



Martin Foley MP

Minister for Health
Minister for Ambulance Services

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Kylie Liebmann
Chairperson
Kerang District Health
PO Box 179
KERANG VIC 3579

Dear Ms Liebmann

First, let me convey my thanks, and those of my department, to you and your service for the pivotal, agile and responsive roles you have played in the state's management of the Coronavirus (COVID-19) pandemic while ensuring that the health needs of your community have still been met.

The COVID-19 pandemic has caused a once in a generation disruption to the way Victorians live their lives. We are also all mindful of the potential for significant longer term impacts on the health and wellbeing of Victorian communities, families and individuals. I am also aware that last year's events placed unprecedented, complex and ever-changing pressures on your health service and on our wider health system. However, I am confident that we will all continue to work together to meet those challenges head on, playing our parts in helping Victoria recover to achieve the best possible outcomes for all Victorians.

Given the current circumstances and imminent pressures on your service to recommence essential care, such as elective surgery and specialist services, and to support the COVID-19 vaccine rollout, I have asked my department to abbreviate the annual Statement of Priorities process.

As you are aware, the *Health Services Act 1988* allows that post 1 October of each financial year, as the Minister for Health, I make a Statement of Priorities and provide it to your health service. Given the current circumstances and the demands on your executive and staff I have elected to invoke that option.

I am pleased to set out below your health service's **2020-21 Statement of Priorities**.

Strategic priorities

A pleasing lesson from this past year is the ability and willingness of our health services to come together and collaborate. However, it has also shown that this level of collaboration is difficult to maintain under our current policy settings. In that regard, while the Victorian health system has adapted quickly and rapidly to respond effectively to the pandemic there is more we need to do. It is my intention to work closely with the sector over the next 12 months to develop and implement several important system reforms, including modernising our health system through redesigned governance; driving system reforms that deliver better population health, high quality care and improved patient outcomes and experiences; and reforming clinical services to ensure we are delivering our community the best value care.

I ask your board and health service to focus on the following immediate and ongoing priorities to support this intention:

- Maintain your robust COVID-19 readiness and response, working with my department to ensure we rapidly respond to outbreaks, if and when they occur, which includes providing testing for your community and staff, where necessary and if required. This includes preparing to participate in, and assist with, the implementation of our COVID-19 vaccine immunisation program rollout, ensuring your local community's confidence in the program.
- Engage with your community to address the needs of patients, especially our vulnerable Victorians whose care has been delayed due to the pandemic and provide the necessary "catch-up" care to support them to get back on track.
- As providers of care, respond to the recommendations of the Royal Commission into Victoria's Mental Health system and the Royal Commission into Aged Care Quality and Safety. My department will engage further with your service as these reports are delivered.
- Develop and foster your local health partner relationships, which have been strengthened during the pandemic response, to continue delivering collaborative approaches to planning, procurement and service delivery at scale. This extends to prioritising innovative ways to deliver health care through shared expertise and workforce models, virtual care, co-commissioning services and surgical outpatient reform to deliver improved patient care through greater integration.

State and Commonwealth funding

I recognise the pandemic has also resulted in significant financial implications and complexities and there have been a multitude of demands on funding.

On that basis, I **enclose** your 2020-21 modelled budget, which sets out the State's funding commitment for your health service. However, the funding enclosed may not capture full consideration of the costs associated with addressing the COVID-19 response and further funding allocations that may be agreed with your health service for the delivery of additional services.

I am committed to covering reasonable COVID-19 associated costs. For your COVID-19 costs relating to Quarters three and four, my department will continue to work with you to determine funding availability based on your quarterly financial submissions. As is the usual process for relevant funding elements, your 2020-21 COVID-19 costs will be subject to final reconciliation and recall processes.

The Commonwealth funding contribution is outlined by the 2020-21 Commonwealth Budget, which is based on activity estimates provided by States and Territories. Given that final funding amounts are based on actual activity, there may be adjustments to funding as a result of reconciliations, updated activity estimates and other factors. Therefore, the **enclosed** Commonwealth funding contribution is an interim funding position.

If you require further clarification on any of the above or would like to discuss the priorities or any other commentary set out in this letter, please contact your relevant performance team.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'M. Foley', written in a cursive style.

Martin Foley MP
Minister for Health
Minister for Ambulance Services

30/06/2021

Cc: Robert Jarman, CEO, Kerang District Health

Statement of Priorities 2020-21 – Performance priorities

Part B: Key 2020-21 health service performance priorities

High quality and safe care

Key performance measure	Target
Infection prevention and control	
Compliance with the Hand Hygiene Australia program	83%
Percentage of healthcare workers immunised for influenza	90%
Patient experience	
Victorian Healthcare Experience Survey – percentage of positive patient experience responses	95%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care	75%

Effective financial management

Key performance measure	Target
Operating result (\$m)	0.000
Average number of days to pay trade creditors	60 days
Average number of days to receive patient fee debtors	60 days
Adjusted current asset ratio	0.7 or 3% improvement from health service base target
Actual number of days available cash, measured on the last day of each month.	14 days
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June.	Variance ≤ \$250,000

Part C: State funding (Modelled Budget)

The performance and financial framework within which relevant state government-funded health organisations operate, including the specific business-critical conditions of base-level funding, pricing arrangements, funding amounts, and activity levels are outlined in detail within the *Policy and funding guidelines*, available from: <https://www2.health.vic.gov.au/about/policy-and-funding-guidelines>. Table 1 below sets out the 2020-21 funding summary for your health service.

Table 1: Kerang District Health's funding summary for 2020-21

Funding type	Activity	Budget (\$'000)
Small Rural		
Small Rural Acute	23	7,047
Small Rural Primary Health & HACC		78
Small Rural Residential Care	10,848	970
Small Rural HACC	2,922	78
Health Workforce	3	93
Other specified funding		309
Total Funding		8,575

Please note:

- Base level funding, related services and activity levels, outlined within the *Policy and funding guidelines* are subject to change throughout the year. Further information about the department's approach to funding and price setting for specific clinical activities, and funding policy changes is also available from: <https://www2.health.vic.gov.au/hospitals-and-health-services/funding-performance-accountability/pricing-funding-framework/funding-policy>
- In situations where a change is required to Part C, changes to the agreement will be actioned through an exchange of letters between the department and the health service's Chief Executive Officer.

Part D: Commonwealth funding contribution (Modelled Budget)

The Commonwealth funding contribution is provided by the 2020-21 Commonwealth Budget, which is based on various estimates. This is updated by the Administrator of the National Health Funding Pool based on the latest activity estimates from States and Territories.

Final funding amounts are based on actual activity, and there may be adjustments to funding throughout the year as a result of reconciliations and other factors outlined below. A funding summary is at Table 2.

Table 2: Commonwealth contribution for period: 1 July 2020 – 30 June 2021

	Service category	Estimated National Weighted Activity Units (NWAU19)	Total funding (\$'000)
Activity based funding	Acute admitted services		
	Admitted mental health services		
	Admitted subacute services		
	Emergency services		
	Non-admitted services		
Block Funding	Non-admitted mental health services		
	Teaching, training and research		
	Other non-admitted services		
Other Funding			8,575
Total		0	8,575

Please note:

- In situations where a change is required to Part D, changes to the agreement will be actioned through an exchange of letters between the department and the Health Service Chief Executive Officer