

Service Agreement End-of-year Final Allocations (Abridged)

An agreement between:

Department of Health Chief Executive Officer

And

WA Country Health Service

for the period

1 July 2019 – 30 June 2020

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BACKGROUND

- A. On 1 July 2019, pursuant to section 46 of the *Health Services Act 2016* (the Act) the Parties entered into a Service Agreement. Section 46(4) of the Act provides that the Service Agreement is binding on the Parties.
- B. The Service Agreement details the health services that the Department CEO undertook to purchase from the WA Country Health Service (WACHS) and the health services WACHS undertook to deliver during the 2019-20 financial year.
- C. The State Mid-Year Review handed down on 18 December 2019 changed the funding set out in the Service Agreement and an amendment to these was executed through a Mid-year Review Deed of Amendment.
- D. Since the State Mid-year Review and up to 30 June 2020 changes to the funding set out in the Mid-year Review Deed of Amendment have occurred and an amendment to these is required.
- E. This document is not required to be executed in accordance with section 41 of the Act as all amendments have been approved through other processes.

DEFINED TERMS

In this Deed:

1. **EOY** means End-of-year and refers to the 2019-20 Financial year
2. **EOY Final Allocations** means this document
3. **MYR Deed** means the Health Service Provider Mid-Year Review Deed of Amendment 2019-20 between the Parties

1. OPERATION OF AMENDMENTS

The Service Agreement, including amendments contained in the MYR Deed, will be read and construed subject to this EOY Final Allocations, and in all other respects the provisions of the Service Agreement are confirmed, and subject to the terms of the amendments contained in this EOY Final Allocations and the Service Agreement will continue in full force and effect in accordance with its terms.

This EOY Final Allocations is governed by and will be construed according to the laws in force in Western Australia.

2. ENTIRE AGREEMENT

This EOY Final Allocations together with the Service Agreement, including amendments contained in the MYR Deed, constitutes the entire agreement between the Parties and supersedes any previous agreement between the Parties as to the subject matter of this EOY Final Allocations.

3. AMENDMENTS TO SERVICE AGREEMENT

With effect from the date of this EOY Final Allocations the Service Agreement is varied so that:

- (a) The Schedule B: Summary of Activity and Funding table at page 25 of the Service Agreement, as amended by MYR Deed, is amended. This amendment is attached hereto and marked as Annexure 1.

4. PUBLICATION OF DEED

The Department will publish an abridged version of this EOY Final Allocations on the WA health system internet site, in accordance with Schedule D9 of the National Health Reform Agreement.

In accordance with Schedule D8(a) and D8(c), included with the abridged version of this EOY Final Allocations is an additional schedule that provides a calculation of the Commonwealth and State contributions to the National Health Funding Pool under this Agreement.

Annexure 1

B: WACHS Summary of Activity and Funding

OBM Service	2019-20		2019-20		2019-20		2019-20		2019-20	
	Executed Service Agreement		Changes from SA to MYR DOA		Mid-Year Review Deed of Amendment		Changes MYR DOA to EOY Final Alloc.		End-of-Year Final Allocations	
	WAOs	\$'000	WAOs	\$'000	WAOs	\$'000	WAOs	\$'000	WAOs	\$'000
01 Public Hospital Admitted Services	105,543	701,066	2,382	15,539	107,925	716,604	—	(434)	107,925	716,170
02 Public Hospital Emergency Services	39,315	258,986	—	697	39,315	259,683	—	(976)	39,315	258,707
03 Public Hospital Non-Admitted Services	18,006	119,412	—	289	18,006	119,701	—	(486)	18,006	119,215
04 Mental Health Services	5,647	121,774	(144)	285	5,503	122,059	48	861	5,551	122,920
05 Aged and Continuing Care Services	—	73,697	—	35,224	—	108,921	—	6,909	—	115,831
06 Public and Community Health Services	—	299,056	—	3,824	—	302,880	—	836	—	303,716
07 Pathology Services	—	—	—	—	—	—	—	—	—	—
08 Community Dental Health Services	—	—	—	—	—	—	—	—	—	—
09 Small Rural Hospital Services	—	296,530	—	1,377	—	297,907	—	(4,430)	—	293,477
10 Health System Management - Policy and Corporate S	—	—	—	—	—	—	—	—	—	—
11 Health Support Services	—	—	—	—	—	—	—	—	—	—
Government Corrective Measures	—	(29,057)	—	(447)	—	(29,504)	—	—	—	(29,504)
Health Allocation Adjustments	—	(7,261)	—	18,700	—	11,439	—	(6,637)	—	4,802
Total	168,511	1,834,203	2,238	75,487	170,749	1,909,690	48	(4,358)	170,797	1,905,333

Notes

- For the 2019-20EOY Final Allocations, Government Corrective Measures (GCM) and Health Allocation Adjustments (HAA) are shown separately. Therefore, the figures in schedules 01-11 exclude GCM and HAA.
- For the 2019–20 EOY Final Allocations, the figures above include an allocation (apportioned across OBM service categories) for Financial Products, HSS-Resources Received Free of Charge (RRFOC) and PathWest-RRFOC.
- The new Accounting Standard “AASB 16 - Leases” was implemented by the Department of Health on the 1 July 2019. The 2019-20 Service Agreement incorrectly treated the AASB 16 – Lease, Borrowing Cost allocations as a Financial Product (i.e. non-cash). This was corrected in the MYR DOA, with the AASB 16 – Lease, Borrowing Costs treated as a Health Allocation Adjustment (HAA) (i.e. cash). This also now reflects the Funding Plan treatment. As the AASB 16 – Lease, Borrowing Costs are no longer treated as a Financial Product there are minor adjustments to OBM 01-11 and HAA (also reflected in OBM and HAA Schedules). These changes did not affect the expense limit of the 2019-20 Service Agreement.

WACHS—Commonwealth and State contributions to the National Health Funding Pool

	National	Total	Total	Commonwealth		State
	Efficient Price	Expected	Contribution	Contribution	Funding	Contribution
	(as per IHPA)	NWAUs	(NEP \$)	(NEP \$)	Rate	(NEP \$)
	(NEP \$)	(#)	(NEP \$)	(NEP \$)	(%)	(NEP \$)
ABF Service group						
Acute Admitted	5,134	80,357	412,554,554	178,012,018	43.1	234,542,536
Admitted Mental Health	5,134	5,259	26,997,773	9,987,882	37.0	17,009,891
Sub-Acute	5,134	7,612	39,082,432	13,499,026	34.5	25,583,406
Emergency Department	5,134	29,159	149,703,035	60,645,816	40.5	89,057,219
Non Admitted	5,134	14,402	73,940,650	38,985,979	52.7	34,954,671
Total ABF	5,134	136,790	702,278,444	301,130,720	44.7	401,147,724
Non-ABF Service group						
Non Admitted Mental Health			56,965,647	17,644,640	31.0	39,321,007
Non Admitted CAMHS			15,102,863	1,422,190	9.4	13,680,673
Non Admitted Home Ventilation			—	—	—	—
Rural CSO sites			266,300,522	102,916,099	38.6	163,384,422
Teaching, Training and Research			27,566,999	10,616,280	38.5	16,950,719
Total Block Funding			365,936,030	132,599,208	36.2	233,336,822