

Service Agreement Mid-Year Review Deed of Amendment (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 will purchase from the WA Country Health Service (WACHS) and the health services WACHS will deliver during the 2019-20 financial year.
- C. Where the State Mid-Year Review handed down on 18 December 2019 contains any changes to the funding set out in the 2019-20 Service Agreement, this information will be included.
- D. 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 was provided to WACHS on 9 December 2019.
- E. This Deed is executed in accordance with section 41 of the Act.

DEFINED TERMS

In this Deed:

1. **Deed** means this Deed of Amendment
2. **Parties** means the parties to the Service Agreement and to the Deed and “Party” means any one of them
3. **Service Agreement** means the Health Service Provider Service Agreement 2019-20 between the Parties and as amended from time-to-time including all schedules and annexures
4. **Schedule** means a schedule to the Service Agreement.

1. OPERATION OF AMENDMENTS

The Service Agreement 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 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 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 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 system 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.

Parties to the Agreement:

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

Parties to the Agreement:

Department CEO

Dr D J Russell-Weisz
Director General
Department of Health

Date: 25/3/20

Signed: 

The Common Seal of the)
WA Country Health Service)
was hereunto affixed in the presence of:)



Professor Neale Fong
Board Chair
WA Country Health Service

Date: 17 March 2020

Signed: 

Mr Jeffrey Moffet
Chief Executive
WA Country Health Service

Date: 17 March 2020

Signed: 

Annexure 1

B: WACHS Summary of Activity and Funding

OBM Service	2018-19		2019-20		2019-20		2020-21		2021-22		2022-23	
	End-of-year Final Allocations		Service Agreement		Mid-Year Review DOA		Forward Estimate		Forward Estimate		Forward Estimate	
	WAOs	\$'000	WAOs	\$'000	WAOs	\$'000	WAOs	\$'000	WAOs	\$'000	WAOs	\$'000
01 Public Hospital Admitted Services	103,506	672,260	105,543	701,066	107,925	716,604	107,535	719,060	109,473	730,585	111,287	741,726
02 Public Hospital Emergency Services	38,240	245,731	39,315	258,986	39,315	259,683	40,185	265,917	40,195	265,766	40,497	267,520
03 Public Hospital Non-Admitted Services	18,443	118,322	18,006	119,412	18,006	119,701	18,093	120,591	18,220	121,292	18,285	121,638
04 Mental Health Services	5,959	117,137	5,647	121,774	5,503	122,059	5,503	38,094	5,503	38,466	5,503	38,849
05 Aged and Continuing Care Services	—	100,452	—	73,697	—	108,921	—	73,000	—	74,801	—	45,676
06 Public and Community Health Services	—	296,244	—	298,644	—	302,468	—	294,538	—	296,629	—	294,844
07 Pathology Services	—	—	—	—	—	—	—	—	—	—	—	—
08 Community Dental Health Services	—	—	—	—	—	—	—	—	—	—	—	—
09 Small Rural Hospital Services	—	283,022	—	296,530	—	297,907	—	296,996	—	308,055	—	317,756
10 Health System Management - Policy and Corporate Services	—	—	—	—	—	—	—	—	—	—	—	—
11 Health Support Services	—	—	—	—	—	—	—	—	—	—	—	—
Government Corrective Measures (GCM)	—	(30,734)	—	(28,645)	—	(29,092)	—	(31,368)	—	(27,163)	—	(26,591)
Health Allocation Adjustments (HAA)	—	28,912	—	(7,261)	—	11,439	—	11,477	—	(4,838)	—	(7,403)
Total	166,148	1,831,345	168,511	1,834,203	170,749	1,909,690	171,316	1,788,304	173,391	1,803,592	175,572	1,794,013

Notes

- For the 2019-20 Mid-Year Deed of Amendment (MYR DOA), Government Corrective Measures (GCM) and Health Allocation Adjustments (HAA) are shown separately. Therefore, the figures in schedules 01-09 exclude GCM and HAA. The 2018-19 MYR DOA previously showed System Manager Initiatives; these have been reclassified to GCM and HAA to enable comparison.
- For the 2019–20 MYR DOA, 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 has been 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 changes to OBM Schedules 01-09 as well as the HAA item in the Summary Schedule and the HAA Schedule. These changes did not affect the expense limit of the 2019-20 Service agreement.
- 2018-19 activity has been rebased to the 2019-20 weighting framework.

WACHS Commonwealth Specific Purpose Payment Activity and Funding

ABF Service group	National Efficient Price (NEP \$) (as set by IHPA)	Total Expected NWAUs (#)	Commonwealth	
			Funding Rate (%)	Contribution (\$)
Acute Admitted	5,134	80,357	43.1	178,012,018
Admitted Mental Health	5,134	5,259	37.0	9,987,882
Sub-Acute	5,134	7,612	34.5	13,499,026
Emergency Department	5,134	29,159	40.5	60,645,816
Non Admitted	5,134	14,402	52.7	38,985,979
ABF Total	5,134	136,790	42.9	301,130,720

Non-ABF Service group	Total	Commonwealth		State
	Contribution (\$)	Contribution (\$)	Funding Rate (%)	Contribution (\$)
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

Note:

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