

[REDACTED]  
Chief Finance Officer  
Department of Health  
GPO Box 4057  
Melbourne Victoria 3001

7 July 2023

Dear [REDACTED]

### **Commonwealth National Health Reform funding for Albury Wodonga Health**

I am writing in reply to your letter dated 19 May 2023 in relation to your request for advice on Commonwealth National Health Reform (NHR) funding to finalise the discussion between Victoria and New South Wales regarding Albury Wodonga Health (AWH) Intergovernmental Agreement (IGA) funding negotiations.

Since the receipt of your letter, further discussions have occurred between officials from the National Health Funding Body (NHFB) and, Victoria and NSW in relation to the Commonwealth NHR funding calculations. A summary of those discussions is outlined below.

#### *2013-14 Commonwealth funding contribution adjustment*

An underlying principle of the National Health Reform Agreement is that Commonwealth NHR funding is provided to the State / LHN that provides public hospital services. A historical adjustment was made to reallocate Commonwealth funding from Victoria to NSW for those services delivered at Albury, NSW. Since there was no pre-existing 'Albury' LHN in Victoria this funding adjustment was apportioned across all Victorian LHNs. Whilst this had no impact on future funding for other LHNs, this did have the intended effect of removing this funding (\$8,397,532) from the Victorian funding baseline onwards.

#### *Ongoing Commonwealth funding contribution*

It is my view that from 2013-14 to 2021-22, there has been no duplicative impact in relation to the funding adjustment outlined above. Following additional discussions, our shared understanding of the broader financial arrangements are outlined as follows:

- In the first instance, Victoria funds all public hospital services at Albury Wodonga Health (AWH)
- Secondly, NSW provides a funding contribution to Victoria for all NSW residents regardless of whether they received services at Wodonga (Victoria) or Albury (NSW)
- Thirdly, noting the underlying principle outlined above, the NSW funding contribution should be reduced by the amount of Commonwealth NHR funding already received by Victoria for services delivered at Wodonga (Victoria) for NSW residents

- Finally, noting the underlying principle outlined above and the adjustment to Victoria's funding baseline, the NSW funding contribution to Victoria should be increased by the amount of Commonwealth NHR funding already received by NSW for services delivered at Albury (NSW) for Victoria residents.

This final step is important as it returns the initial funding adjustment back to Victoria as part of the broader AWH financial arrangements.

As you are aware my term as the Administrator ends today, Friday, 7 July 2023. Should you wish to discuss this further, please contact [nhfa.administrator@nhfa.gov.au](mailto:nhfa.administrator@nhfa.gov.au), or alternatively Mr Shannon White, Chief Executive Officer, National Health Funding Body on (02) 6289 7249 or at [shannon.white@nhfb.gov.au](mailto:shannon.white@nhfb.gov.au).

Yours Sincerely,

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

Michael Lambert  
Administrator  
National Health Funding Pool