

Public Accounts and Estimates Committee  
Inquiry into the 2024-25 Budget Estimates

**QUESTIONS ON NOTICE**

**Health Portfolio**

**Department of Health**

**Wednesday 22 May 2024**

**Witnesses**

Professor Euan Wallace

Professor Zoe Wainer

Mr Daen Dorazio

Ms Jodie Geissler

**Legend**

All questions are in **red text**.

The context, as per the Unverified Transcript, is in **black text**.

# HEALTH

**QUESTION:** Secretary, the minister has been asked about improving efficiencies and finding savings and constantly refers to PR and consultancy costs being a major contributor. How much money is being spent by rural and regional health services on PR and consultancy firms?

**Page Number:** 5

**SOURCE:** Not referenced

**COMMITTEE MEMBER ASKING QUESTION:** Danny O'Brien

**HEARING:** Health Portfolio

## RESPONSE

**Answer:**

Health service expenditure is available in the annual reports of health services, tabled in Parliament.

**Source:**

2022-23 annual reports

**QUESTION:** Can we get a copy of the sector directives, Secretary?

**Page Number:** 6

**SOURCE:** Not referenced

**COMMITTEE MEMBER ASKING QUESTION:** Danny O'Brien

**HEARING:** Health Portfolio

## RESPONSE

**Answer:**

Response provided in the attachments - **Attachment 1a - Secretary Cost Containment Letter**

**Source:**

Secretary Cost Containment Letter



# Secretary

Department of Health

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Dear

Further to correspondence from the Hon Mary-Anne Thomas MP, Minister for Health, to issue 2023-24 Statements of Priorities, I am writing to provide further advice about changes to the funding and financial management settings for the Victorian public health service sector.

Through the 2024-25 Victorian Budget, an additional \$8.8 billion will be provided to support our health services over the next four years. This investment will deliver a significant funding uplift to health services, providing greater financial certainty and stability.

This investment enables an injection of funding for the current financial year and an increase in funding for 2024-25 and beyond. That increase will underpin a significant uplift in the price paid for NWAU activity. The needs of block funded Small Rural Health Services and Multi-Purpose Services will also be considered.

An increased investment in our health system is accompanied by a requirement for a renewed level of financial discipline and accountability. Health services will be required to operate within their prescribed budgets for the remainder of 2023-24 and ongoing. There will be no provision for further supplementary funding this year or in future years.

Health services will also need to be proactive partners in mitigating cost growth in the system. While healthcare costs grew at rates significantly higher than the consumer price index (CPI) through the COVID years, the Department of Health (the department) will be working with health services to ensure plans are in place to reduce the ongoing rate of growth.

To ensure this expectation is achieved, as a preliminary measure, the department has prepared a set of sector directives designed to enhance efficiency and manage cost growth effectively. These directives target the areas that have seen high expenditure growth in recent years. I look forward to your support in implementing them.

Specifically, as of this letter health services are required to secure the department's approval to:



- increase their monthly FTE expenditure above their monthly average FTE expenditure from October 2023 to March 2024.
- enter into any consultancy engagements and any non-medical professional services engagements that aren't essential to supporting BAU hospital operations.

Additionally, metropolitan health services are required to:

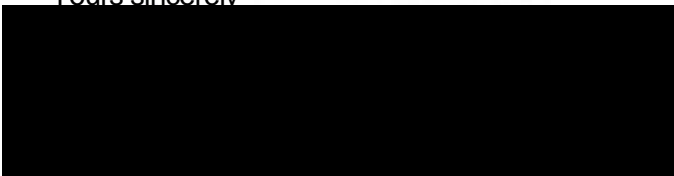
- provide the department with case-by-case notification of any new instances of paying an employee more than the enterprise agreement entitlements applicable to that employee's classification having regard to their seniority and experience, or any equivalent increases in the remuneration of existing employees, with accompanying rationale.
- secure the department's approval to increase their monthly agency and locum expenditure above their monthly average agency and locum expenditure from October 2023 to March 2024.

Detailed guidance on these matters is attached. Looking ahead to 2024-25 and beyond, the department will provide funding levels and activity targets to you via release of modelled budgets in June 2024. Please note that, for health services that have an annual Statement of Priorities, this will be provided to you ahead of the new financial year.

As mandated by the *Health Services Act 1988*, it is expected that Boards ensure the management of their health service within their allocated budget. Boards are tasked with crafting financial and business plans, strategies, and budgets to uphold the accountable and efficient provision of health services by public hospitals, safeguarding their long-term financial viability.

Should you wish to engage in further discussion on this matter, please feel free to contact your health service's Performance Lead at the Department of Health.

Yours sincerely



**Professor Euan M Wallace**  
AM Secretary

07/ 05/2024