

Service Agreement Mid-year Review Deed of Amendment (Abridged)

An agreement between:

Department of Health Chief Executive Officer

And

South Metropolitan Health Service

for the period

1 July 2020 – 30 June 2021

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BACKGROUND

- A. With effect from 1 July 2020, pursuant to section 46 of the *Health Services Act 2016* (the Act) the Parties entered into a Service Agreement (Interim). Section 46(4) of the Act provides that the Service Agreement is binding on the Parties.
- B. This Service Agreement was interim in its nature to reflect the delay in the 2020-21 State budget due to the COVID-19 pandemic.
- C. The Service Agreement details the health services that the Department CEO will purchase from the South Metropolitan Health Service (SMHS) and the health services SMHS will deliver during the 2020-21 financial year.
- D. The State Budget handed down on 8 October 2020 changed the funding set out in the Service Agreement and an amendment was executed through a Budget Deed of Amendment.
- E. The State Mid-year Review published on 14 December 2020 further changes the funding set out in the Service Agreement and Budget Deed of Amendment and a Mid-year Review amendment is therefore required to reflect these and other WA health system allocation adjustments.
- F. Section 50 of the Act stipulates that a Party that wants to amend the terms of the Service Agreement must provide written notice of the proposed amendment to the other party. This written notice was provided to SMHS on 15 January 2021.
- G. This Deed is executed in accordance with section 41 of the Act.

DEFINED TERMS

In this Deed:

1. **Budget Deed** means the Health Service Provider Budget Deed of Amendment.
2. **Mid-year Review Deed** means the Health Service Provider Mid-year Review Deed of Amendment.

1. OPERATION OF AMENDMENTS

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

Each Party will promptly do and perform all further acts and execute and deliver all further documents (in form and content reasonably satisfactory to that Party) required by law or reasonably requested by any other Party to give effect to this Deed.

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

2. ENTIRE AGREEMENT

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

3. AMENDMENTS TO SERVICE AGREEMENT

With effect from the date of this Deed the Parties agree that 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 the Budget 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 Deed on the WA Health internet site, in accordance with Schedule D9 of the National Health Reform Agreement. Any subsequent amendments to this Deed together with the Service Agreement will also be published in accordance with Schedule D9 of the National Health Reform Agreement.

9. FUNDING AND PURCHASED ACTIVITY TO DELIVER HEALTH SERVICES

9.1 Funding

The Department CEO will fund the SMHS to meet its service delivery obligations under this Agreement in accordance with the schedules to this Agreement. A summary of the funding to be paid to the SMHS is set out in the Schedule B: SMHS Summary of Activity and Funding.

The SMHS is to use the funding provided by the Department only for the delivery of health services specified under this Agreement. The funding will include direct service costs and the cost of overheads that the Department considers inherent in the delivery of the health services.

Additional budget allocations for COVID-19 related costs, excluding activity-based allocations (e.g. outpatient COVID clinics), are identified separately in the Schedule D: Health Allocation Adjustments (HAA). These COVID-19 allocations are provided specifically for the purpose of meeting COVID-19 costs and the budget amounts are to be quarantined for this purpose only. Included is an allocation for costs associated with PathWest services and this amount is to only to be used to pay for PathWest's COVID-19 related services.

Parties to the Agreement:

Executed as a Deed of Amendment in the State of Western Australia.

Parties to the Agreement:

Department CEO

Dr David J Russell-Weisz
Director General
Department of Health

Date: 18/3/21

Signed: 

The Common Seal of the
South Metropolitan Health Service
was hereunto affixed in the presence of:)
)
)



Adj Assoc Professor Robyn Collins
Board Chair
South Metropolitan Health Service

Date: 2/3/2021

Signed: 

Mr Paul Forden
Chief Executive
South Metropolitan Health Service

Date: 26/2/2021

Signed: 

Annexure 1

B: SMHS Summary of Activity and Funding

OBM Service	2019-20		2020-21		2020-21		2021-22		2022-23		2023-24	
	End-of-year Final Allocations		Budget Deed of Amendment		Mid-year Review Deed of Amendment		Forward Estimate		Forward Estimate		Forward Estimate	
	WAUs	\$'000	WAUs	\$'000	WAUs	\$'000	WAUs	\$'000	WAUs	\$'000	WAUs	\$'000
01 Public Hospital Admitted Services	176,883	1,217,933	180,051	1,249,514	180,051	1,253,110	182,925	1,257,690	186,901	1,287,979	190,966	1,322,230
02 Public Hospital Emergency Services	29,184	192,797	29,477	197,113	29,477	197,626	30,117	200,374	30,772	205,617	31,442	211,506
03 Public Hospital Non-Admitted Services	38,043	254,173	40,462	280,991	40,462	281,845	41,341	284,204	42,241	291,031	43,159	298,824
04 Mental Health Services	11,109	140,841	11,824	145,758	11,824	146,192	12,081	83,831	12,344	85,398	12,612	87,096
05 Aged and Continuing Care Services	—	16,037	—	14,244	—	14,321	—	13,802	—	11,271	—	11,373
06 Public and Community Health Services	—	39,241	—	35,554	—	36,067	—	30,723	—	37,546	—	44,526
07 Pathology Services	—	—	—	—	—	—	—	—	—	—	—	—
08 Community Dental Health Services	—	—	—	—	—	—	—	—	—	—	—	—
09 Small Rural Hospital Services	—	—	—	—	—	—	—	—	—	—	—	—
10 Health System Management - Policy and Corporate Services	—	—	—	—	—	—	—	—	—	—	—	—
11 Health Support Services	—	—	—	—	—	—	—	—	—	—	—	—
Government Corrective Measures	—	(53,069)	—	(53,903)	—	(53,903)	—	(53,732)	—	(53,729)	—	(53,605)
Health Allocation Adjustments	—	70,154	—	70,787	—	78,017	—	20,996	—	18,521	—	14,689
Total	255,219	1,878,107	261,814	1,940,057	261,814	1,953,275	266,464	1,837,889	272,258	1,883,634	278,179	1,936,640
Less Income	—	(836,539)	—	(901,723)	—	(901,892)	—	(873,773)	—	(918,591)	—	(973,272)
Net—Activity and Funding	255,219	1,041,568	261,814	1,038,334	261,814	1,051,383	266,464	964,116	272,258	965,043	278,179	963,369

Notes

- a. 2019-20 WAUs are presented in the 2020-21 Framework. Under the 2019-20 Framework the target is 251,973 WAUs.
- b. "Less income" is the estimated value of revenue from sources other than State Appropriations.

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

	National Efficient Price (as per IHPA)	Total Expected NWAUs	Total Contribution	Commonwealth		State
				Contribution	Funding Rate	Contribution
ABF Service group	(NEP \$)	(#)	(NEP \$)	(NEP \$)	(%)	(NEP \$)
Acute Admitted	5,320	148,371	789,333,720	334,058,023	42.3	455,275,697
Admitted Mental Health	5,320	10,780	57,349,600	24,271,222	42.3	33,078,378
Sub-Acute	5,320	16,433	87,423,560	36,998,979	42.3	50,424,581
Emergency Department	5,320	27,192	144,661,440	61,222,919	42.3	83,438,521
Non Admitted	5,320	35,445	188,567,400	79,804,589	42.3	108,762,811
Total ABF	5,320	238,221	1,267,335,720	536,355,732	42.3	730,979,988
Non-ABF Service group			(\$)	(\$)	(%)	(\$)
Non Admitted Mental Health			61,027,896	19,181,275	31.4	41,846,620
Non Admitted CAMHS			—	—	—	—
Non Admitted Home Ventilation			2,162,000	972,900	45.0	1,189,100
Rural CSO sites			—	—	—	—
Teaching, Training and Research			74,501,854	28,869,726	38.8	45,632,128
Total Block Funding			137,691,750	49,023,901	35.6	88,667,849

Note:

This schedule relates to Commonwealth "in-scope" activity only and is a subset of the Summary of Activity and Funding Schedule