

20 May 2021

## Member briefing – Victorian 2021-22 state budget

### Summary

The Victorian 2021-22 Budget signals the first step in a long journey to reform Victoria's public health system.

The Budget includes an overall spend of \$23.4 billion to support Victoria's health system, with a continued focus on COVID-19 response and recovery.

A feature of this Budget is the Victorian Government's first investment and delivery of the recommendations from the Royal Commission into Victoria's Mental Health System, with \$3.8 billion invested across the next four years.

The Budget shows that the Victorian economy is recovering from the economic effects of COVID-19 restrictions in 2020. While economic activity and employment figures are currently strong, the pandemic presents future challenges for our economy and the health and wellbeing of Victorians.

Below is a summary of key Budget areas, while more detailed information on the initiatives and spending commitments are available [here](#) in the Budget Papers.

### Summary

#### Mental health

In what it has been described as the first step in a 10-year road to reform, the Victorian Government has committed \$3.8 billion over the forward estimates towards mental health services.

This includes a total of \$551.4 million to be invested in 2021-22 to support mental health and wellbeing output initiatives. More broadly, there is an increase of over \$223 million in mental health output spending, with a 34 per cent increase in mental health community support service expenditure.

The VHA welcomes this initial investment to deliver on the promise of the Royal Commission, which includes several items that were recommended in the VHA and Mental Health Victoria's joint-submission. This includes \$196 million to support a dedicated mental health system for infants, children and families.

The first recommendations to be implemented include:

- Regional governance - Eight new interim regional bodies to support commissioning.
- Community health - \$954 million to deliver community-based care, providing health and wellbeing support for Victorians wherever they live.
- Bed-based services - \$368.8 million across four years for new models of care for bed-based services.
- Forensic mental health - \$349.6 million for an additional 82 beds at Thomas Embling Hospital in Fairfield.
- Adult and Older Mental Health - \$263.7 million to help establish the first 20 new local adult and older adult mental health and wellbeing services for Victorians experiencing mild to moderate mental health challenges.
- Mental health workforce - \$206.3 million to support an increased mental health workforce, with an extra 120 graduate placements for nurses and 140 postgraduate mental health nurse scholarships per year, as well as \$11.1 million to support a mental health workforce incentive scheme in rural and regional areas.
- Gender clinics - \$21.3 million for the expansion of gender clinics at Monash Health and Royal Children's Hospital.

### Acute health services

The VHA welcomes new funding announcements to support ambulance and emergency departments, however, the additional funding and services will require an expanded workforce.

Highlighted acute funding announcements include:

- Hospital services - \$3.7 billion will be spent supporting service delivery levels and performance in Victoria's hospitals. This includes additional funding directed towards elective surgery, more emergency department staff, additional highly specialised therapies, and to support new wards as they open.
- Governance reform - \$34.4 million towards supporting efforts for further coordination and collaboration of public and acute services, to build on the pandemic focused partnerships.
- Early intervention - \$45.6 million to fund a program targeted to 100,000 Victorians as part of a five-year program designed to reduce preventable hospital admissions, unintended harm and unnecessary medical interventions.
- Ambulance services - \$470.6 million of combined funding to recruit 117 new paramedics and support staff. This includes funding to trial a new telehealth pilot to support patients with complex needs.

### Ageing, aged and home care

The Victorian Government has committed \$94 million for public sector residential aged care services (PSRACS):

- Patient ratios - \$29 million has been allocated to assist PSRACs to meet nurse to patient ratios and the needs of residents.
- Facility upgrades - \$65 million of funding will be allocated to rebuild the Glenview Community Care aged care facility to expand capacity, as well as plan and design redevelopments of the Camperdown and Cohuna aged care facilities.
- Elder abuse - Existing elder abuse and early response programs will be retained with a \$1 million funding commitment for 2021-22, including funding for the Integrated Model of Care Project that is operating in five public health services.

### Community and dental health

While there are a limited number of initiatives to support community health expressly, community health care has seen an increase of 14.2 per cent to \$381 million, which is occurring without a requirement for services to deliver an increase in hours of service, as well as funding to support catch-up care.

Dental funding has also increased by 13.5 per cent, with the target for the number of people treated being increased by 44,000 to help catch-up with reductions in care while COVID-19 restrictions were in place; this was a key part of the VHA's 2021-22 state budget submission. These are welcome increases in funding, and an important initiative to support the increased demand for care following the easing of Victoria's COVID-19 restrictions.

Funding announcements include:

- Community-based demand - \$76.1 million to support catch-up care in 2021-22, which will provide support for, amongst other things, dental services, cancer services and maternal and child health services.
- Community hubs - \$3 million for the Sunbury and Cobaw Community Health Hub expansion.
- Support for Asylum seekers - \$3.9 million to continue mental health and primary health support for asylum seekers.

### Capital infrastructure

There are a number of new infrastructure spending commitments throughout the budget, which are welcomed, including supporting the response to the Royal Commission and the rise in demand on emergency departments. However, there are not a lot of new capital commitments - many of these items relate to funding commitments in the 2018 state election. Future budgets should rectify this, with further funding to support health system capital, while the VHA called for the development of Community Health Infrastructure Fund as part of its budget submission.

Capital project funding includes:

- \$900,000 for Maryborough hospital in 2021-22 as part of the \$100 million redevelopment.
- \$349 million for the Thomas Embling Hospital as part of the Royal Commission response.
- \$35 million to support further development of the 10 community hospitals.

### Public health

This budget primarily focuses on the pandemic and Royal Commission response. However public health, with a focus on prevention and population health, should have greater prominence in coming years, and should align with the National Preventive Health Strategy and its funding aspirations.

Key funding items include:

- \$328.9 million to support immunising Victorians against COVID-19 as part of the Phase 1A and Phase 1B vaccine rollout.
- \$822.6 million, across four years, to support public health and local place-based delivery as part of the core public health response against COVID-19. This includes funding towards continued operation of local public health units, wastewater surveillance and pathology capacities.
- 48.8 per cent reduction in health protection spending, but this is due to reduced COVID-19 expenditure following the state's success at responding to the pandemic.

### Small rural services

While there are some infrastructure commitments for small rural services, and a slight increase in overall funding, there is a lack of focus on small rural health services in this budget. While the increase is welcome, it is a smaller increase than other parts of the system, at a time when there is increased demand on small rural services due to post-pandemic demand and population growth.

Some of the key funding items include:

- Funding - 2 per cent increase in overall funding for small rural services, with \$705.2 in output funding in 2021-22.
- Infrastructure commitments - \$8.3 million in funding for the Echuca Wellness Centre, another \$20 million as part of the already announced Regional Health Infrastructure Fund and \$48.7 million, with \$2 million this year, for the Swan Hill District Hospital Emergency Department Upgrade.

### Access and inclusion

There are a number of areas in this budget that increase access and inclusion for different communities in Victoria. This is important to increase the availability of care and recognise the needs of different communities, ensuring that care is appropriate. Funding initiatives include:

- \$27.5 million to support primary prevention of family violence.
- \$9.2 million for the Office of Disability, including \$6.1 million for Disability Liaison Officers to continue their role.
- \$98 million, across four years, to support phase 2 of the Family Violence Multi-agency Risk Assessment and Management Framework (MARAM).
- \$193.7 million to support homelessness services, including funding for on-site delivery of essential health and addiction services at three congregate accommodation facilities.
- \$2 million in support of the Aboriginal Strong and Healthy initiative, which supports maternal, child and family health services delivered in Aboriginal organisations.
- \$1 million as part of last year's funding commitment to support implementation of the *Gender Equality Act 2020*.

### Next steps

As part of its initial response to the 2021-22 State Budget the VHA will continue to advocate for the public and community healthcare system, including topics such as:

- **System reform** - Further funding and supports for the successful implementation of the Mental Health Royal Commission and Aged Care Royal Commission.
- **Workforce sustainability and wellbeing** - Ongoing workforce recovery strategy to ensure an adequate supply of skilled and qualified healthcare workforce. New and innovative models of integrated care across the State is also needed.
- **Increased care demand** - Ensure that the health system is appropriately supported to respond to current increased demand. Small rural health services will require further targeted investment, while community health should be funded and utilised to reduce the burden on the acute health system.
- **Prevention and population health** - Engaging with stakeholders to support a greater focus on prevention and population health that aligns with the intended increase in investment at a national level.



#### For further information contact

Tom Symondson  
Chief Executive Officer  
[tom.symondson@vha.org.au](mailto:tom.symondson@vha.org.au)  
03 9094 7777

Micaela Driberg  
Director, Strategy & Engagement  
[micaela.driberg@vha.org.au](mailto:micaela.driberg@vha.org.au)  
03 9094 7777