

30 March 2022

Member briefing: Federal Budget 2022-23

Budget snapshot

Victoria's health system has been under considerable and sustained stress since the onset of the COVID-19 pandemic; this stress has only been exacerbated by the recent Omicron surge.

We were not alone in facing these issues. But due to numerous outbreaks and six lockdowns, Victoria's public and community health services have faced more sustained pressure than any other jurisdiction.

The VHA called for national leadership to support our health system, as part of its advocacy for the 2022-23 Federal Budget. We advocated publicly and privately to Commonwealth Ministers, crossbenchers and the Opposition for action and investment to address some of our system's most pressing challenges.

	VHA key federal advocacy themes	Federal budget 2022-23
Expanding our healthcare workforce	<ul style="list-style-type: none"> Attracting new talent to our healthcare system by simplifying our visa system and cutting wait times to bring in more health and social care workers Increasing investment in training and skills pathways to increase domestic recruitment of medical and non-medical staff Expanding programs to forgive student debts to attract people to work in regional Victoria 	<ul style="list-style-type: none"> No new substantive funding for workforce across the broader health system Targeted funding for limited rural, mental health and aged care workforce packages
Funding that meets increased demand	<ul style="list-style-type: none"> The Commonwealth Government to step up and fund 50 per cent of the cost of public hospitals with no growth cap to recognise the increasing costs of COVID-19 Ensuring that the Commonwealth Government invests in its fair share of our public health system funding 	<ul style="list-style-type: none"> \$1.25b funding cut to Victorian public health
Investing in primary and out-of-hospital care	<ul style="list-style-type: none"> Build on successful models of care such as the COVID Positive Pathways, which was a Victorian innovation that increased care for the community outside the hospital Ensuring that telehealth is an enduring feature of our health system, not bound by complex and temporary Medicare processes Increased investments in preventive funding, as per its commitment made in the National Preventive Health Strategy 	<ul style="list-style-type: none"> \$6m for the extension of COVID Community Care Pathways No increase in preventive health funding

While there are specific budget items that are welcome, overall, the 2022-23 Federal Budget does not adequately address the key issues facing the Victorian public health and community health sector. This member briefing outlines the VHA's analysis of the Budget – what it means for the sector and how we will continue to engage on these issues.

COVID-19 response and recovery

Victoria will experience a cut of over \$1.25 billion in COVID-19 health funding this year, before the entire removal of COVID-19 funding support next year.

This is occurring as the health sector continues to respond to the pandemic and its impacts, with the potential for further outbreaks. The Commonwealth Budget itself acknowledges this risk, modelling a scenario where a new COVID-19 variant causes further pressure during winter. This reduction and removal of funding penalises Victoria for having been most affected by the pandemic, and curtails the ability of health services to prepare for future outbreaks.

Similarly, there is a short-term approach to support recovery from the COVID-19 pandemic. There is some new funding, which includes \$984 million to extend activities under the National Partnership on COVID-19 Response, but this is front-loaded for the coming year, highlighting the upcoming 'cliff' in pandemic support. While there is continuation of previously announced COVID-19 budget measures, including temporary MBS items, vaccines and prevention initiatives, it is disappointing that there is a lack of new resourcing to support the recovery. For instance, the \$2.1 billion 'National Winter Response' includes some of this previously announced funding. There is \$6 million for the extension of COVID Community Care Pathways, in line with our budget recommendation on COVID Positive Pathways, but it fails to adequately support and enhance a vital program.

Overall, this Budget fails to provide the support that Victorian public health and community health services need to respond and recover from the pandemic. The VHA will keep advocating for the continued whole-of-system support that our members need, both at state and federal level. Prioritising this support has been a focus point for the VHA in recent months, including in our pre-budget submissions and our 'Stabilising the System' white paper (all documents are available on our [Agenda 2022](#) webpage).

Health services and primary care

Across the forward estimates, Commonwealth funding for private healthcare will see a greater increase in funding than Victoria will get from National Health Reform funding.

Despite advocacy from the VHA and the wider national sector, the 6.5 per cent growth cap and 45 per cent contribution limit remains on National Health Reform funding. While there is an increase on Victoria's National Health Reform funding on what was forecast at the last budget, this is largely due to a short-term COVID-19 funding arrangement which will end after this year. This will lead to slow growth in National Health Reform funding for Victoria, with the Commonwealth's contribution only increasing by \$400,000 in 2023-24 due to the removal of COVID-19 funding, which will offset the broader funding growth.

Medicare

There were some positive initiatives on primary care announced for public health and community health services, but these were largely isolated. For instance, there is \$56 million to support Primary Health Networks to commission after-hours health care services and address broader drivers of after-hours demand, but the majority of MBS items were a continuation of previous funding announcements. Total MBS funding continues to rise, showing the growth in demand for care in Australia.

Workforce

While there was support for the rural and regional health workforce, expanded on below, it is disappointing that there is a lack of support for the broader health workforce, which is a priority for the VHA. There is no new funding to support the recently released National Medical Workforce Strategy, and no specific support for health worker immigration. Funding for the health workforce, aside from a slight increase next year, is very stable across the forward estimates, highlighting the lack of action being taken to address this pressing issue.

Mental health

Similarly, there was little new funding for mental health in the budget; the majority of the initiatives are a continuation of the \$2 billion announced in last year's budget. While the support for the mental health workforce is

welcome, further resourcing will be required at the next election and budget. It is disappointing to note that the VHA's call for further funding for Victorian Head to Health clinics has not been heeded.

Telehealth

The major success for public health and community health services is the investment into establishing telehealth as a permanent part of the health system. This was a key ask in the VHA's pre-budget submission, and marked a rare new investment in health in the Budget, although its inclusion has been previously announced. However, aside from this, there was little new funding for digital health.

Infrastructure

Health infrastructure, particularly in Victoria, continues to be overlooked for Commonwealth support, despite record investment in broader rural and regional infrastructure. While Victoria will receive \$86.2 million in Community Health, Hospitals and Infrastructure projects this year, it is not new funding. It is disappointing that the bulk of health infrastructure funding is going to the development of a sports stadium for the Matildas. While a welcome cause, this will not lead to better health outcomes for Victorians.

Advocacy next steps

Overall, this Budget failed to provide the health and primary care investment – across care, workforce and infrastructure – that Victorian public health and community health services require. Adequately resourcing and staffing the Victorian healthcare sector is a priority advocacy area for the VHA in 2022, and will be a focal point of our election campaigns.

Aged care

Further action is needed to address the shortage of 110,000 direct aged-care workers in Australia.

Workforce is the biggest issue facing the public aged care sector, yet there no provision within the Budget to address aged care workforce remuneration. Until workforce remuneration is addressed, staff shortages will persist. Some attempts have been made to attract and retain staff in aged care by increasing access to education, training, and career progression opportunities. This includes \$50 million over two years for 15,000 low-fee and free training places in aged care courses, funds to support additional clinical placements and a range of scholarships. However, it is unlikely that job seekers will be drawn to working in aged care when wages remain so low.

Funding

The pandemic has devastated an already depleted sector, and Victoria has been particularly hard hit. Yet, the total forecast spending on aged care services within the current Budget has only increased by one per cent compared to the 2021-22 Budget. Knowing that current funding models do not reflect the true cost of delivering care, this one per cent increase will not facilitate progress towards meeting the recommendations of the Royal Commission into Aged Care Quality and Safety or guaranteeing that all Australians have access to high-quality care that is responsive to their needs. Further investment is required now to enable transformative reform in aged care.

Residential care

The Budget lacks clear investment in improving the quality and safety of residential aged care. While there is \$345.7 million to improve medication management for aged care residents, there is little detail on the fund distribution. If funds are divided equally among Australia's 2,672 residential aged care facilities, each service will receive \$32,344 per annum for the next four years. It is unclear how this will result in meaningful change and positive outcomes for residents.

Home care

It is disappointing that there is lack of support to drive home care reform, holding back a vital component of the sector. There is little mention of home care support in the Budget, with the only relevant initiatives being the wider workforce supplement and funds to continue consultation on the design of the wider aged care reforms. While 40,000

new Home Care Packages (HCPs) will be released this year, there are 74,143 people waiting for HCPs at their approved level (as of September 2021), with over 18,000 people in Victoria.

Advocacy and next steps

The VHA will continue to advocate on behalf of our members in the aged care sector, including public sector residential aged care services (PSRACS), stand-alone PSRACS and multi-purpose services in the lead up to the federal and state elections set to occur in 2022. Our focus will be on recognition for the public sector, advocating for investment in Victoria's aged care workforce, infrastructure and funding models.

Preventive health, access and equity

Rather than delivering on the commitment to begin increasing total prevention funding to five per cent of total health expenditure, the budget includes piecemeal funds for downstream interventions.

The Budget neglects to deliver on the vision outlined in the National Preventive Health Strategy 2021-2030, as advocated by the VHA. An estimated \$78 million is allocated to targeted preventative health programs including funding for catch up testing and screening, a preventative health communications campaign and asthma management.

Access to healthcare

Despite the focus on tackling the 'cost of living', the Budget does little to address the cost of accessing essential health services. The Budget does include a welcome \$525.3 million which will lower Pharmaceutical Benefits Scheme (PBS) Safety Net thresholds, but this is an isolated initiative. There is a glaring omission of funding to increase community access to primary care and mental health supports or prevention initiatives.

The rollover over of the public dental funding contribution from previous years, and with a one-year extension, is disappointing for our members that deliver dental care, such as community health services. This means that there is no increased funding to support oral care need, which was impacted by the pandemic, with services currently working hard to meet demand. The lack of funding certainty also puts a constraint on how the state and its services can plan to address the needs of Victorians and their oral health in coming years.

Health equity

The Budget does very little to meaningfully address the social determinants of health. The proposed tax cut of \$420 for low- and middle-income earners, one-off cash payment of \$250 and reduction to the fuel excise will not provide a long-term relief for the growing number of Victorians who are struggling as the result of the growing cost of living, housing affordability and food insecurity.

From an equity perspective, it is disappointing that funding initiatives relating to childcare and paid parental leave have been positioned as a 'women's issues' rather than an issue for families. This contradicts the work of Victoria's healthcare services to meaningfully implement the *Gender Equality Act 2020*. And while welcome, the introduction of an enhanced Paid Parental Leave scheme for eligible working families lacks ambition.

Further, there is a failure to address the impact of climate change on public health. The Commonwealth Government's silence on climate change and regression of funding highlights the lack of intent to respond to the health impacts of escalating extreme weather and climate events.

Advocacy next steps

The VHA will continue to advocate to the Commonwealth Government to deliver on the National Preventive Health Strategy. Beyond an increase in prevention investment, the VHA will be calling for a connected, holistic and robust prevention program that includes a focus on primary prevention and action on the social and environmental determinants of health.

The VHA will also continue to support our [Prevention and Health Promotion Network](#), which aims to provide a collective voice for the community health and the broader prevention sector in Victoria.

Rural and regional health

New investments in rural and regional health are not enough to address the challenges in the sector.

Workforce

The Budget failed to address this vital issue for services. The \$224.4 million investment for rural medical student placements, expanded rural training programs and leadership pathway for nurses does not meet the scale needed to address Victoria's regional workforce shortage. It is welcome, but is unlikely to address that regional Victoria needs to attract an additional 14,600 skilled workers to the public health and community sector by 2025. External barriers to workforce recruitment such as housing, skill pathways and competitive salaries have not been addressed in the Budget.

Infrastructure

Health infrastructure, as highlighted earlier, continues to be overlooked with no targeted regional and rural health infrastructure funding announced, despite record infrastructure investment. This is especially disappointing considering that rural services will face the disproportionate effects of climate change.

However, technical investment through the expansion of the NBN and mobile phone coverage to rural areas is welcome. This expansion will be vital to an equitable implementation of digital health initiatives across the state. The VHA will advocate for this investment to firstly prioritise essential community and health infrastructure.

Access to services

With only three per cent of regional Australia's Budget announcements dedicated to healthcare, Victorian public health and community health services will see little respite from the mounting pressures of rural and regional service delivery. However, access to healthcare will be supported by a \$33.3 million investment in the Royal Flying Doctors Service (RFDS). The VHA looks forward to working with the Victorian RFDS branch to support further integration of services.

Rural access to diagnostic imaging services will see a \$66 million investment to improve MRI services for rural areas (MMM 2-7) enabling diagnostic imaging closer to home. The VHA also notes a review of the Modified Monash Model; the VHA will follow this closely, noting the inequality of funding the MMM creates for rural Victorian services.

Advocacy next steps

Despite regional Australia being labelled a 'winner' in many Budget reviews, Victoria's rural and regional health services are unlikely to see much benefit from this Budget. Small 'wins' for rural doctors and training programs do not meet the scale of policy intervention required to address workforce pressures. The VHA looks forward to working with rural and regional members at the [Rural and Regional Roundtable](#) to advocate on this issue.



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Appendix – New funding commitments

Aged care

- Pillar 1: Home care
 - \$5.4 million to continue consultation on the design of the wider aged care reforms, including a new regulatory framework for the Support at Home Program
- Pillar 2: Residential aged care services and sustainability
 - \$20.1 million over three years to complete implementation of the Australian National Aged Care Classification (AN-ACC) and support the transition to the new funding model over a two-year period.
- Pillar 3: Residential aged care quality and safety
 - \$345.7 million over four years to improve the administration of medication management for residential aged care residents
 - \$22.1 million over three years to establish a fund and invite states and territories to put forward proposals to trial new models of multidisciplinary outreach care for aged care residents
- Pillar 4: Workforce
 - \$32.8 million over four years to provide additional clinical placements for students in the care and support sectors, and to expand the Rural Health Multidisciplinary Training program
 - \$10.8 million for the Cross-Agency Taskforce on Regulatory Alignment to implement the next stage of regulatory reforms across the aged, disability and veterans' care sectors
- Pillar 5: Governance
 - \$6.1 million to extend the aged care system regional stewardship outreach model for a further six months to 31 December 2022 to strengthen governance of the aged care system

COVID response package

Aged care

- \$215.3 million over two years, from 2021-22, to provide bonuses of up to \$800 to aged care workers in residential aged care and home care
- \$124.9 million to extend and expand funding for the Aged Care Preparedness program
- \$50.4 million over four years to improve the capability and capacity of the residential aged care workforce to deliver vaccination services
- \$37.6 million for two years to establish grants for Infection Prevention and Control training for qualified nurses in residential aged care facilities
- \$7.9 million to extend and expand the commissioned home visits initiative for COVID-19 positive patients in residential aged care facilities for a further three months to 30 September 2022

Health

- \$546.0 million to extend temporary MBS pathology items for the testing and detection of COVID-19
- \$248.1 million, from 2021-22, for the extension of the General Practitioner-led Respiratory Clinics Program
- \$43.3 million to continue key elements of the COVID-19 response to protect vulnerable rural, remote and Indigenous communities
- \$23.4 million, from 2021-22, to extend healthdirect Australia support COVID-positive patients
- \$20.4 million over two years, from 2021-22, for the extension of temporary telehealth Medicare Benefits Schedule (MBS) services to support the management of COVID-positive patients in the community, including specialist and longer general practitioner telephone consultations
- \$6 million for the extension of COVID Community Care Pathways

PPE

- Purchase of rapid antigen tests (RATs) to distribute to residential aged care, GP-led Respiratory Clinics (GPRCs) and Aboriginal Community Controlled Health Services (ACCHS), remote communities, and to states and territories

- Procurement and distribution of RATs to National Disability Insurance Scheme Supported Independent Living residents and workers, over five months until 30 June 2022
- Purchase of PPE for the National Medical Stockpile (NMS) to distribute to residential aged care facilities to assist them in managing COVID-19
- Extension of temporary access to PPE from the NMS to eligible primary health care providers, including general practices, ACCHS and GPRCs that are caring for COVID-19 positive patients, and vaccinating pharmacies

Emergency response

- \$984.0 million over two years to extend activities under the National Partnership on COVID-19 Response
- \$56.9 million to continue activities of the National Incident Centre and Therapeutic Goods Administration, and to support the National Medical Stockpile (NMS)
- \$13.6 million for the purchase of pulse oximeters, and the distribution of pulse oximeters and personal protective equipment
- \$5 million to the Australian Partnership for Preparedness Research on Infectious Disease Emergencies

Fighting cancer

- \$28.1 million over four years to establish Genomics Australia
- \$5 million to the Pancreatic Centre at Epworth to diagnose and treat pancreatic cancer, undertake research and develop education materials

Digital health

- \$35.2 million over four years to support Digital Health programs, which includes \$32.3 million in 2022-23 to continue the Intergovernmental Agreement on Digital Health with the states and territories

Rural health

- \$66 million over four years to remove the restriction on the number of magnetic resonance imaging machines eligible for Medicare in regional, rural and remote Australia
- \$224.4 million over four years to improve access to health services and support doctors delivering primary care in rural and remote Australia. Funding includes:
 - \$99.3 million over four years to fund an increase in medical students studying in rural and remote locations
 - \$33.3 million over four years to the Royal Flying Doctor Service (RFDS) to support emergency aeromedical services as part of establishing a new 10-year Strategic Agreement with the RFDS
 - \$22.1 million over four years from to increase CareFlight's and Little Wings' capacity to deliver aeromedical services including patient transport, health clinics and air rescue missions in rural and remote Australia
 - \$14.8 million over four years from to support Charles Sturt University to deliver a Rural Clinical School

MBS

- \$81.2 million over four years to introduce new genetic testing items for certain genetic conditions
- \$32.6 million over four years for a new item for positron emission tomography to inform treatment pathways for patients with rare cancers
- \$24.8 million over four years for new and amended items for magnetic resonance imaging services relating to the diagnosis of liver and breast cancers, and diagnosis of myocarditis
- \$21.4 million over four years for new and amended items relating to obstetrics and gynaecology services and to introduce a new surgical item for abdominoplasty
- \$5.3 million over four years for a new item for transcatheter aortic valve implantation and a new item for a dual-filter cerebral embolic protection system

- \$4.8 million over four years for a new item for the cryoablation of biopsy-confirmed renal cell carcinoma and amended items relating to orthopaedic surgery and the treatment of varicose veins

Primary care

- \$108.5 million over two years to extend the Federation Funding Agreement of Public Dental Services for Adults
- \$56 million to support Primary Health Networks to commission after-hours health care services and address broader drivers of after-hours demand
- \$23.8 million over four years to support quality improvement measures in general practice accreditation, improve linkages with the My Health Record and provide additional funding to accredited practices for their provision of temporary telehealth services during the COVID-19 pandemic, and enable communities affected by natural disasters to access continued healthcare services via telehealth
- \$12.0 million over two years for healthdirect Australia to meet an expected increase in demand for health information and advice online and over the phone
- \$7.5 million over three years for the Palliative Care Service Navigation Pilot
- \$7.5 million to support the Medicare Benefits Schedule (MBS) Continuous Review
- \$4.4 million over four years to improve access to allied health services for deaf and non-English speaking Australians
- \$0.2 million to extend the Patient Pathways Program pilot to assist patients with serious and rare diseases

PBS

- \$525.3 million over four years to reduce the Pharmaceutical Benefits Scheme (PBS) Safety Net thresholds

Preventive health

- \$30.1 million over four years to improve health outcomes through preventive and other health initiatives under the National Preventive Health Strategy 2021-2030. Funding includes:
 - \$9.7 million over three years to extend community driven initiatives to improve levels of physical activity
 - \$8.6 million to continue initiatives preventing and treating blood borne viruses and STIs
 - \$8.4 million over four years to extend the Asthma Management Program
 - \$0.7 million over four years to develop a National Nutrition Policy Framework
 - \$0.6 million over two years for a feasibility study of non-medical prescribing in Australia
 - \$0.5 million over two years to undertake a feasibility study on safeguarding children from unhealthy food and drink advertising
 - \$0.2 million over two years to update physical activity guidelines for adults and older Australians
- \$40.7 million over three years to address the reduction in testing and screening services due to the COVID-19 pandemic
- \$31.6 million over four years to extend 19 drug and alcohol projects under the National Ice Action Strategy
- \$26.9 million over four years to establish a National Allergy Council, a National Allergy Centre of Excellence and a national register for anaphylaxis
- \$19.6 million over four years to roll out a national take home naloxone program following a successful pilot program
- \$10.6 million over two years to develop and implement a preventive health communication campaign
- \$2.1 million over two years to extend the National Sepsis Program, and to undertake a national review of the impact of sepsis on Aboriginal and Torres Strait Islander peoples
- \$2.0 million to support the continuation of the Life Checks program for 45 to 65 years olds
- \$1.0 million over two years to conduct research to address priority men's health issues in line with the objectives of the National Men's Health Strategy 2020-2030

Mental health

Suicide prevention

- \$42.7 million over two years to extend targeted regional initiatives to prevent suicide
- \$4.0 million over two years for suicide prevention research

Mental health treatment

- \$206.5 million over three years for continued access to services for young Australians with severe mental illness
- \$24.3 million over four years to implement a pilot program to identify innovative and evidence-based models of care for eating disorders
- \$15.1 million over four years to introduce a case conferencing item on the Medicare Benefits Schedule to support eligible patients to access coordinated, multidisciplinary mental health care
- \$13.6 million over two years, from 2021-22, to continue funding for the Victorian head-to-help clinics until February 2023 and extend NSW pop-up clinics until December 2022
- \$11.3 million to continue to provide COVID-19 support through digital mental health services

Lifeline

- \$52.3 million over four years for Lifeline to provide mental health supports

Vulnerable Australians

- \$17.8 million over two years to provide mental health support to multicultural communities across Australia
- \$8.6 million over three years to establish the National Closing the Gap Policy Partnership on Social and Emotional Wellbeing

Workforce and governance

- \$28.6 million over three years, from 2023-24, to increase the size of the psychiatry workforce through training posts, funding for supervisors, specific rural and remote initiatives and recruitment
- \$18.3 million over three years for a national mental health 'pathways to practice' program for nursing, allied health and psychology students
- \$4.7 million over three years to provide general practitioners with access to psychiatrist support
- \$1.3 million over two years, from 2023-24, to build the capacity of mental health workers to respond to people with both substance use and mental health conditions

Workforce

- The Government will provide \$14.9 million over two years to provide additional scholarships for the medical workforce. Funding includes:
 - \$13.9 million over two years to continue and expand the number of health scholarships offered under the Puggy Hunter Memorial Scholarship Scheme by up to 150 additional places a year
 - \$1.0 million to provide a matching co-contribution to the Australian College for Nursing for 21 new scholarships for nurses seeking to develop their leadership skills

Women's health

- The Government will provide \$163.3 million over four years for a package of initiatives to improve women's health and further support the implementation of the National Women's Health Strategy 2020-2030 (the Strategy). Funding includes:
 - Endometriosis – diagnosis and primary care support
 - Supporting priority populations and addressing cardiovascular disease
 - Maternal health bereavement support
 - Fighting cancer and supporting recovery
 - Implementation of the Women's Health Strategy