



Martin Foley MP

Minister for Health
Minister for Ambulance Services
Minister for Equality

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HHSD/21/751840

Kathryn Harris
Chairperson
Kilmore District Health
PO Box 185
KILMORE VIC 3764

kdhboardchair@kilmorehealth.org.au

Dear Ms Harris

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

As I stated in my letter in 2020–21, 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.

The events of the past many months are unprecedented, complex and ever-changing. The ongoing pressures on your health service and on our wider health system are recognised. 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 ongoing circumstances and imminent pressures on your service to continue to deliver essential care, in addition to elective surgery and specialist services, while supporting the COVID-19 response and vaccine rollout, I have asked my department to abbreviate the annual Statement of Priorities process again this year

Bearing in mind the current circumstances and the demands on your executive and staff I ask that you review the below **2021–22 Statement of Priorities** and advise your agreement via return letter. Of course, I want to acknowledge that you and your service may wish to have further discussion with the department regarding the proposed priorities and performance outcomes set out in Attachment 1 before finalising your response.

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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 to 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.
- Actively collaborate on the development and delivery of priorities within your Health Service Partnership, contribute to inclusive and consensus-based decision-making, support optimum utilisation of services, facilities and resources within the Partnership, and be collectively accountable for delivering against Partnership accountabilities as set out in the *Health Service Partnership Policy and Guidelines*.
- 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. Work collaboratively with your Health Service Partnership to:
 - o implement the *Better at Home* initiative to enhance in-home and virtual models of patient care when it is safe, appropriate and consistent with patient preference.
 - o improve elective surgery performance and ensure that patients who have waited longer than clinically recommended for treatment have their needs addressed as a priority.
- Address critical mental health demand pressures and support the implementation of mental health system reforms to embed integrated mental health and suicide prevention pathways for people with, or at risk of, mental illness or suicide through a whole-of-system approach as an active participant in your Health Service Partnership and through your Partnership's engagement with Regional Mental Health and Wellbeing Boards
- Embed the Aboriginal and Torres Strait Islander Cultural Safety Framework into your organisation and build a continuous quality improvement approach to improving cultural safety, underpinned by Aboriginal self-determination, to ensure delivery of culturally safe care to Aboriginal patients and families, and to provide culturally safe workplaces for Aboriginal employees.

Performance priorities

The performance priorities for Victorian health services in 2021-22 are **enclosed**, which includes a key changes summary. The performance priorities set out in the enclosure contain the full suite of performance priorities applicable to all Victorian health services, however, the

performance priorities applicable to your health service will coincide with your scope of services and those specific to your health service year on year.

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 2021–22 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. 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 2021–22 COVID-19 costs will be subject to final reconciliation and recall processes.

The Commonwealth funding contribution is outlined by the 2021–22 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



Martin Foley MP
Minister for Health
Minister for Ambulance Services
Minister for Equality

21 / 03 / 2022

cc: Jennifer Gilham, A/CEO, Kilmore District Health, jennifer.gilham@kilmorehealth.org.au

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Part B: Performance priorities

The key performance methodology utilised by the department to support and manage our health services' performance is detailed in the *Performance Monitoring Framework*, available from:

www2.health.vic.gov.au/hospitals-and-health-services/funding-performance-accountability

The complete list of metrics and associated targets, including their technical specifications and temporal elements, that all public health services are required to acquit against, is set out in the *Key Performance Measures and Underlying Risk Factors* publication, available from: www2.health.vic.gov.au/hospitals-and-health-services/funding-performance-accountability

Supporting the performance evaluation of services and *Performance Monitoring Framework* is the *Mental Health Performance and Accountability Framework*. This companion framework is directed towards mental health services and outlines the process for monitoring and evaluating mental health service delivery across Victorian health services.

To support the Government's commitment to high standards of governance, transparency and accountability, performance will be reported, where applicable, on the department's performance website, available from: <http://performance.health.vic.gov.au/Home.aspx>

Ministerial priorities

The Ministerial priority measures identified within this Part B are chosen because of their strategic importance and are also included within the *Performance Monitoring Framework*. Due to their strategic importance they attract additional oversight and governance, and are subsequently reported annually within health services' annual reports.

The Ministerial priorities measures are further supported by a suite of indicators made available, quarterly, on the Victorian health service performance page at: <https://performance.vahi.vic.gov.au/>.

Key health service performance priorities (by performance domain)

High quality and safe care

| Key performance measure | Target |
|--|---------|
| Infection prevention and control | |
| Compliance with the Hand Hygiene Australia program | 85% |
| Percentage of healthcare workers immunised for influenza | 92% |
| Patient experience | |
| Victorian Healthcare Experience Survey – percentage of positive patient experience responses | 95% |
| Maternity and Newborn | |
| Rate of singleton term infants without birth anomalies with APGAR score <7 to 5 minutes | ≤ 1.4% |
| Rate of severe fetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks | ≤ 28.6% |

Strong governance, leadership and culture

| Key performance measure | Target |
|---|--------|
| Organisational culture | |
| People matter survey – Percentage of staff with an overall positive response to safety culture survey questions | 62% |

Effective financial management

| Key performance measure | Target |
|---|---|
| Operating result (\$m) | \$0.00 |
| 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

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 2021–22 funding summary for your health service.

Table 1: Kilmore District Health’s funding summary for 2021–22

| Funding type | Activity | Budget (\$'000) |
|-----------------------------------|----------|-----------------|
| Small Rural | | |
| Small Rural Acute | 29 | 17,551 |
| Small Rural Primary Health & HACC | 473 | 48 |
| Small Rural Residential Care | 20,973 | 1,046 |
| Health Workforce | | 249 |
| Other specified funding | | 664 |
| Total Funding | | 19,558 |

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

The Commonwealth funding contribution is provided by the 2021-22 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 2021 – 30 June 2022

| Funding type | Number of services (NWAU) | Victorian average price per NWAU | Funding allocated (\$) |
|---|------------------------------|--|------------------------------|
| ABF Allocation | | | |
| Urgent Care | | | |
| Acute Admitted | | | |
| Admitted Mental Health | | | |
| Sub-Acute | | | |
| Non-Admitted | | | |
| Total ABF Allocation | - | | |
| Block Allocation | | | |
| Teaching, Training and Research | | | |
| Small and Rural Hospitals | | | 19,557,915 |
| Non-Admitted Mental Health | | | |
| Non-Admitted CAMHS | | | |
| Non-Admitted Home Ventilation | | | |
| Other Non-Admitted Services | | | |
| Other Public Hospital Programs | | | |
| High Cost, Highly Specialised Therapies | | | |
| Total Block Allocation | | | 19,557,915 |
| Grand Total Funding Allocation | | | 19,557,915 |

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. Letters will be made publicly available.

Other obligations and accountabilities

Health services must also comply with the following:

- Relevant legislative, statutory and other applicable duties;
- *National Health Reform Agreement*;
- All applicable requirements, policies, terms or conditions of funding specified or referred to in the *Policy and funding guidelines*;
- Policies, procedures and internal controls to ensure accurate and timely submission of data to the department;
- All applicable policies and guidelines issued by the department;
- Where applicable, all terms and conditions specified in an agreement between this health service and the department relating to the provision of health services, which are in force and covered by the period of this Statement of Priorities;
- Relevant standards for programs which have been adopted, such as International Organisation for Standardisation standards and AS/NZS 4801:2001, Occupational Health and Safety Management Systems or an equivalent standard.
- Where applicable, this includes the National Safety and Quality Health Service Standards as accredited through the Australian Health Service Safety and Quality Accreditation Scheme and Compliance with the Aged care standards and
- Any other relevant, applicable statutory, regulatory or accountability rules, policies, plans, procedures or publications.

Please note, this is not an exhaustive list.

Signing page

The Secretary for the Department of Health and the health service board chairperson agree that funding will be provided to the health service to enable the health service to meet its service obligations and performance requirements as outlined in this Statement of Priorities.



Professor Euan Wallace AM

**Secretary
Department of Health**

Date: 09 / 06 / 2022



Kathryn Harris

**Chairperson
Kilmore District Health**

Date: 25 / 2 / 2022