms.

Home care

- \$6.5 billion over four years to release 80,000 additional home care packages over two years from 2021-22. This will bring the total number of home care packages to 275,598 by June 2023
- \$798.3 million to provide greater access to respite care services and payments to support carers
- \$272.5 million over four years to support senior Australians to access information about aged care, navigate the aged care system and connect to services through the introduction of dedicated face-to-face services
- \$28.5 million in 2021-22 to ensure the continued operation of My Aged Care
- \$18.4 million over four years from 2021-22 to enhance the oversight and transparency of the delivery of home care packages
- \$10.8 million in 2021-22 to design and plan a new home care program to better meet the needs of senior Australians.
- Commonwealth Home Support Programme providers to be paid in arrears from 1 July 2022 rather than in advance for the provision of services.

Residential aged care quality and safety

- \$365.7 million to improve access to primary care and other health services in residential aged care, and additional investment in digital and face-to-face assistance
- \$301.3 million, primarily for the Aged Care Quality and Safety Commission to safeguard the quality, safety and integrity of aged care services
- \$200.1 million to introduce a new star rating system
- \$74.8 million for the Dementia Behaviour Management Advisory Service and the Severe Behaviour Response Teams

Residential aged care services and sustainability

- \$3.9 billion over four years from 2021-22 to increase the amount of front line care by 1 October 2023, mandated at 200 minutes per day, including 40 minutes with a registered nurse
- \$3.2 billion to support aged care providers to deliver better care and services through a new Government-funded Basic Daily Fee supplement of \$10 per resident per day, while continuing the 30 per cent increase in the homelessness and viability supplements
- \$279.8 million over three years from 2020-21 to further support residential aged care providers through the continuation of temporary financial supports and the Viability Fund
- \$189.3 million over four years from 2020-21 to implement the new funding model, the Australian National Aged Care Classification (AN-ACC)
- \$117.3 million to support structural reforms, including discontinuing of the current bed license and the Aged Care Approvals Round process from 1 July 2024, and implementation of a new Refundable Accommodation Deposit (RAD) Support Loan Program. This funding also includes strengthened financial reporting requirements for residential aged care providers
- \$49.1 million to expand the independent hospital pricing authority's remit to aged care pricing

Workforce

- \$216.7 million over three years from 2021-22 for additional nursing scholarships and places in the Aged Care Transition to Practice Program, the provision of more dementia and palliative care training for aged care workers, recruitment of aged care workers in regional, rural and remote areas and to provide eligible registered nurses with additional financial support
- \$228.2 million to support the establishment of a single aged care assessment workforce for residential care from October 2022, and for home care from July 2023
- \$105.6 million to introduce nationally consistent worker screening, register and code-of-conduct for all care sector workers including aged care workers
- \$91.8 million over two years from 2021-22 to support the training of 13,000 new home care workers
- \$9.8 million over two years from 2021-22 to extend the Care and Support Workforce national campaign

COVID-19 response

Guaranteeing Medicare and access to medicines — extension

- \$557.1 million to extend temporary Medicare Benefits Schedule (MBS) pathology items for the testing and detection of COVID-19
- \$204.6 million for the extension of temporary telehealth MBS services from 1 April 2021 to 31 December 2021, with revised billing arrangements from 1 July 2021
- \$87.5 million to extend dedicated commonwealth respiratory clinics to manage and diagnose COVID-19 cases
- \$11.5 million to extend the Home Medicines Service and continued dispensing arrangements to support access to medicines on the Pharmaceutical Benefits Scheme and Repatriation Pharmaceutical Benefits Scheme
- \$11.2 million to continue the remote response to COVID-19 to support regional and remote Indigenous communities throughout Australia

COVID-19 Response Package — extension

- \$271.5 million in 2020-21 to extend activities under the National Partnership on the COVID-19 Response
- \$86.8 million over two years from 2020-21 to expand activities of the National Incident Centre and to support the National Medical Stockpile

Vaccine purchases and rollout

- \$777.8 million over two years from 2020-21 for the COVID-19 Vaccination Program, including for surge workforce, general practitioners and community pharmacies to administer vaccines

- \$510.8 million over two years from 2020-21 for the National Partnership on the COVID-19 Response for the states and territories to administer vaccines
- \$358.8 million over five years from 2020-21 to support the implementation, monitoring and reporting of the vaccine rollout
- \$233.8 million over two years from 2020-21 for COVID-19 vaccine distribution, vaccine consumables, logistics and storage
- \$6.7 million over two years from 2020-21 for the national communications campaign for the COVID-19 Vaccination Program

MBS changes

- \$65.8 million to increase the Rural Bulk Billing Incentive for rural and remote medical practice
- \$9.6 million to expand the Allied Health Rural Generalist Pathway to support more allied health professionals to train in rural and remote Australia
- \$3.8 million to continue development of the Bonded Return of Service System to support implementation of the Bonded Medical Program
- \$1.8 million to fund community supported rural primary care trials
- \$95.9 million over four years from 2021-22 for the pre-implantation genetic testing of embryos for specific genetic chromosomal abnormalities prior to implantation and pregnancy
- \$40.5 million over four years from 2021-22 for services associated with Ambulatory Blood Pressure Monitoring to allow for improved diagnosis of hypertension
- \$18.8 million over two years from 2023-24 for proton beam therapy to treat paediatric and rare cancers
- \$11.4 million over four years from 2021-22 to amend the multi-parametric Magnetic Resonance Imaging items for the diagnosis of prostate cancer
- \$11.3 million over four years from 2021-22 for autologous fat grafting by injection for defects arising from breast surgery, breast cancer treatments and congenital breast deformity
- changes to faecal calprotectin testing for the differential diagnosis of irritable bowel syndrome from inflammatory bowel disease resulting in efficiencies of \$27.2 million over four years from 2021-22.
- \$27.0 million over three years from 2022-23 to implement recommendations related to plastic and reconstructive surgery items
- \$26.8 million over four years from 2021-22 to make changes to orthopaedic surgery items
- \$22.0 million over four years from 2021-22 to amend gynaecology items
- amending items for pain management services resulting in efficiencies of \$41.5 million over three years from 2022-23

Mental health

Prevention and Early Intervention

- \$111.2 million over four years from 2021-22 to expand and enhance digital mental health services
- \$77.1 million over four years from 2021-22 for the National Legal Assistance Partnership
- \$47.4 million over four years from 2021-22 to contribute to working with states and territories to achieve universal perinatal mental health screening, as well as extend funding to the centre of perinatal excellence for digital infrastructure and to the Perinatal Anxiety and Depression Australia for its helpline services.
- \$6.3 million over three years from 2021-22 to increase support services for fly-in fly-out and drive-in drive-out workers
- \$5.7 million over three years from 2021-22 to build on the Individual Placement and Support (IPS) program to assist people with mental illness to participate in the workforce, including to pilot the IPS program in Adult Mental Health Centres and to trial Youth Vocational Peer Support Workers in two IPS headspace sites

Suicide Prevention

- \$158.6 million over four years from 2021-22 to work with states and territories to achieve universal aftercare services for all Australians discharged from hospital following a suicide attempt and to trial initiatives to provide aftercare services to those that may not have presented to a hospital
- \$61.6 million over four years from 2021-22 to expand the National Suicide Prevention Leadership and Support Program
- \$31.2 million over four years from 2021-22 to work with states and territories to establish a national Distress Intervention Program trial and to develop national accreditation and standards for safe space services
- \$22.0 million over four years from 2021-22 to work with states and territories to continue postvention services nationally to support people who are bereaved by suicide
- \$12.8 million over four years from 2021-22 to establish the National Suicide Prevention Office
- \$12.0 million in 2021-22 to extend the National Suicide Prevention Trial for one year

Treatment

- \$487.2 million over four years from 2021-22 to establish a network of Head to Health adult mental health centres and satellites. This includes a central intake and assessment service to triage and refer people to the most appropriate services
- \$278.6 million over four years from 2021-22 to expand and enhance headspace youth mental health services, including in conjunction with the states and territories
- \$112.4 million over four years from 2021-22 for continuity of psychosocial support services for people with a severe psychosocial disability who are not eligible for the NDIS
- \$111.4 million over three years from 2022-23 to support the take up of group therapy sessions and participation of family and carers in treatment provided under therapy sessions and participation of family and carers in treatment provided under the Better Access initiative
- \$54.2 million over four years from 2021-22 to work with the states and territories to establish child mental health and wellbeing hubs
- \$46.6 million over four years from 2021-22 for parenting education and support to parents and carers with children aged under 12 years and to develop national guidelines to assist with early identification of emerging emotional difficulties
- \$34.2 million over four years from 2021-22 to expand and implement the Initial Assessment and Referral tool
- \$26.9 million over four years from 2021-22 to provide additional support for people with eating disorders and their families, and to establish a National Eating Disorder Research Centre
- \$4.0 million in 2021-22 to continue to provide up to ten free trauma and distress counselling sessions for those impacted by the bushfires.

Supporting the Vulnerable

- \$79.0 million over four years from 2021-22 to implement initiatives under the National Aboriginal and Torres Strait Islander Suicide Prevention Strategy
- \$16.9 million over four years from 2021-22 to provide mental health services and support to Australians from culturally and linguistically diverse communities
- \$11.1 million over two years from 2021-22 to improve outcomes for people with complex mental health needs including people with cognitive disabilities and autism spectrum disorder.

Workforce and Governance

- \$117.2 million over four years from 2021-22 to establish a national database on service delivery, performance and outcomes across the mental health system and conduct longitudinal surveys on the mental health of children and Aboriginal and Torres Strait Islander Australians
- \$58.8 million over two years from 2021-22 to fund initiatives to attract, upskill and re-distribute mental health professionals and increase the number of Aboriginal and Torres Strait Islander mental health workers

- \$15.9 million over four years from 2021-22 to better equip General Practitioners in primary mental health care
- \$7.3 million over four years from 2021-22 to enhance the capacity of the National Mental Health Commission to provide national leadership on mental health and suicide prevention reforms
- \$2.6 million over three years from 2021-22 to support frontline mental health workers and address the stigma around medical professionals seeking support
- funding to conduct a scoping study to investigate options to improve consumer and carer engagement in the mental health sector.

Preventive health

- \$1.9 million in 2021-22 for preventive health research and scoping activities, including a national health literacy strategy, to inform a National Preventive Health Strategy
- \$7.5 million in 2021-22 (and \$1.5 million per year ongoing) to support the continued operation of the National Cancer Screening Register, including additional service provider costs and data integration
- \$0.9 million over two years from 2021-22 to continue the Australian Government's contribution to the Health Star Rating System, in collaboration with the states and territories

Primary care

- \$288.5 million to provide access to Medicare subsidised repetitive Transcranial Magnetic Stimulation for the treatment of medication resistant major depressive disorder
- \$71.9 million to extend the Primary Health Network After Hours Program for one year
- \$50.7 million for systems to support the use of voluntary patient registration to improve the quality of Medicare Benefits Schedule (MBS) services through MyGP
- \$22.6 million to redesign the Practice Incentives Program — Indigenous Health Incentive
- \$14.2 million to list six new items on the MBS for allied health providers who participate in case conferencing
- \$12.7 million to support initiatives to improve health services for people with an intellectual disability
- \$6.0 million to continue support for private radiation oncology providers under the Radiation Oncology Health Program Grants Scheme to assist with the cost of linear accelerators
- \$5.5 million for Victoria to join Healthdirect Australia, and provide support for culturally and linguistically diverse communities through improved health helpline services
- \$3.8 million to support the National Health Funding Body to improve compliance of payments for hospital services